

**Title: Evaluating the Impact of ESG on Firms' Performance in
Financial Sector: Insights, Challenges and Path Forward**



Student Name: Grace Dmonte

Student ID: 20032589

Dissertation submitted in partial fulfilment of the requirements for the degree of

MSc in international Accounting and Finance

at Dublin Business School

Supervisor Name: Joy Mulkerrins

August 2025

Declaration

‘I declare that this dissertation that I have submitted to Dublin Business School for the award of **Evaluating the Impact of ESG on Firms' Performance in Financial Sector: Insights, Challenges and Path Forward** is the result of my own investigations, except where otherwise stated, where it is clearly acknowledged by references. Furthermore, this work has not been submitted for any other degree.’

Signed: Grace Dmonte

Student Number: 20032589

Date: 26th August 2025

Acknowledgement

I would like to express my sincere gratitude to my supervisor for their invaluable guidance, constructive feedback, and encouragement throughout the course of this research. I am equally thankful to the faculty and staff of Dublin Business School for providing the academic support and resources needed to complete this dissertation. I extend my appreciation to all survey respondents and interview participants, whose insights formed the foundation of this study. Finally, I would like to thank my family and friends for their constant motivation, patience, and belief in me, without which this work would not have been possible.

Abstract

This dissertation examines how adoption of Environmental, Social and Governance (ESG) can influence the financial and operational performance of small and medium-sized enterprises (SMEs) in the financial sectors of India and Ireland. Applying a pragmatic ideology and an explanatory sequential mixed-design method, the research used both quantitative analysis (as per SPSS) and qualitative analysis (as per NVIVO), in terms of thematic analysis. The results indicated that ESG adoption has a significant positive influence on brand reputation and operations effectiveness, which proved to be powerful determinants of financial success. However, the demand of the investors did not exhibit a statistically significant effect, indicating the difficulty that SMEs find in aligning to the demands of investors as a resource-constrained situation. The quantitative findings were supported by qualitative themes that confirmed the stakeholder power, difficulties in reporting and cultural obstacles and outlined the methods to be used to improve the situation. The research makes a theoretical contribution by generalizing Stakeholder Theory, RBV and Legitimacy Theory to the setting of SMEs and provides practical, policy and theoretical recommendations that can be used to drive healthy adoption of sustainable finance.

Glossary

Environmental, Social, and Governance (ESG): A framework assessing a company's sustainability practices and ethical impact.

Corporate Social Responsibility (CSR): Voluntary business initiatives addressing social and environmental concerns.

Stakeholder Theory: A concept emphasising organisational responsibility towards all stakeholders, not just shareholders.

Resource-Based View (RBV): Theory highlighting internal resources, such as ESG capabilities, as sources of competitive advantage.

Legitimacy Theory: Explains how organisations adopt practices like ESG to maintain societal acceptance.

Sustainable Finance: Financial services integrating ESG principles for long-term stability.

Return on Assets (ROA): Financial ratio measuring profitability relative to assets.

Return on Equity (ROE): Ratio showing profitability relative to shareholder equity.

Table of Contents

Declaration.....	2
Acknowledgement	3
Abstract.....	4
Glossary	5
List of figures ‘.....	10
List of tables.....	12
List of Abbreviations.....	14
Chapter 1: Introduction	16
1.1 Background of the study	16
1.2 Problem identification.....	18
1.3 Research Aims	20
1.4 Research Questions.....	21
1.5 Research objective	21
1.6 Significance of the study.....	22
1.7 Scope of the study.....	22
1.8 Limitation of the study.....	24
Chapter 2: Literature Review.....	25
2.1 Introduction.....	25
2.2 Historical Overview of ESG in Finance	26
2.3 Contemporary Review of ESG Performance Impact.....	28

2.3.1 Environmental Factors and Financial Performance	28
2.3.2 Social Factors and Financial Performance.....	29
2.3.3 Governance Factors and Financial Performance	31
2.3.4 ESG Integration and Shareholder Value	32
2.3.5 ESG Implementation Challenges for SMEs in Finance.....	34
2.3.6 Theoretical Frameworks	35
2.4 Literature Gap and Justification.....	37
Chapter 3 – Methodology	39
3.1 Introduction.....	39
3.2 Research Philosophy.....	39
3.3 Research Design.....	41
3.4 Data Collection Techniques	41
3.5 Sourcing and Selecting Data.....	43
3.6 Research Ethics.....	44
3.7 Data Analysis Tools	45
Chapter-4: Data analysis & findings.....	47
4.1 Introduction.....	47
4.2 Data analysis	47
4.2.1 Quantitative data analysis	47
4.2.2 Qualitative data analysis	79
4.3 Findings.....	87

4.3.1 Quantitative Findings.....	87
4.3.2 Qualitative Findings (Thematic Analysis)	88
4.3.3 Integrated Insights.....	88
4.4 Summary	89
Chapter-5: Discussion.....	91
5.1 Introduction.....	91
5.2 Interpretation of Quantitative Findings.....	91
5.3 Integration with Qualitative Themes (NVivo)	93
5.4 Linking Findings with Literature Review	95
5.5 Methodological Reflections in Context	97
5.6 Practical Implications for SMEs	98
5.7 Policy and Regulatory Implications	99
5.8 Theoretical Contributions	99
5.9 Summary	100
Chapter 6 – Conclusion & Recommendations.....	101
6.1 Summary of the Study	101
6.2 Key Findings and Conclusions	102
6.3 Practical Recommendations.....	104
6.4 Theoretical Implications	105
6.5 Policy Implications	106
6.6 Limitations of the Study.....	106

6.7 Directions for Future Research	107
6.8 Final Reflection and Closing Remarks	107
References.....	108
Appendix.....	115
Survey questions	115
Interview Questionnaire.....	121
Information sheet and consent form	122

List of figures ‘

Figure 1: Age Group Distribution	48
Figure 2: Highest Level of Education	49
Figure 3: Current Employment Status	50
Figure 4: ESG Performance and Financial Success.....	51
Figure 5: ESG Impact on Operational Efficiency	52
Figure 6: ESG and Investor Demand	53
Figure 7: ESG in Capital Raising/Credit	55
Figure 8: Tracking ESG Financial Returns	56
Figure 9: ESG and Brand Reputation	57
Figure 10: ESG and Talent Acquisition/Retention.....	58
Figure 11: ESG Data Collection Difficulty.....	59
Figure 12: Internal ESG Understanding	60
Figure 13: ESG Integration into Core Strategy.....	61
Figure 14: Confidence in ESG Disclosure & Greenwashing.....	62
Figure 15: Readiness for ESG Regulatory Requirements.....	63
Figure 16: ESG Alignment Among Leadership	64
Figure 17: ESG Engagement with Experts or Peers	65
Figure 18: Influence of Peer ESG Learnings	66
Figure 19: Adoption of ESG Best Practices.....	67
Figure 20: Leadership Openness to External ESG Recommendations.....	68
Figure 21: ESG Communication across Departments	69
Figure 22: Crosstab: Age Group × Talent Retention.....	72
Figure 23: Crosstab: Education × Investor Demand.....	73

Figure 24: Word Cloud	79
Figure 25: Tree Map (Keywords Distribution)	80
Figure 26: Circular Word Ring	81
Figure 27: Bar Chart (Coding Coverage).....	82
Figure 28: Thematic Tree Map	83
Figure 29:Sunburst Chart.....	84
Figure 30: Hierarchical Cluster (Word Similarity)	85
Figure 31: Scatter Plot (Word Similarity Clusters).....	86

List of tables

Table 1: Statistic.....	47
Table 2: Age Group Distribution.....	48
Table 3: Highest Level of Education	49
Table 4: Current Employment Status	50
Table 5: ESG Performance and Financial Success	51
Table 6: ESG Impact on Operational Efficiency	52
Table 7: ESG and Investor Demand.....	53
Table 8: ESG in Capital Raising/Credit	54
Table 9: Tracking ESG Financial Returns	55
Table 10: ESG and Brand Reputation	56
Table 11: ESG and Talent Acquisition/Retention	57
Table 12: ESG Data Collection Difficulty	58
Table 13: Internal ESG Understanding	59
Table 14: ESG Integration into Core Strategy	61
Table 15: Confidence in ESG Disclosure & Greenwashing	62
Table 16: Readiness for ESG Regulatory Requirements	63
Table 17: ESG Alignment Among Leadership.....	64
Table 18: ESG Engagement with Experts or Peers.....	65
Table 19: Influence of Peer ESG Learnings	66
Table 20: Adoption of ESG Best Practices	67
Table 21: Leadership Openness to External ESG Recommendations	68
Table 22: ESG Communication across Departments.....	69
Table 23: Pearson Correlation Table	70

Table 24: Case processing Summary (Age × Talent Retention)	71
Table 25: Crosstab: Age Group × Talent Retention	71
Table 26: Chi-Square: Age Group × Talent Retention	72
Table 27: Crosstab: Education × Investor Demand	73
Table 28: Chi-Square: Education × Investor Demand	74
Table 29: ANOVA: ESG & Financial Success.....	75
Table 30: Variables Entered/Removed (Regression Setup)	75
Table 31: Regression Model Summary	76
Table 32: ANOVA.....	77
Table 33: Coefficients of regression	78

List of Abbreviations

- **ANOVA** – Analysis of Variance
- **CSR** – Corporate Social Responsibility
- **DEA** – Data Envelopment Analysis
- **DEI** – Diversity, Equity, and Inclusion
- **ESG** – Environmental, Social, and Governance
- **GRI** – Global Reporting Initiative
- **ISSB** – International Sustainability Standards Board
- **KPI** – Key Performance Indicator
- **NVivo** – Qualitative Data Analysis Software
- **PRI** – Principles for Responsible Investment
- **RBV** – Resource-Based View
- **ROA** – Return on Assets
- **ROE** – Return on Equity
- **SASB** – Sustainability Accounting Standards Board
- **SDGs** – Sustainable Development Goals
- **SMEs** – Small and Medium-Sized Enterprises
- **SPSS** – Statistical Package for the Social Sciences
- **SRI** – Socially Responsible Investing

- **TCFD** – Task Force on Climate-related Financial Disclosures
- **UN PRI** – United Nations Principles for Responsible Investment

Chapter 1: Introduction

1.1 Background of the study

In recent years, environment, social, and governance (ESG) performance has become an important part of corporate strategy and investment decision-making. ESG is now mainstreamed into boardrooms, regulatory policy, and investor mandates worldwide, which was considered a niche topic confined to corporate social responsibility (CSR) (Ruan and Zhang, 2025). This fundamental change in shift indicates how stakeholders, i.e., shareholders, customers, or regulators, and employees measure firms' success. For the financial sector, which heavily relies on credit, investment, and risk management, the integration of ESG has become relevant. Due to difficulties posed by COVID-19 and the ongoing focus on global warming resulted in drawn attention to environmental, social, and governance in both the public as well as private sectors (Pryshchepa, 2021). This article uses data environment analysis (DEA) to assess the technical and allocative efficiency of ESG in order to investigate the problem of resource deployment efficiency of ESG at the firm level.

An important role is played by financial sector in shaping economic results due to its dominance in corporate governance, capital allocation, and risk assessment. The financial institutions like banks, insurance providers, and asset managers are not only obligated by ESG standards, but also play an important role in supporting ESG practices in other industries (Del Sarto, 2025). Through its decisions about which projects receive funding, which organizations are given favourable credit terms, and how investment portfolios are structured, the financial sector can significantly influence ESG outcomes on a larger scale. Understanding the influence of ESG integration on financial sector companies' performance is therefore increasing in importance as a field of study and professional concern.

The evolving expectations of capital providers are one of the main factors contributing to the growing significance of ESG. Investors are actively looking for transparency on the opportunities and risks associated with ESG, particularly institutional and socially responsible investors (SRIs). As per recent surveys by PWC and Morningstar, ESG-related assets under management are predicted to surpass \$50 trillion globally by 2025 (Aich et al., 2021). Financial institutions have been greatly influenced by the unusual migration of capital because they are now required to evaluate and disclose not only financial returns but also the environmental and social impact of investments and operations. Further, financial institutions are facing increasing pressure to demonstrate ESG accountability requirements worsen, and stakeholders' involvement grows (Hoyos Guevara and Dib, 2022).

Furthermore, the financial industry has a special responsibility to play in enhancing ESG results because of its vital position in the economy. Financial corporations also have an external impact on ESG performance by choosing which industries and enterprises receive finance, unlike manufacturing or energy companies, whose ESG performance is primarily internal. For example, banks can support climate goals through reducing loans to carbon-intensive industries, and asset managers can also use shareholder activism to support human rights or diversity on the board. The “multiplier effect” of ESG in finance adds a layer of responsibility and difficulty to the assessment and comprehension of ESG performance (Harris, 2025).

There are three primary aspects to ESG performance. Factors such as climate change policies, energy use, waste management, carbon footprint, and other aspects of a company's environmental impact are all included in the environment component. The social component of ESG refers to a company's interactions with its suppliers, customers, workers, and communities. Its primary concerns include labour practices, diversity and inclusion, and human rights. Finally, the governance component examines essential elements such as internal

processes, leadership structures, diversity on the board, and moral behaviour. Each of the three elements works together to provide an in-depth review of a business's non-financial performance, which is gradually dependent on long-term financial results, per an expanding body of research (Busch, Ferrarini and van den Hurk, 2021).

Regardless of whether effective environmental, social, and governance (ESG) performance enhances firm profitability, risk mitigation, and investor appeal has been subjected to numerous studies. Several academic and industrial professionals contend that ESG integration can increase a company's value in numerous ways, even though the general view is changing. For example, excellent social performance can boost brand loyalty and employee satisfaction, environmentally friendly practices can lower operational and regulatory risk, and good governance can reduce the chance of scandals or subpar management. There is a risk of losing money, being fined, and having their reputation damaged if they neglect ESG principles. Textual information, both financial and non-financial, is becoming progressively important to stakeholders because it gives a broader view of a company in addition to quantitative data (Li, 2008; Rjiba et al., 2021). Additionally, the management can benefit from the reports and suggestions of experts since they can point out ESG good practices that should be improved and troublesome areas that require improvement. It's likely that many ESG advantages, like lower long-term risk, raised brand equity, or better stakeholder relations, won't be immediately apparent in quarterly or annual reports (Shi and Yao, 2025).

1.2 Problem identification

In recent years, environmental, social, and governance (ESG) factors have become more important for determining company strategy, stakeholder expectations, and investment. The financial sector, which includes banks, investment businesses, and insurance companies to goal to regulate and influence sustainable development is essential. Nevertheless, even though

ESG's growing significance, there is still disagreement and uncertainty about how it actually affects company performance, particularly in the finance industry (Del Sarto, 2025).

one of the main issues is a lack of systematic and solid ESG measuring and reporting. It is challenging to evaluate performance or build a transparent correlation between ESG initiatives and financial results because different companies implement different ESG frameworks, metrics, and disclosure principles. This results in making things unclear for investors, managers, and regulators who wish to gauge the true impact of ESG integration (Aich et al., 2021).

In addition, empirical data concerning how ESG affects financial performance are unclear. Although certain investigations document positive correlation, citing benefit in the form of risk management, establishing goodwill, and profitability over the long run, other investigations indicate minimal or even adverse financial effect on the basis of the cost for executing ESG practices initially. This applies particularly to small and medium-sized financial institutions, which might not have the resources and expertise to implement ESG practices to their advantage or to enjoy them in the same manner as large institutions (Pryshchepa, 2021).

The low maturity of ESG in most financial institutions, especially in emerging markets and developing economies, is the second most important challenge. Such companies face difficulties in achieving mainstream business objectives with ESG strategies, gathering data, and internal capacity.

Apart from this, there has been constant pressure from stakeholders who are demanding greater transparency, accountability, and sustainability commitment. Financial institutions are unsure of how these disclosures will affect their cost of capital or investors' opinions they are regularly required to consider ESG risk and opportunities. That there are no distinct causal links between

ESG activities and firm-level performance makes it even more uncertain and hinders effective ESG integration (Hoyos Guevara and Dib, 2022).

In response to these issues, this dissertation attempts to fill an important gap in research and practitioners' knowledge: the impact of adopting ESG on the financial and operational performance of financial sector companies. It attempts to analyze this based on the solid sector-level data and recognizes limitations, and suggests a direction towards higher integration of ESG. Along the way, the research will help build up decision-making by financial institutions, investors, and regulators in the complicated environment of sustainable finance.

1.3 Research Aims

The main aim of this dissertation is to deliver useful insights for small and medium businesses, investors, regulators, and scholars in along with deciding the financial effects of ESG adoption in the financial sector. The objective of this research is to support the continuous development of sustainable finance and ethical business practices by outlining best practices, typical challenges, and possible next steps.

This thesis will be beneficial to a wide range of stakeholders in the financial sector. Financial institutions can have a greater awareness of how to implementation of Environmental, social, and governance (ESG) might impact long-term profitability, risk management, and operating performance, especially small and mid-sized institutions. Financial institutions can use the result to create effective, affordable ESG programs that improve their stakeholder trust and market competitiveness because they lack the resources that larger institutions do.

With improved knowledge of their relationship between ESG performance and financial returns, investors can anticipate more accurate risk analysis and portfolio allocation.

Furthermore, findings of this study will be beneficial for investors and asset managers who are increasingly considering ESG measures in their portfolio choices. Greater insight into the relationship between ESG and performance in the financial sector can reduce information asymmetry, improve risk management, and improve capital allocation. For institutional investors and sustainable-oriented funds, this research can offer funds, this research can offer evidence-based recommendations for aligning investment strategies with ESG goals without affecting returns.

1.4 Research Questions

1. How does ESG performance affect a company's financial and operating performance?
2. What are the greatest challenges companies are most likely to face in executing ESG strategies effectively?
3. What are some learnings and takeaways that can be gleaned from ESG practitioners to assist companies on their ESG journey?

1.5 Research objective

Based on the research questions, the study has identified the following objectives

1. To analyse ESG and financial performance data and to ascertain whether there is a measurable link between ESG scores and business outcomes.
2. To interview with ESG practitioners to understand challenges, drivers, and strategic responses to ESG integration.
3. To identify general themes and best practices that can inform firms to enhance effectiveness on their ESG initiative.

1.6 Significance of the study

Environmental, social, and governance(ESG) factors are now at the forefront of the business strategy due to an increase in global attention on sustainability, ethical business, and social responsibility. Regarding that the financial sector plays a crucial role in determining cash flows, forming industry-wide business standards, and influencing economic growth (Harris, 2025). This study matters in the sense that it provides a better insight into how ESG consideration affects the performance of firms within this sector, so critical to the economy.

Additionally, this study bridges a long-standing knowledge gap by evaluating the direct and indirect influence of ESG activities on financial performance, particularly in the financial industry. While there is a great deal of literature on ESG, empirical proof of its relationship with improved performance exists piecemeal and is largely quantitative. By evaluating financial institutions- banks, insurance companies, investment houses, and credit institutions- specifically, this study offers industry-specific data that is more tangible, relevant, and grounded in facts (Del Sarto, 2025).

The significance of the research is its use to small and medium-sized financial companies, where resources and strategic focus are most frequently a scarcity. These firms, more than anything else, participated in the broader ESG debate and research, to which they represent an extremely critical and substantial component. This dissertation will them a point of reference to realise whether efforts through ESG can lead to concrete financial or operational gains, which can warrant more investment in ESG as well as well-informed business decisions.

1.7 Scope of the study

The purpose of this study is to examine how environmental, social, and governance (ESG) practices affect the financial sector organisations' performance.ESG concerns are now of the

utmost importance to stakeholders, investors, and regulators due to the increased emphasis on sustainability, openness, and moral business conduct on a worldwide scale. This study's scope includes a thorough analysis of how ESG elements affect banks, insurance companies, asset management firms, and other financial institutions' financial health, operational effectiveness, risk management, and stakeholders ' confidence. This dissertation aims to examine how ESG performance and financial indicators such as profitability, risk management, investment performance, and long-term value creation interact. With ESG consideration on the front burner globally, more so due to climate change, social justice, and regulatory reforms, financial institutions are feeling mounting pressure to shift sustainability into their business and decision-making practices (Ruan and Zhang, 2025).

The study will analyse both the quantitative and qualitative dimensions of ESG impacts, according to financial metrics such as return on equity (ROE) and return on assets (ROA), as well as reputation and regulation-related consequences. The study will also consider the role of regulation, market conventions, and institutionally driven forces on ESG strategies in finance.

Geographically, the research can aim at both developed and emerging markets in order to compare the take-up and performance of ESG integration across different regulatory and economic environments. Temporally, it can cover the period over the past 5 to 10 years to capture nascent trends and contemporary developments, especially in light of heightened climate risks, social activism, and greater corporate governance exposure. The study will identify best practices and policy recommendations to improve ESG integration and performance measurement for the financial sector. This research seeks to provide strategic recommendations for decision-makers in embedding financial success with sustainable and responsible business practices amidst a rapidly evolving global environment.

1.8 Limitation of the study

While this dissertation is meant to have strong contributions to the correlation between ESG factors and the performance of financial firms, there are some limitations that must be taken into account. First off, consistency and data availability are still huge problems. No standard reporting of ESG exists across regions of firms, and disclosure practices are diverse, leading to variability in measuring and comparing ESG performance (Busch, Ferrarini and van den Hurk, 2021). The effect may undermine the validity of the conclusions drawn from the information.

Second, the causal relationship between ESG and financial performance is complex and difficult to establish. While correlation can be perceived to exist, attributing variances in firm performance to ESG programs may lead to neglect of other determining factors such as market, regulatory, and macroeconomic conditions.

Third, ESG impact horizons are more than short-or medium-horizon intervals traditionally used in financial performance accounting; the majority of the ESG advantages, such as improved reputation pr risk management over the long term, may not be reported in the financial statements immediately and thus could be undervalued in their true impact.

Fourth, this study can be limited in scope by focusing on selected geographic markets or types of financial institutions. which could reduce the potential to generalize results to the entire global financial sector. Regulation regimes, investors' attitudes, and ESG maturity levels may vary widely between countries and financial sub-sectors.

Despite the aforementioned limitations, the study offers a helpful foundation for understanding how the incorporation of ESG affects financial industry performance and illustrates that there is more study to be conducted, more transparency in data, and uniform metrics.

Chapter 2: Literature Review

2.1 Introduction

Environmental, Social and Governance (ESG) has transformed into a mainstream pillar of international finance, which was previously treated as a marginal facet of corporate social responsibility (CSR). Regulators, investors, and stakeholders increasingly expect companies to incorporate ESG principles into their strategies not just to be compliant, but also to promote long-term value creation. This is a move towards increased recognition that sustainable and ethical business practices can minimize risks, build reputation and gain competitive advantage in the volatile market.

ESG integration is of particular significance to the financial sector because this industry has a specific impact on the allocation of capital, investment, and risk determination. Financial institutions have a more direct relationship with ESG results in that, unlike other industries, they can influence the ESG result both internally, through their operational policies; and externally, by allocating capital to sustainable or high-impact initiatives. Adoption of ESG comes with opportunities and challenges to small-to-medium financial institutions. Although it is able to enhance stakeholder trust and competitiveness in the market, implementation is usually hindered by limited resources, inconsistency in the standards of reporting, and lack of expertise.

It is thus crucial to understand the correlation between ESG performance and financial performance. It enables the companies to determine whether ESG strategies can help profitability, risk management and investor appeal as well as the best practices and possible obstacles. The aim of this literature review is to review global thoughts, industry-specific facts

and theoretical backgrounds to put this relationship into perspective in the context of the financial sector.

2.2 Historical Overview of ESG in Finance

The Environmental, Social and Governance (ESG) concept has been regarded as an evolution of the former notion of Corporate Social Responsibility (CSR) and Socially Responsible Investing (SRI). According to Munro (2020), CSR which came into the picture in the 1960s and 1970s was concerned with the corporate responsibility to stakeholders other than shareholders and comprised of fostering ethical practice and philanthropic donation and community participation. Yet CSR was often lacking in definite models of measurement and was criticized as being more of a voluntary and reputation centered practice. This agenda was further broadened by the late 20th century when SRI was seen to be screening investment portfolios so as to include companies that engaged in ethical business and avoided investing in fields such as those involved in the tobacco, arm or industries that were environmentally harmful.

The term ESG was officially popularised in 2004, in the United Nations Global Compact report Who Cares Wins, which proposed the incorporation of the ESG factors into capital markets (Ruan and Zhang, 2025). This was in place of ethical practices that are optional to ethical practices associated with performance in investment decision-making. In 2006 the United Nations Principles for Responsible Investment (UN PRI) was launched further institutionalising ESG, and offering investors a voluntary framework to integrate sustainability into their activities. Mainstream adoption has been signalled by the UN PRI having more than 5,000 signatories with more than US\$120 trillion assets under management (PRI, 2023).

ESG has been influenced by a number of international efforts to regulate and report on the subject. In 2015, the Financial Stability Board created the Task Force on Climate-related

Financial Disclosures (TCFD) that was used to set a consistent framework through which companies could disclose climate-related risks and opportunities. In 2020, the European Union presented Sustainable Finance Action Plan, which proposed the EU Taxonomy Regulation, which sets standards of sustainable economic activity and reinforces disclosure requirements of financial institutions (Busch, Ferrarini and van den Hurk, 2021). Concurrently, organisations like the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the International Sustainability Standards Board (ISSB) have been launched, in an attempt to achieve cross-jurisdictional harmonisation of ESG metrics.

The development of ESG in the financial sector has been determined by the duality of its use as financial institutions both adopt ESG practices within their organizations and have an effect on the external ESG outcomes when lending, underwriting, and investing (Ruan and Zhang, 2025). Initial ESG reporting in asset managers and banks could be in the form of qualitative reporting in sustainability reports. Pressure of investors in the long run and regulation have more quantitative, comparable performance measures. ESG scores, provided by the agencies like MSCI, Sustainalytics and Refinitiv, now evaluate institutions on quantifiable factors, including carbon intensity of portfolios, board diversity, and labour practices (Shi and Yao, 2025).

ESG in financial performance analysis has since the 2010s gained traction, with quantitative analyses starting to find a correlation between high ESG and lower risk exposure, increased brand equity, and potentially higher returns. The period after the financial crisis of 2008 also highlighted the notion of governance, with the Paris Agreement (2015) raising the factor of the environment. Most recently, social factors such as employee welfare, supply chain resilience, and community engagement were boosted by the COVID-19 pandemic, which has seen an increase in its importance as a result.

Hence, ESG in the financial sector has ceased to be a voluntary reputation instrument but has become a strategic and data-based framework that has an impact on investment flows, credit ratings, and long-term competitiveness. The chronology of developments indicates that the importance of sustainability is becoming recognized as a core topic in the financial sector that leads to resilience and value creation.

2.3 Contemporary Review of ESG Performance Impact

Incorporating the Environmental, Social, and Governance (ESG) variables has become increasingly a strategic rather than reputational concern in the financial area. Based on the literature presented, one can state that the ESG performance may affect the profitability of the firm, its risk exposure, and investor appeal. This section reviews empirical data and hypothetical contributions of the three pillars of ESG, the net impact of the three pillars on shareholder value, the unique issues that small and medium-sized enterprises (SMEs) face in finance and theoretical framework of the ESG research.

2.3.1 Environmental Factors and Financial Performance

Environmental factors under ESG include policies and practices adopted by a firm to minimize its activities and negative effects on the environment, as well as support the sustainability of ecological balance. In financial sector, this is translated to management of climate risks, green lending, and investment in green financial instruments, including green bonds.

In recent years, Climate Risk Management has risen to be one of the key priorities of financial institutions due to the growing regulatory demands, including the EU Sustainable Finance Disclosure Regulation (SFDR) and TCFD recommendations (Del Sarto, 2025). Banks and asset managers will disclose physical risks (e.g., damage by extreme weather) and transition risks (e.g., stranded assets in the event of carbon regulation). The proactive management of climate

risks isolates exposure to loan defaults in carbon-intensive industries and increases the resilience of investment portfolios.

Sustainable Lending is the ability to combine environmental standards in credit evaluation. The financial institutions can provide favorable loan conditions to the renewable energy projects or deny the loan to the sectors that have a high level of the environmental risk, e.g. coal mining. Empirical evidence, Weber, Fenchel and Scholz (2008) find that banks with a strong environmental credit risk approach have fewer defaults and greater reputational capital, and thus a higher long-term profitability potential.

Sartzetakis (2020) argues that Green Bonds have become the essential tool of funding environmental projects. Green bond issuance by financial institutions does not only help climate-related objectives but also creates a new source of funding and attracts environmentally sensitive investors. According to Flammer (2021), the findings of the research show that green bond issuers have a statistically significant decrease in the cost of capital and an increase in stock market valuation.

Empirical evidence generally indicates a positive correlation between high environmental scores and financial performance. A meta-analysis by Friede, Busch and Bassen (2015), covering over 2,000 studies, concluded that approximately 90% of them found a non-negative relationship between environmental performance and financial returns, with the majority showing positive outcomes. However, the financial benefits often accrue over the long term, and upfront implementation costs may deter smaller institutions.

2.3.2 Social Factors and Financial Performance

Social factors within the ESG framework address how a company manages its relationships with stakeholders, including employees, customers, suppliers, and the broader community.

These elements are considered pivotal in the financial sector when it comes to maintaining trust, ethical behavior, and improved performance during the operation process (Aich et al., 2021). The most important dimensions are diversity, equity, inclusion (DEI), employee relations, customer trust, and community engagement.

Diversity, Equity, and Inclusion (DEI) programs are also more and more being seen as driving forces behind innovation, improved decision-making, and being more market adaptable (Nuka and Osedahunsi, 2024). Banking institutions that take DEI seriously tend to have increased diversity of thought, and thus these institutions are able to cater to a variety of clientele. In their study, McKinsey (2020) showed that firms above the gender diversity average on their executive teams performed 25% better than their counterparts and those above the ethnical diversity average on their executive teams performed 36% better than their peers. This variety in the financial field can be converted to enhanced innovation in products and services to clients.

Employee Relations are also important. Good pay, promotion prospects and organizational cultures have a direct impact on the morale and retention of staff. In one of the markets where the human capital is one of the main resources, the elevated employee engagement levels lead to client service improvement, minimization of operational inaccuracy, and productivity. A Gallup (2025) study revealed that highly engaged workforces achieved 23% higher profitability and 18% higher productivity, underscoring the financial value of strong social capital.

Customer Trust and Retention are fundamental to long-term financial sector success, given the limited differentiation in core products and services. Ethical lending practices, transparent fee structures, and responsible marketing foster loyalty and enhance brand equity (Ebele et al., 2024). Initiatives such as community investment projects or financial literacy programmes can

further strengthen client relationships. For example, avoiding predatory lending not only protects vulnerable customers but also mitigates reputational and regulatory risks.

Empirical evidence supports the financial benefits of social performance. Edmans (2011) found that companies with high employee satisfaction significantly outperformed peers in long-term stock returns, indicating that social capital can be a sustainable competitive advantage. However, some studies caution that social investments without strategic alignment or measurable impact may dilute shareholder value—particularly if perceived as politically motivated or disconnected from core operations.

2.3.3 Governance Factors and Financial Performance

Governance within the ESG framework encompasses the systems, policies, and practices that promote accountability, transparency, and ethical conduct in corporate decision-making. In the financial sector—where trust, regulatory compliance, and prudent risk management are paramount—strong governance structures are critical to safeguarding stakeholder interests and ensuring sustainable performance.

Board Structure is a central determinant of governance quality. Boards with a high proportion of independent directors can provide objective oversight, reducing the risk of management entrenchment (Pryshchepa, 2021). Diversity in gender, ethnicity, and expertise enhances strategic decision-making and ensures broader perspectives in addressing complex financial and sustainability challenges. Empirical evidence links diverse and independent boards to reduced corporate misconduct and improved financial outcomes, as they are better equipped to monitor executive actions and align strategies with stakeholder expectations.

Executive Compensation frameworks that are linked to long-term performance and ESG objectives discourage short-term profit maximisation at the expense of sustainability. For

example, integrating ESG-linked performance metrics—such as sustainable lending targets or climate risk management benchmarks—into remuneration structures can align managerial incentives with responsible growth (Harris, 2025). This approach fosters stability and reduces the likelihood of excessive risk-taking.

Anti-Corruption and Compliance Practices are particularly significant in the financial industry, which operates under intense regulatory scrutiny. Robust governance policies help mitigate fraud, money laundering, and other compliance breaches. The 2008 financial crisis exemplifies the role of poor governance in causing system failures and far-reaching economic outcomes (Bayoumi, 2017). Subsequent post-crisis reforms have focused on improved cultures of compliance, tougher internal controls and increased transparency in reporting.

Gompers, Ishii, and Metrick (2003) carried out an empirical study that indicated that well governed firms had performed significantly better in terms of stock returns and profitability compared to the poorly governed firms. This discovery underscores governance as a risk management instrument and generator of long-term shareholder worth, hence an unavoidable token of ESG investing in the financial industry.

2.3.4 ESG Integration and Shareholder Value

Integrating Environmental, Social, and Governance (ESG) considerations into corporate strategy has become a central focus for financial institutions aiming to balance profitability with sustainability. However, the relationship between ESG adoption and shareholder value is complex, producing varied financial outcomes depending on implementation quality, sector dynamics, and stakeholder expectations.

ESG integration is also reported to have positive outcomes, which are increasingly supported by academic and industry research. Companies that incorporate ESG in the conduct of business

tend to enjoy improved risk management since they promote anticipation of regulatory, environmental, and reputational risks. Inclusion of ESG can also open up access to ESG-specific capital including impact investors, green funds, and sustainability-linked loans at potentially cheaper costs of capital (Chen, Yu and Gao, 2023). Additionally, making business practice aligned to the expectations of the society builds brand equity, which helps in customer loyalty thus enhancing retention of employees. Improvements in operational efficiency, e. g. less energy use or optimised supply chains, may result in a long-term profit through cost savings. The study by Khan et al. (2016) of the Harvard Business School, however, offers a strong empirical analysis, where the researchers found that companies performing well on material ESG-related disclosure issues performed much better than peers in stock market returns and accounting terms, which implies a real gain in creating shareholder value.

Neutral or Negative Outcomes may be obtained when ESG initiatives are not material to the core operations of a company or when they are pursued in a clearly not strategically coherent path. As a result, the ESG expenditure can be viewed as a diversion or even wasting of resources, more so, when the financial benefits are not well quantified (Hoyos Guevara and Dib, 2022). One-time expenses like investment in new sustainability systems or high reporting standards or requirements can put a strain on profitability in the short term. The empirical results are divided; there are works proving that the ESG activities produce a minimal financial effect unless they specifically focus on the material risks or opportunities in the industry. Context, including industry norms, geographic setting, and regulatory framework also has a huge impact on the extent to which ESG adoption increases or destruction of shareholder value. ROI Measurement Challenges further complicate the assessment of ESG's financial impact. The absence of globally standardised ESG metrics makes cross-company and cross-sector comparisons difficult (Fometescu, Hațegan and Cuc, 2024). Additionally, the benefits of ESG

initiatives often materialise over extended time horizons, while financial reporting cycles focus on quarterly or annual performance. Variability in ESG rating methodologies—where the same company may receive divergent scores from different agencies—adds to investor uncertainty. These inconsistencies hinder the ability of managers and stakeholders to evaluate the true return on ESG investments.

2.3.5 ESG Implementation Challenges for SMEs in Finance

The financial sector presents special challenges to small and medium-sized enterprises (SMEs) to adopt and maintain Environmental, Social, and Governance (ESG) practices. Although the potential of ESG integration, which includes a better degree of stakeholder trust, competitiveness, and long-term risk reduction, is well-established, the way to successful implementation is usually blocked by structural, financial, and regulatory limitations (Harris, 2025).

One of the greatest barriers is the Resource Constraints. The difference between big financial institutions, which have specific sustainability budgets, and SMEs is that the latter do not usually have the financial freedom to employ people specialized in ESG, buy advanced reporting software, and launch extensive sustainability campaigns. Consequently, ESG activities could be skewed towards compliance driven activities as opposed to strategic, value adding programmes (Tombolesi, 2023).

Expertise Gaps further hinder ESG adoption. Many SMEs do not have in-house teams with the knowledge to identify material ESG risks, set performance targets, or align operations with emerging sustainability standards. Without skilled personnel, ESG efforts may lack coherence, resulting in fragmented or symbolic initiatives that fail to drive measurable impact.

Inconsistent Reporting Standards create additional complexity. The absence of universal ESG disclosure frameworks means SMEs often face conflicting requirements from investors, regulators, and industry bodies (Mitra and Bui, 2024). This inconsistency increases compliance costs and diverts resources away from implementation. Financial institutions operating across multiple jurisdictions encounter even greater challenges, as they must navigate divergent reporting obligations and verification processes.

Emerging Market vs. Developed Market Comparisons highlight further disparities. In emerging markets, such as India, ESG adoption may be hampered by weaker regulatory enforcement, limited investor pressure for sustainability disclosure, and lower levels of public awareness. By contrast, developed markets like Ireland generally have stronger institutional frameworks, more active investor engagement, and established sustainability reporting practices. However, even in such environments, SMEs face high compliance costs, reputational risks from potential ESG controversies, and pressure to meet rising stakeholder expectations.

To address these barriers, studies by Permatasari and Gunawan (2023) emphasise the importance of collaboration. SMEs can leverage partnerships with industry associations, join sector-wide ESG initiatives, and utilise digital platforms to share resources and best practices. Additionally, adopting scalable, technology-driven ESG solutions—such as cloud-based reporting tools—can help reduce costs and streamline compliance. Nonetheless, the most critical success factor remains strategic commitment from leadership. Without a top-down mandate prioritising ESG as a core business objective, even well-designed initiatives risk losing momentum.

2.3.6 Theoretical Frameworks

The application of Environmental, Social, and Governance (ESG) considerations to corporate strategy can be more comprehensively explained by pre-existing theoretical frameworks. These

frameworks offer a basis to understand the reasons why firms embrace ESG practice, the ways to align it with the organisational goals and the ways that ESG practice affects the performance, especially in the financial sector.

According to Stakeholder Theory (Freeman, 1984), the success of a firm in the long-term lies in the capacity of the firm to accommodate the interest of all stakeholders and not only the shareholders. Within the framework of ESG, the theory implies that financial institutions should pay attention to the environmental impacts, good social relations, and transparent governance. Firms can develop trust, legitimacy through taking into account the needs of customers, employees, regulators, and the community which can further lead to improved financial performance.

The Legitimacy Theory implies that firms implement ESG practices to ensure that they do not go against societal norms and expectations, and thus continue to do business, hence preserve their licence to operate. In the case of financial institutions, legitimacy is important as such institutes are core players in the economy and highly scrutinised. Proving their ESG commitment, e.g., by funding sustainable projects or diversity in the top management is a method of safeguarding and boosting corporate reputation, which is particularly useful in the competitive financial markets (Suchman, 1995).

Resource-Based View (RBV) emphasizes that ESG capabilities, once integrated into the work of a company, may turn into the value, rare, inimitable, and non-substitutable (VRIN) resources. As an illustration, a bank that has developed sophisticated climate risk analytics or has developed a brand around sustainability has a competitive advantage that cannot be matched by a competitor Barney (1991). Such ESG-related resources have a potential direct contribution to product, service and market position differentiation.

Sustainable Finance Theory incorporates ESG into financial decisions with the belief that environmental and social sustainability are keys to a long-term financial stability (IFC, 2021). Such a view is being incorporated in policy and regulatory developments, including the EU Taxonomy and TCFD frameworks, which seek to integrate sustainability into the capital allocation process. Realistically this implies that banks and asset managers will have to consider not only the financial returns of their investment but the overall environmental and social effects of their investments.

Collectively, these frameworks offer a multi-dimensional perspective through which ESG adoption on the financial sector can be analysed. They not only identify the ethical imperatives but also the strategic, reputational and competitive drivers of ESG integration and provide useful insights into how ESG can affect both firm performance and perceptions of stakeholders.

2.4 Literature Gap and Justification

Most studies in ESG integration have been in the broad context of large multinational corporations, but there is no significant research on financial small and medium-sized enterprises (SMEs) (Aich et al., 2021). The existing literature looks at ESG practices in manufacturing, energy, and consumer goods companies, with little research on how financial small and medium enterprises (SMEs) like regional banks, credit unions, and boutique investment firms practice ESG and quantify its effects. This is a major difference, because SMEs have a tendency to be less resourceful, have less regulatory framework and fewer stakeholders to exert pressure on them, resulting in unique problems and opportunities.

Moreover, empirical results on the connection between ESG performance and financial performance are not consistent. Although many studies have found that there is a positive correlation whereby positive benefits like superior management of risks, better brand equity, and increased investor confidence have been registered, others have reported negligible or even

adverse effects, particularly when ESG efforts are not aligned with business fundamentals or are not material in nature (Chen, Yu and Gao, 2023). Such inconsistent findings leave decision-makers within SMEs with uncertainty, who must be able to justify the investments to ESG when they already have other competing operational priorities.

The current research will fill these gaps with the help of a mixed-method study that will involve quantitative surveys and qualitative interviews. The surveys will be used to measure trends, perceptions, and the performance outcomes of a wide variety of financial SMEs, whereas interviews with ESG practitioners will give more in-depth information about challenges, drivers, and best practices. The combined data will provide a more detailed, in-depth account of how ESG impacts the financial performance of SMEs, providing valuable real-world insights on how to adopt ESG within the industry in a manner that is efficient and sustainable.

Chapter 3 – Methodology

3.1 Introduction

The research will focus on assessing the effects of Environmental, Social, and Governance (ESG) practices on financial performance of firms within the financial sector with a special consideration of small and medium-sized financial institutions in India and Ireland. Due to the multi-dimensionality of ESG, which assumes the presence of a combination of both tangible financial data and intangible stakeholder perception, the mixed-methods strategy is incorporated.

The method would use both quantitative and qualitative methods to give a comprehensive picture of the role of ESG. The quantitative survey will detect quantifiable trends, correlations, and statistical relations between ESG performance and financial performance, whereas the qualitative interview will provide more in-depth information about the challenges, effective success drivers, and situational specifics.

The combination of the two methods will allow the study to triangulate and thus validate findings, thus increasing reliability and depth. Such pragmatic approach acknowledges that the relationship between ESG integration and financial performance in the industry is too complex to be described using either purely quantitative data or narrative descriptions.

3.2 Research Philosophy

The research philosophy of pragmatism underlies the current study. Pragmatism focuses on the practical use of research results and is appreciative of the approaches that are deemed to be the most useful to solve the research problem, no matter whether it is qualitative or quantitative or both (Kaushik and Walsh, 2019).

The decision of pragmatism is in line with the purpose of the study to comprehend the role of ESG both numerically (financial performance indicators) and perceptually (managerial experience). There are various realities related to ESG; investors will see it as a risk mitigation, managers will see it as a compliance action, and the employees will see it as a workplace improvement program. Pragmatism enables the researcher to recognize and investigate these various perspectives at the same time (Lehto, 2024).

Pragmatism also contributes to mixed-methods research in that it mediates between positivist and interpretivist traditions. Quantitative phase is positivist, which aims at finding a measurable and objective result in terms of whether ESG correlates with financial performance with the help of statistical methods like regression and correlation analysis (Lehto, 2024). This responds to the requirement of generalisable results of the sampled financial institutions. The qualitative stage assumes an interpretivist position, which centers on examining the subjective experiences of participants using interviews, and this aids in explaining the reasons behind the appearance of particular patterns in the quantitative results.

A second advantage of pragmatism is that it is applied. This paper not only seeks to add to the body of literature but also to make practical recommendations to the financial institutions especially SMEs. The combination of numerical analysis with a thick description of what happened makes the methodology produce evidence-based recommendations that are context-specific.

Lastly, pragmatism will be especially applicable to the new and developing areas like ESG in the financial industry where a strict interpretation of one philosophical stance can constrain the level of understanding. Through the adoption of methodological flexibility, the study will be able to adjust to the complexity of the subject matter and hence become academically rigorous and practically useful.

3.3 Research Design

This research involves an explanatory sequential mixed-methods research. In this method, quantitative data is acquired and analysed followed by qualitative data collection and analysis. The quantitative phase influences the structure of the qualitative phase as the results of the former are used to determine the areas of interest that need more investigation during the interviews (Bowen, Rose and Pilkington, 2017).

The quantitative stage implies surveying the mid-level managers and employees of financial institutions, which is aimed at quantifying the perception of ESG, the most dominant challenges, and the perceived and actual influence of ESG practice on financial performance indicators like Return on Equity (ROE) and Return on Assets (ROA) (Kelley-Quon, 2018).

The qualitative stage will entail semi-structured interviews with ESG practitioners and managers to obtain elaborate information about implementation experiences, obstacles, and good practices. In this sequential design, the research can find statistical patterns and then discuss them in detail, which leads to a deeper and more practical comprehension (Kircher and Zipp, 2022).

It is especially appropriate to the research aims because it enables the quantitative findings to inform the qualitative investigation, and hence the results will be generalisable and contextually relevant.

3.4 Data Collection Techniques

Quantitative Phase – Survey

The survey will be focused on the mid-level managers and employees of banks, insurance providers and asset management firms located in India and Ireland. These respondents will be in a good position to give both operational and strategic insights into ESG practices.

Sample Size: Approximately 70 respondents, selected to ensure representation from different types of financial institutions and geographic regions within the two countries.

Survey Design:

- **Closed-ended questions** to ensure consistency and ease of statistical analysis.
- **Likert-scale questions** to measure perceptions of ESG's importance, challenges, and observed performance outcomes.
- Sections covering: (1) Demographics, (2) ESG awareness and implementation, (3) Perceived barriers, (4) Impact on financial performance, and (5) Stakeholder engagement.

Distribution: The survey will be administered via Google Forms, allowing for efficient data collection and ensuring anonymity. A participant information sheet and consent form will be embedded at the start. Respondents who do not provide consent will be thanked and excluded from participation (Kelley-Quon, 2018).

Qualitative Phase – Interviews

The qualitative phase will entail 5-7 semi-structured interviews with ESG practitioners or managers selected using purposive sampling among the survey respondents and professional networks.

Interview Design:

- Semi-structured format to allow flexibility while ensuring coverage of key topics.
- Questions will focus on practical challenges, strategic drivers, regulatory influences, and examples of successful ESG integration.
- Interviews will be recorded (with consent) and transcribed for analysis.

The qualitative phase will provide deeper context to the survey findings, explaining patterns such as why certain ESG initiatives correlate with better financial outcomes or why some barriers persist despite awareness (Kircher and Zipp, 2022).

This combination of methods ensures that the research captures both the breadth of ESG experiences in the sector and the depth of individual case insights.

3.5 Sourcing and Selecting Data

Survey Sampling: The survey participants will be identified via professional networks, LinkedIn and industry associations in India and Ireland. A purposive sampling strategy will allow selecting the respondents according to the inclusion criteria: they will hold a middle-level or senior position at a bank, insurance company or asset management firm, with some experience with ESG policies or decisions (Robinson, 2024).

Interview Sampling: In the qualitative phase, the interviewees will be chosen among survey respondents that express the readiness to take part in follow-up interviews. This makes sure that interviewees are already familiar with the research setting as well as possessing pertinent experience (Kircher and Zipp, 2022).

Data Sources:

- **Primary data:** Survey responses and interview transcripts.
- **Secondary data:** Industry reports, ESG ratings, and relevant academic literature to triangulate findings.

This sourcing strategy ensures that the data collected is both relevant to the research objectives and sufficient in depth and breadth to allow meaningful analysis.

3.6 Research Ethics

The research will follow the Dublin Business School (DBS) ethical requirements and General Data Protection Regulation (GDPR) to make sure that the entire research process will adhere to the best ethics and protection of participants. The process and all the stages of the research will be done in an ethical manner starting with the recruitment of the participants through to the storage of its data and the reporting of the findings.

All the participants will be informed of their consent before data collection. All subjects will receive a detailed and clear information sheet with the details of the purpose of the study, procedures, and their rights as participants. This will entail the right to exit the study at any given instance with no punishment (Drolet et al., 2022). Before starting with the survey or interviews, consent will be asked explicitly, and a participant has to be willing to perform it on full knowledge of the research, and with the knowledge that participation is voluntary.

Anonymity and confidentiality will be strictly maintained throughout the study. Survey responses will be collected anonymously, and no personally identifiable information will be linked to the data. For interviews, participants will be assigned pseudonyms in all transcripts, notes, and reports to protect their identities (Barrow, Brannan and Khandhar, 2022). Any identifying details that emerge during interviews will be stored separately from the research data and will not be disclosed in any publication or presentation.

Data storage procedures will adhere to strict security protocols. All digital files will be stored on password-protected devices and encrypted cloud storage to prevent unauthorised access. Physical notes, if any, will be kept in a locked cabinet accessible only to the researcher. Data will be retained for the duration required by DBS guidelines and will be securely destroyed thereafter (Barrow, Brannan and Khandhar, 2022).

These measures collectively ensure that participant privacy is safeguarded, confidentiality is upheld, and the study maintains compliance with all relevant ethical and legal requirements.

3.7 Data Analysis Tools

The quantitative data collected during the survey will be analysed with the help of SPSS to get both descriptive and inferential statistics. Frequencies, means, and standard deviations will be used as a descriptive statistic to describe the demography of respondents and their general impression of ESG practices (Islam, 2020). This gives an overview of the data and the ability to have a clear picture of the distribution and the central tendencies in the responses.

Along with the descriptive measures, inferential statistical methods will be applied to test hypotheses and investigate the relationships. This will entail correlation analysis to determine the power and direction of the correlations between ESG scores and financial performance measures like Return on Equity (ROE), Return on Assets (ROA) (Franzese and Iuliano, 2019). Regression analysis will be used to assess the predictive strength of the three ESG dimensions such as environmental, social and governance in determining financial performance in order to determine which dimension has the strongest effect. More so, the cross-tabulations will be applied to analyze the difference across the subgroups, e.g. the differences in the responses given to the financial institutions in India and Ireland. These techniques can, when combined, be utilized to detect statistically significant patterns and measure the effect that ESG has on the financial performance.

Thematic analysis supported by NVivo software will be used in analysing the interview transcripts on the qualitative phase of the study. It will start with the familiarisation stage which will entail the repetitive reading of the transcripts in order to have a comprehensive understanding of the content. It will be followed by the coding process during which meaningful text segments associated with the ESG problems, approaches, and results will be

identified (Elliott-Mainwaring, 2021). They will then be categorized into more general themes, so-called codes e.g. regulatory compliance, resource constraints, or stakeholder engagement. Next, the themes will be elaborated and connected to the quantitative results, explaining the statistical trends more and offering contextual information on them.

The study will increase reliability and validity of findings by triangulating the findings of both the quantitative and qualitative analysis. Such combined method will guarantee the existence of measurable evidence attained through the survey being backed (or challenged) by the in-depth, real world examples documented in interviews. It also corresponds to the pragmatic philosophy of research, allowing a clear view of the presence of the ESG within the financial industry that goes beyond the objective criteria and includes the subjective opinion.

Chapter-4: Data analysis & findings

4.1 Introduction

This chapter shows the empirical results of the study, which are the combination of quantitative data collected in the survey through the SPSS and qualitative data collected in the survey through the NVivo theme analysis. The purpose is to determine how the adoption of ESG (Environmental, Social and Governance) affects the financial and operational performance of financial sector SMEs of India and Ireland. The SPSS findings show trends in efficiency, reputation and investors reactions, whereas the NVivo data indicate stakeholders observations, problems and best practices. Collectively, these results present a complete picture of the role of ESG, as they not only include objective statistical results, but also include subjective, practice-related insights of industry practitioners.

4.2 Data analysis

4.2.1 Quantitative data analysis

4.2.1.1 Frequency analysis

Table 1: Statistic

Statistics												
N	Valid	what is your age group	what is your highest level of education	what is your current employment status	To what extent has ESG performance helped your company's financial success?	what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?	Did your company see heightened investor demand as a positive result of ESG performance?	how central is SG performance to your company's capital raising or credit negotiations?	Do you track financial returns directly tied to ESG initiative?	To what degree has ESG performance contributed to brand reputation and loyalty?	Has your company recruited or retained talent based on its ESG values and performance?	How difficult is it for your firm to gather, verify and report ESG-related data across portfolios or business lines?
	Missing	0	0	0	1	0	0	0	0	0	0	0
	Valid	100	100	100	99	100	100	100	100	100	100	100

The table summarizes valid survey responses (N=100) on how ESG affects financial firms across dimensions like operational efficiency, investor demand, credit negotiations, brand loyalty, talent retention, and ESG data challenges.

Table 2: Age Group Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	24	24.0	24.0	24.0
	26-35	29	29.0	29.0	53.0
	36-45	37	37.0	37.0	90.0
	45-60	10	10.0	10.0	100.0
Total		100	100.0	100.0	

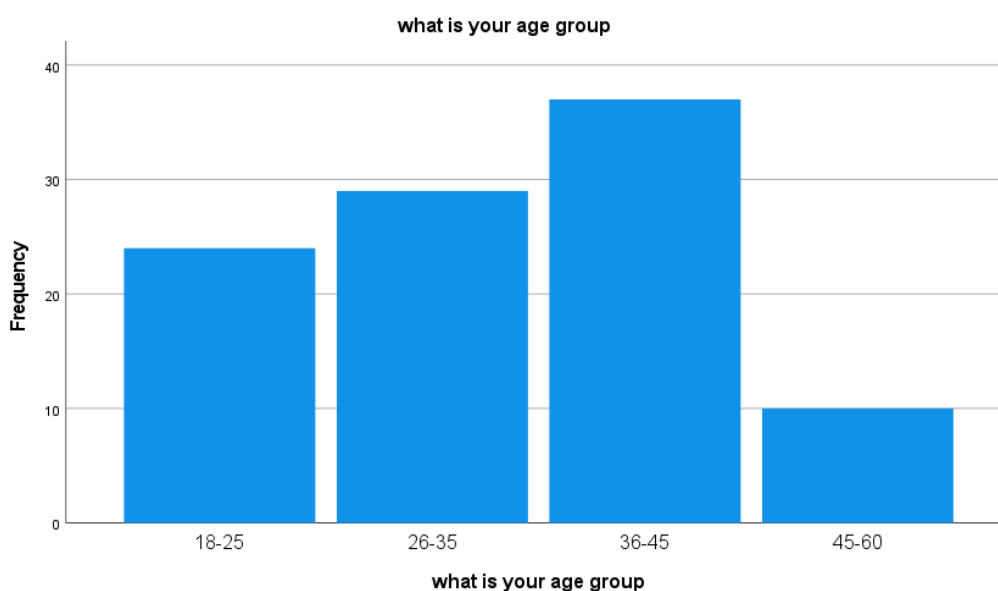


Figure 1: Age Group Distribution

The age distribution shows that most respondents (37%) are aged 36–45, followed by 26–35 (29%) and 18–25 (24%). Only 10% fall within the 45–60 age range. This suggests that the survey mostly captured perspectives of professionals in the early to mid-career stage, which is important when interpreting their views on ESG impact, as younger professionals may be more engaged in ESG trends due to increasing awareness and integration in recent corporate practices.

Table 3: Highest Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	secondary school	9	9.0	9.0	9.0
	Bachelor's degree	25	25.0	25.0	34.0
	postgraduate degree	66	66.0	66.0	100.0
	Total	100	100.0	100.0	

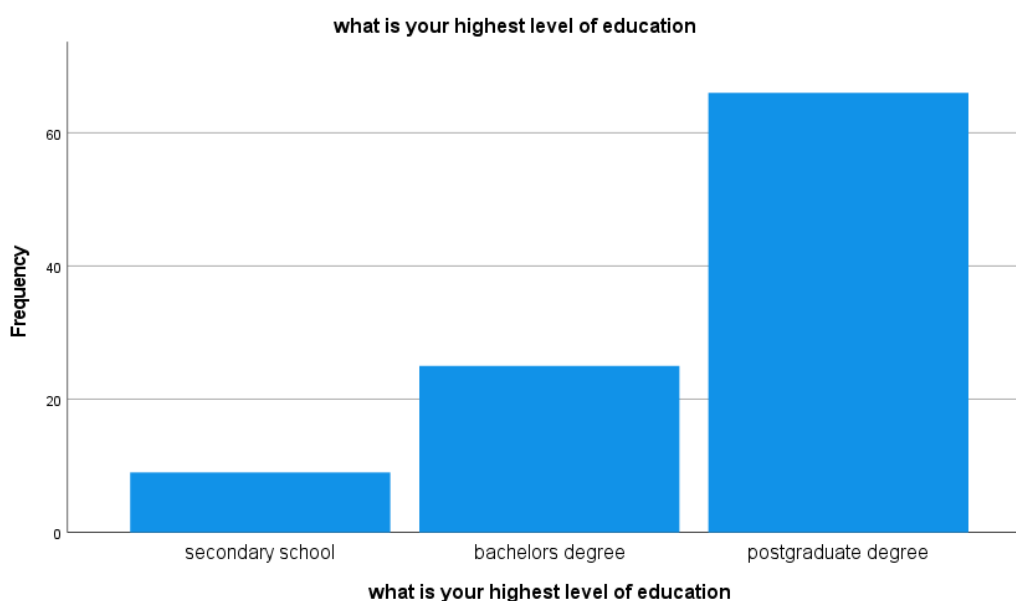


Figure 2: Highest Level of Education

A significant majority (66%) of respondents hold a postgraduate degree, 25% have a bachelor's degree, and 9% completed only secondary school. This implies the survey sample is highly educated, reflecting strong academic backgrounds among participants. This is relevant in interpreting responses on ESG because individuals with advanced education levels are more likely to be informed about sustainability, governance, and financial strategies, potentially influencing their views on ESG integration and strategic impact.

Table 4: Current Employment Status

what is your current employment status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed full-time	67	67.0	67.0	67.0
	Employed part-time	12	12.0	12.0	79.0
	Student	15	15.0	15.0	94.0
	Self-employed	4	4.0	4.0	98.0
	Unemployed	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

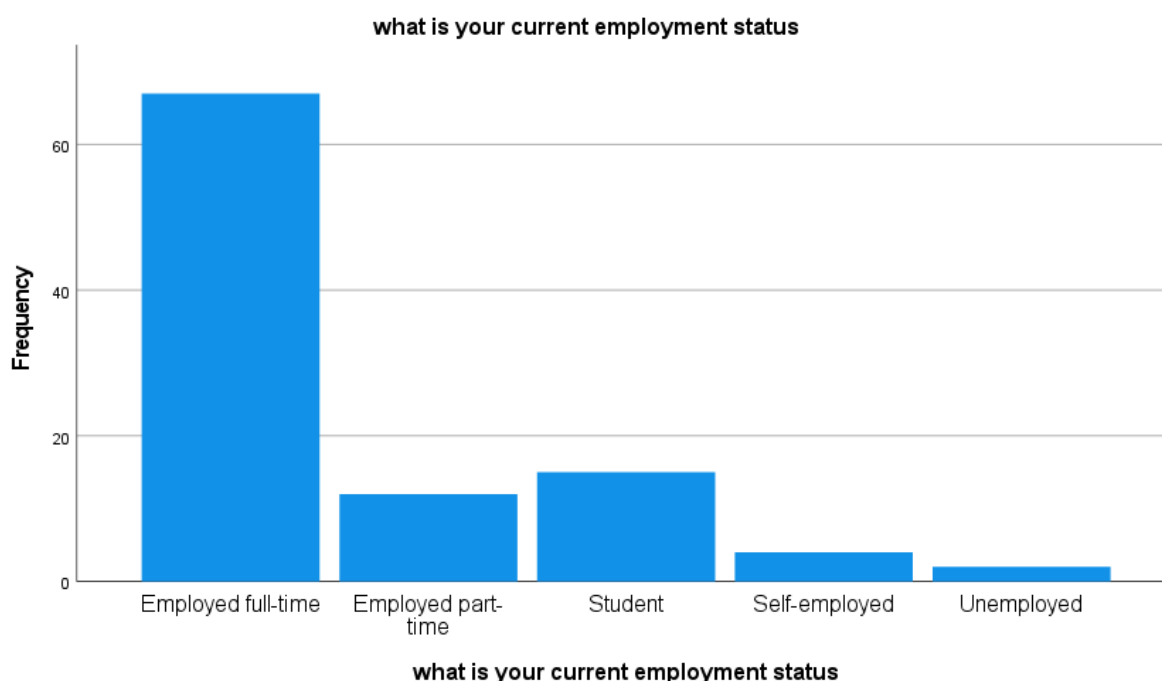


Figure 3: Current Employment Status

The data shows that 67% are employed full-time, 12% part-time, 15% are students, 4% self-employed, and 2% unemployed. This reveals that most responses came from working professionals currently engaged in financial institutions. The notable 15% student segment indicates some academic perspectives are represented. This blend enriches the understanding of how ESG is perceived across different employment stages and whether direct industry

engagement influences awareness and attitudes toward ESG performance and its link to financial outcomes.

Table 5: ESG Performance and Financial Success

To what extent has ESG performance helped your company's financial success?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	4	4.0	4.0	4.0
	Slightly	3	3.0	3.0	7.1
	Moderately	21	21.0	21.2	28.3
	Very	50	50.0	50.5	78.8
	Very important	21	21.0	21.2	100.0
	Total	99	99.0	100.0	
Missing	System	1	1.0		
Total		100	100.0		

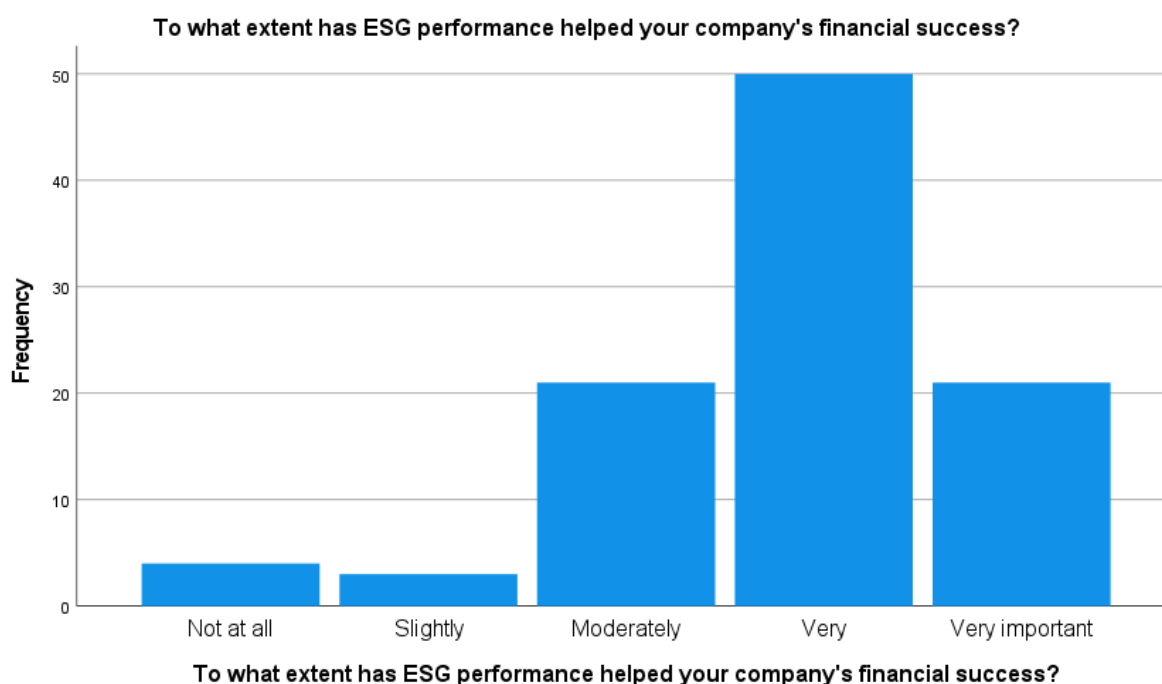


Figure 4: ESG Performance and Financial Success

Among respondents, 50.5% believe ESG performance has “very” positively impacted financial success, 21.2% rated it “very important,” and 21.2% “moderate.” Only 4% said “not at all.”

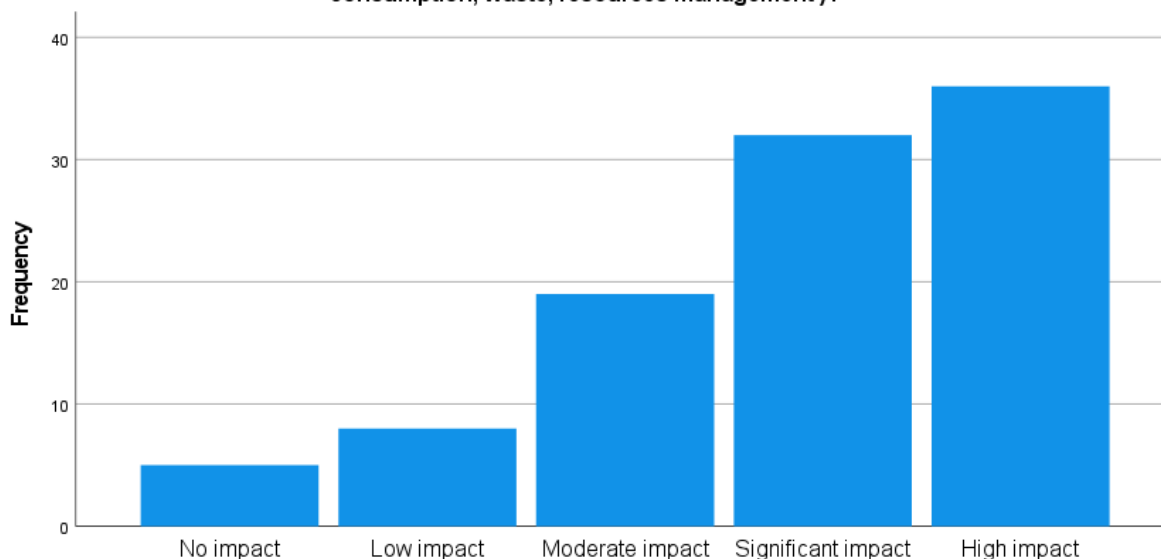
These results suggest strong positive perception of ESG’s role in driving profitability and success. The missing value from one respondent does not significantly affect the interpretation. Overall, the results support the idea that ESG strategies are not merely compliance tools but perceived as key drivers of financial resilience and value.

Table 6: ESG Impact on Operational Efficiency

what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No impact	5	5.0	5.0	5.0
	Low impact	8	8.0	8.0	13.0
	Moderate impact	19	19.0	19.0	32.0
	Significant impact	32	32.0	32.0	64.0
	High impact	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?



what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?

Figure 5: ESG Impact on Operational Efficiency

36% of participants indicated that ESG had a “high impact” on operational efficiency, and 32% saw a “significant impact.” Moderate impact was reported by 19%, while only 13% noted “low” or “no impact.” This demonstrates that ESG activities—like reducing waste or improving energy use—are widely viewed as enhancing efficiency. It highlights operational gains as a tangible benefit of ESG adoption, supporting claims that ESG is not just about image or ethics but has measurable internal benefits.

Table 7: ESG and Investor Demand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	81	81.0	81.0	81.0
	No	7	7.0	7.0	88.0
	Not sure	12	12.0	12.0	100.0
	Total	100	100.0	100.0	



Figure 6: ESG and Investor Demand

A strong 81% of respondents observed increased investor demand as a direct result of ESG performance, while 7% disagreed and 12% were unsure. This suggests ESG is increasingly viewed as an investment criterion and a signal of reduced long-term risk. Companies demonstrating strong ESG credentials may have enhanced access to capital or improved investor sentiment. The small percentage of disagreement also signals varying levels of market maturity or awareness among firms or regions.

Table 8: ESG in Capital Raising/Credit

How central is SG performance to your company's capital raising or credit negotiations?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	3	3.0	3.0	3.0
	Slightly important	8	8.0	8.0	11.0
	Moderately important	23	23.0	23.0	34.0
	Very important	57	57.0	57.0	91.0
	Critical important	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

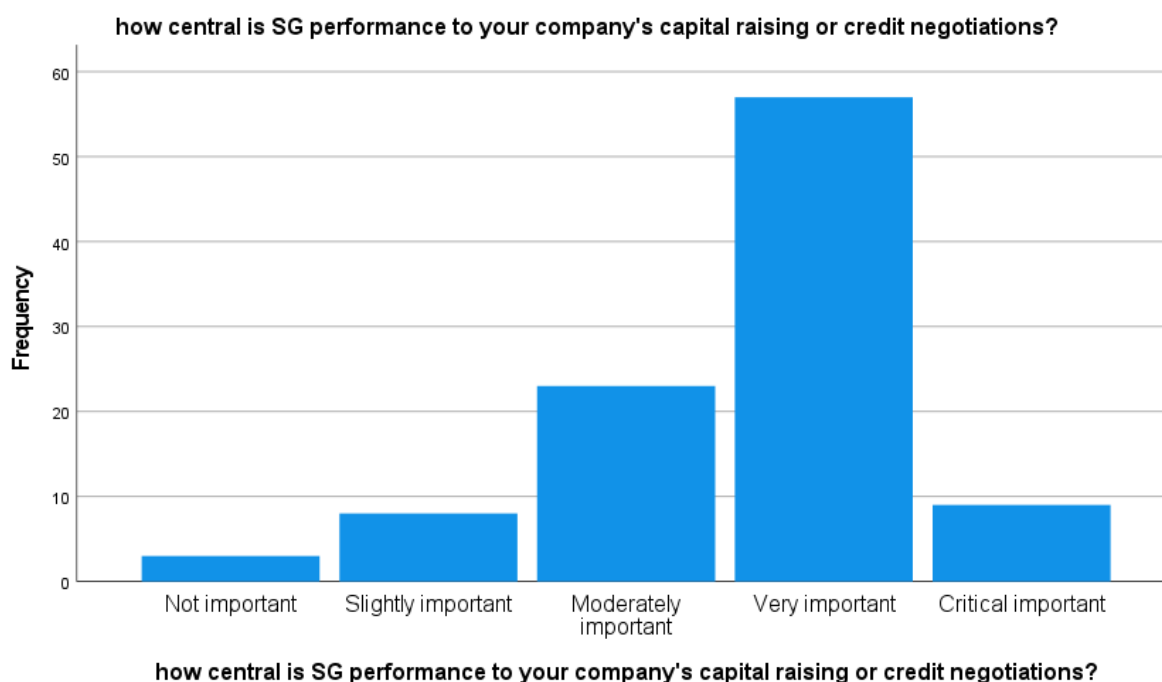


Figure 7: ESG in Capital Raising/Credit

57% said ESG is “very important” and 9% said “critical” to capital raising or credit negotiations, suggesting ESG plays a strategic role in accessing financing. Only 11% rated it as slightly or not important. This indicates that ESG scores and disclosures are being used as risk assessment tools by credit agencies and investors. These findings validate growing literature that links ESG with better financing conditions and increased market credibility for financial sector firms.

Table 9: Tracking ESG Financial Returns

Do you track financial returns directly tied to ESG initiative?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	76	76.0	76.0	76.0
	No	15	15.0	15.0	91.0
	PLANNING TO IMPLEMENT	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

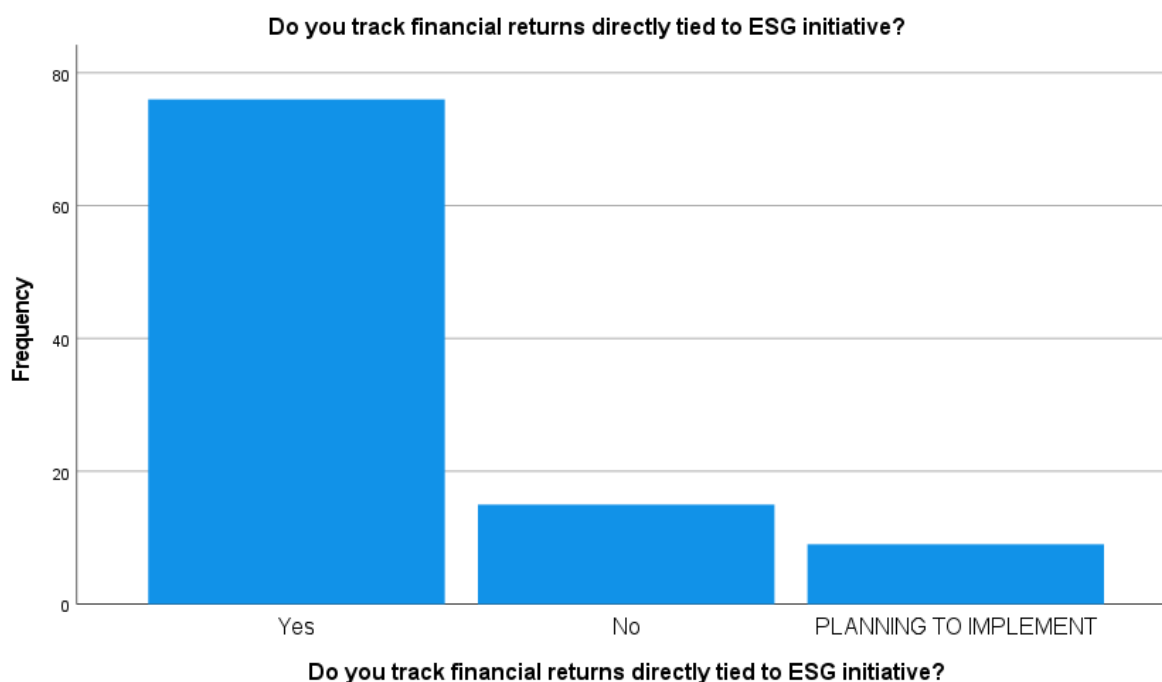


Figure 8: Tracking ESG Financial Returns

76% of companies already track ESG-related financial returns, while 9% are planning to implement it. Only 15% do not track them. This strong majority confirms the rising trend of quantifying ESG’s financial value. Organizations increasingly recognize ESG initiatives not just as compliance requirements but as investment decisions. The intention to implement tracking further reflects evolving capabilities and awareness, especially among firms aiming to justify ESG expenditure through measurable return on investment or performance metrics.

Table 10: ESG and Brand Reputation

To what degree has ESG performance contributed to brand reputation and loyalty?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	4	4.0	4.0	4.0
	Slightly	7	7.0	7.0	11.0
	Moderately	19	19.0	19.0	30.0
	Considerably	59	59.0	59.0	89.0
	Significantly	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

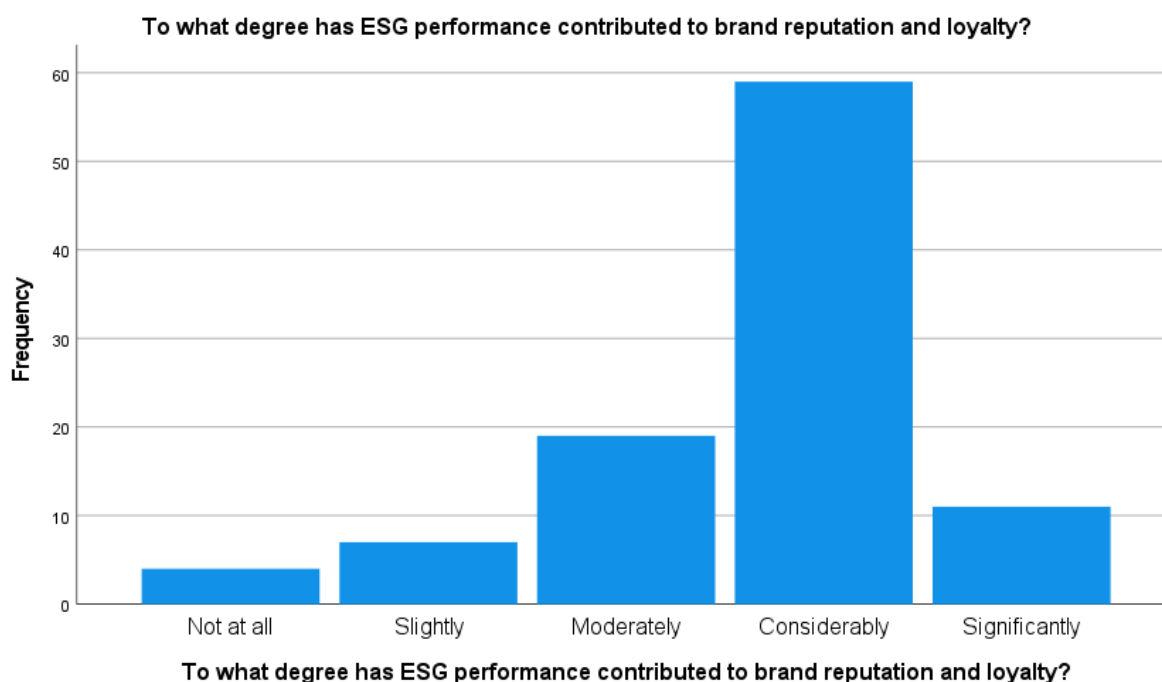


Figure 9: ESG and Brand Reputation

59% of respondents said ESG considerably enhanced brand reputation and loyalty, and 11% noted significant improvement. Moderate contribution was reported by 19%, while only 11% felt the impact was minimal or none. This underlines ESG’s role in stakeholder trust-building, particularly in financial services, where credibility is critical. The reputational benefits not only attract investors but also customers, aligning with global trends where ESG performance is seen as part of corporate identity and long-term brand strategy.

Table 11: ESG and Talent Acquisition/Retention

Has your company recruited or retained talent based on its ESG values and performance?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	80	80.0	80.0	80.0
	No	9	9.0	9.0	89.0
	Not sure	11	11.0	11.0	100.0
	Total	100	100.0	100.0	



Figure 10: ESG and Talent Acquisition/Retention

80% of respondents stated their companies had recruited or retained talent due to ESG values and performance, confirming ESG as a key factor in employee decision-making. 11% were unsure, while only 9% said no. This indicates that ESG influences employer branding and internal culture, especially among younger, purpose-driven professionals. It reflects the growing integration of ESG into HR strategies, contributing to workforce stability and appeal in competitive talent markets—particularly in finance and consulting sectors.

Table 12: ESG Data Collection Difficulty

How difficult is it for your firm to gather, verify and report ESG-related data across portfolios or business lines?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not difficult	5	5.0	5.0	5.0
	Slightly difficult	10	10.0	10.0	15.0
	Moderately difficult	20	20.0	20.0	35.0
	Very difficult	46	46.0	46.0	81.0
	Extremely difficult	19	19.0	19.0	100.0
	Total	100	100.0	100.0	

How difficult is it for your firm to gather, verify and report ESG-related data across portfolios or business lines?

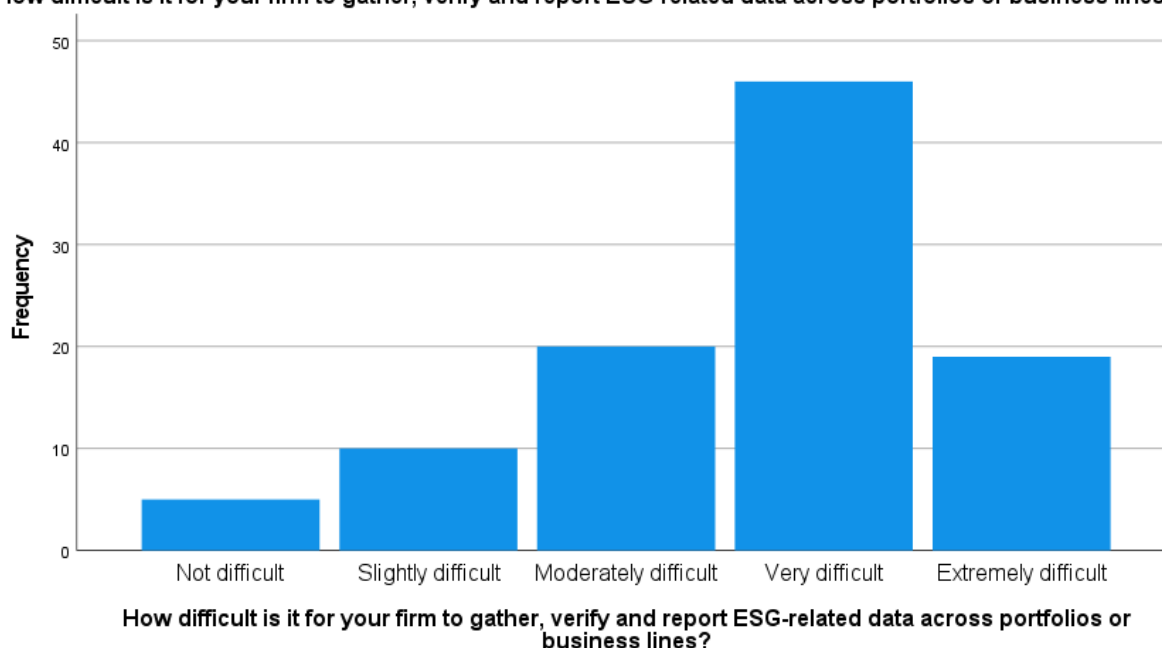


Figure 11: ESG Data Collection Difficulty

46% of respondents reported it is “very difficult” and 19% said “extremely difficult” to gather, verify, and report ESG-related data across business lines. Only 5% found it easy. These findings underscore a critical operational challenge in ESG execution, especially for smaller firms. The lack of standardized systems and complex data sources may hinder accurate reporting and transparency, potentially undermining investor trust and compliance efforts. Improving ESG data infrastructure is crucial for effective implementation and audit readiness.

Table 13: Internal ESG Understanding

How clear and consistent is your firm's internal understanding of what ESG means in the context of financial services?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very unclear	4	4.0	4.0	4.0
	Unclear	13	13.0	13.0	17.0
	Neutral	22	22.0	22.0	39.0
	Clear	33	33.0	33.0	72.0
	Very clear	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

How clear and consistent is you firm's internal understanding of what ESG means in the context of financial services?

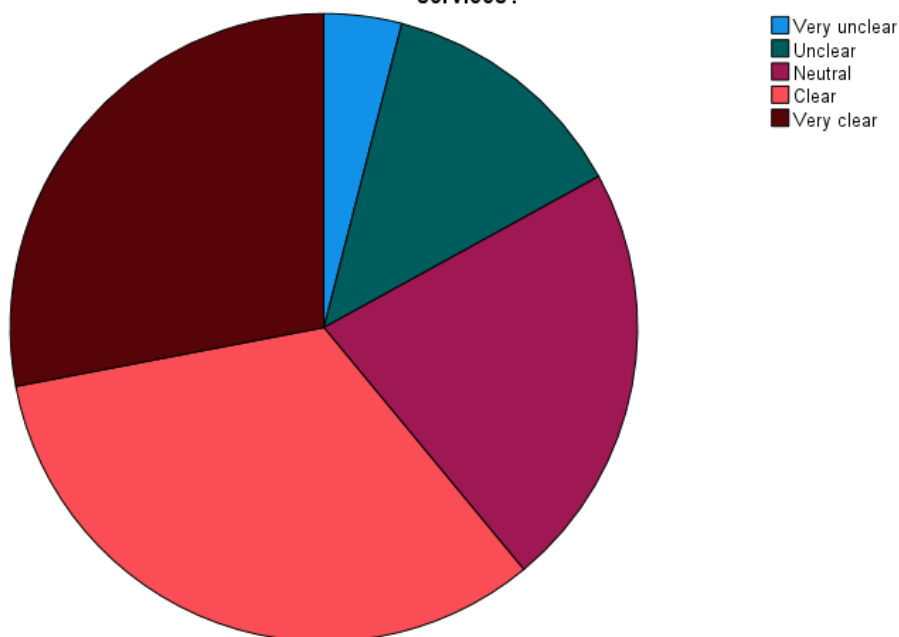


Figure 12: Internal ESG Understanding

33% found ESG meaning “clear” and 28% said “very clear,” while 22% remained neutral and 17% reported unclear understanding. This highlights generally strong internal awareness, but still leaves over one-third of firms with either vague or neutral understanding of ESG concepts. This gap can affect consistency in application, strategy design, and communication across departments. Internal training and cross-functional alignment appear necessary to enhance shared understanding, particularly for financial service firms adapting to evolving ESG expectations.

Table 14: ESG Integration into Core Strategy

To what extent is the ESG strategy implemented into your firm's core business planning, performance KPIs, and product design?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	3.0	3.0	3.0
	Slightly integrated	11	11.0	11.0	14.0
	Moderately integrated	23	23.0	23.0	37.0
	Mostly integrated	49	49.0	49.0	86.0
	Fully integrated	14	14.0	14.0	100.0
Total		100	100.0	100.0	

To what extent is the ESG strategy implemented into your firm's core business planning, performance KPIs, and product design?

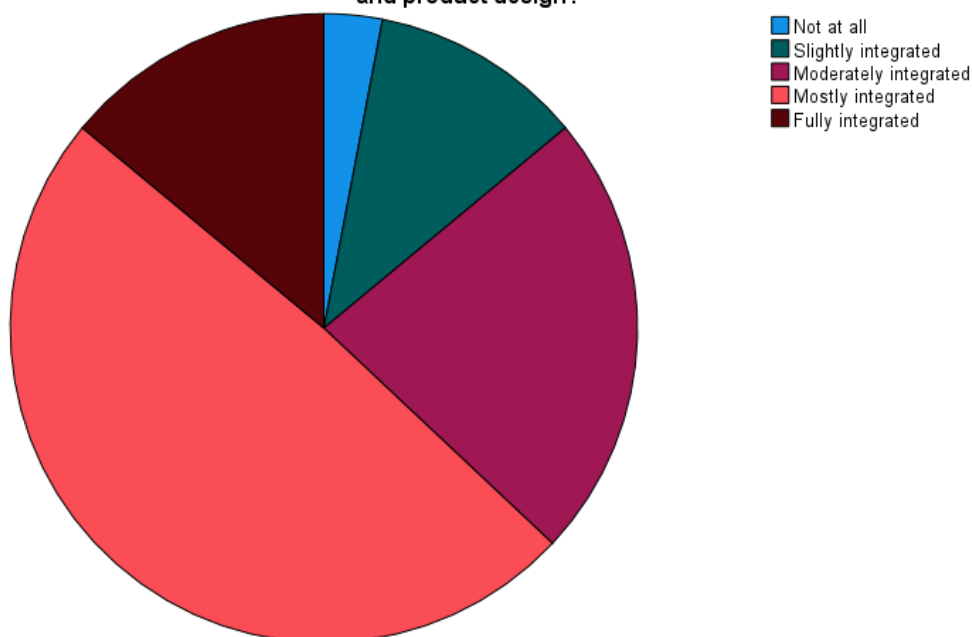


Figure 13: ESG Integration into Core Strategy

Nearly half (49%) indicated ESG is “mostly integrated” into business planning, KPIs, and product design, while 23% said “moderately integrated” and 14% said “fully.” Only 14% marked minimal integration. These results show that most firms are embedding ESG deeply into their operations. This widespread integration is a promising sign of ESG maturity, suggesting that it is no longer treated as a peripheral concern, but rather a strategic component of planning, performance monitoring, and innovation processes.

Table 15: Confidence in ESG Disclosure & Greenwashing

How confident is your firm that its ESG disclosures are robust and not vulnerable to accusations of greenwashing?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not confident	5	5.0	5.0	5.0
	Slightly confident	10	10.0	10.0	15.0
	Moderately confident	31	31.0	31.0	46.0
	Confident	35	35.0	35.0	81.0
	Very confident	19	19.0	19.0	100.0
	Total	100	100.0	100.0	

How confident is your firm that its ESG disclosures are robust and not vulnerable to accusations of greenwashing?

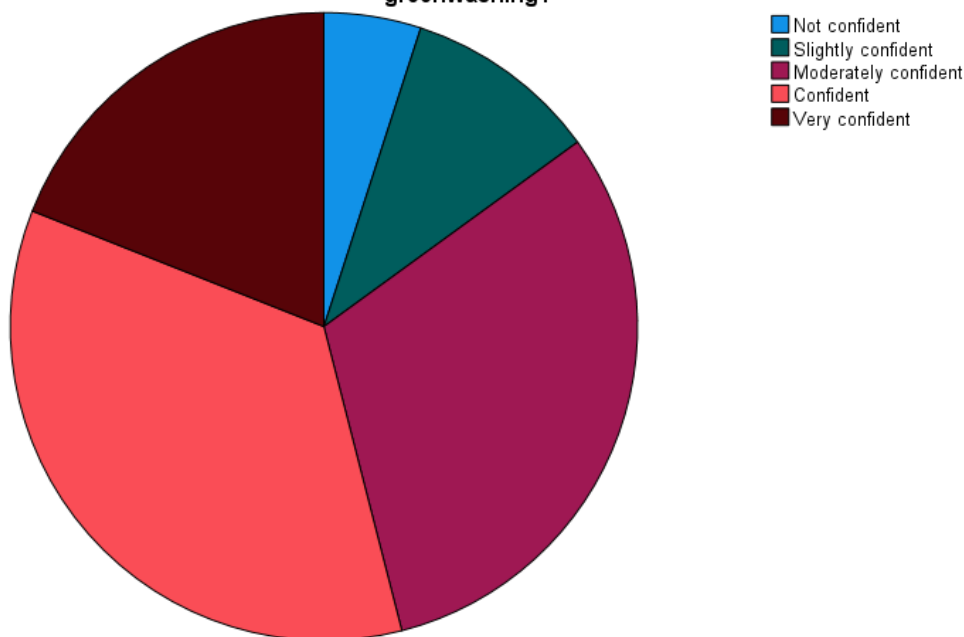


Figure 14: Confidence in ESG Disclosure & Greenwashing

35% of firms are “confident” and 19% “very confident” that their ESG disclosures are robust, with 31% moderately confident. Only 15% expressed low or no confidence. This indicates general trust in their own ESG transparency, although one-third of firms still worry about being perceived as greenwashing. These findings suggest an opportunity for improving validation and third-party assurance mechanisms to strengthen credibility and public trust, especially in sectors under high regulatory and investor scrutiny.

Table 16: Readiness for ESG Regulatory Requirements

How prepared is your firm to respond to evolving ESG related regulatory requirement in financial services (eg SDRF, ISSB)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not ready	3	3.0	3.0	3.0
Slightly ready	10	10.0	10.0	13.0
Moderately ready	19	19.0	19.0	32.0
Mostly ready	42	42.0	42.0	74.0
Full ready	26	26.0	26.0	100.0
Total	100	100.0	100.0	

How prepared is your firm to respond to evolving ESG related regulatory requirement in financial services (eg SDRF, ISSB)?

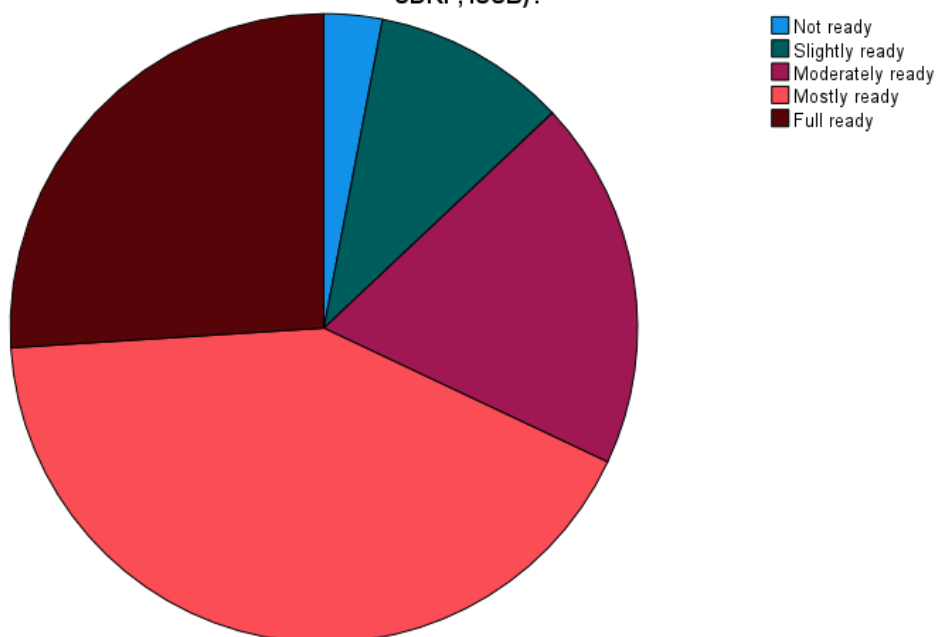


Figure 15: Readiness for ESG Regulatory Requirements

42% felt “mostly ready” and 26% “fully ready” for evolving ESG regulations like SDRF or ISSB standards. Only 13% felt less than moderately ready. These findings indicate strong awareness and proactive efforts toward compliance, especially among financial institutions. However, the 29% not “fully ready” reflects potential risk if new regulations accelerate. Firms should continue regulatory horizon scanning and policy alignment to ensure ESG practices evolve in step with legal frameworks and global standards.

Table 17: ESG Alignment Among Leadership

To what extent your leadership team aligned on ESG priorities and their link to long-term financial performance?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not aligned	4	4.0	4.0	4.0
	Slightly aligned	9	9.0	9.0	13.0
	Moderately aligned	22	22.0	22.0	35.0
	Mostly aligned	39	39.0	39.0	74.0
	Full aligned	26	26.0	26.0	100.0
	Total		100	100.0	100.0

To what extent your leadership team aligned on ESG priorities and their link to long-term financial performance?

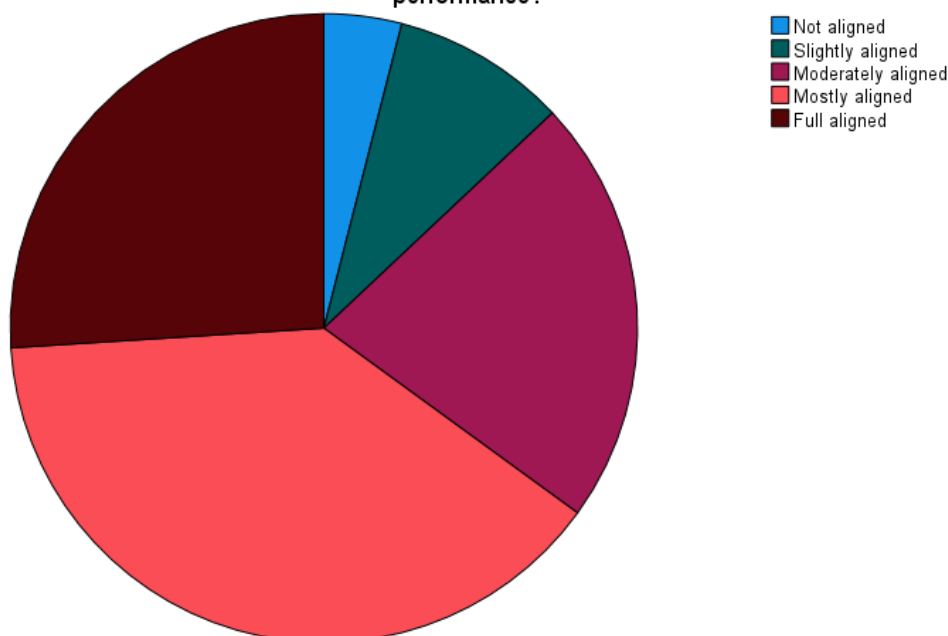


Figure 16: ESG Alignment Among Leadership

39% said leadership is “mostly aligned” and 26% “fully aligned” on ESG priorities linked to long-term financial performance. 22% were moderately aligned. Only 13% saw minimal alignment. This shows that a majority of leadership teams acknowledge ESG’s strategic importance. Strong alignment helps drive ESG resource allocation and accountability. However, efforts to engage the remaining misaligned or indifferent leadership tiers are essential to maintain momentum and ensure ESG goals are translated into long-term business success.

Table 18: ESG Engagement with Experts or Peers

How often does your firm engage with ESG experts, consultants, or peer institution to share best practices or learn from others?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	7	7.0	7.0	7.0
	Occasionally	36	36.0	36.0	43.0
	Regularly	41	41.0	41.0	84.0
	Frequently	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

How often does your firm engage with ESG experts, consultants, or peer institution to share best practices or learn from others?

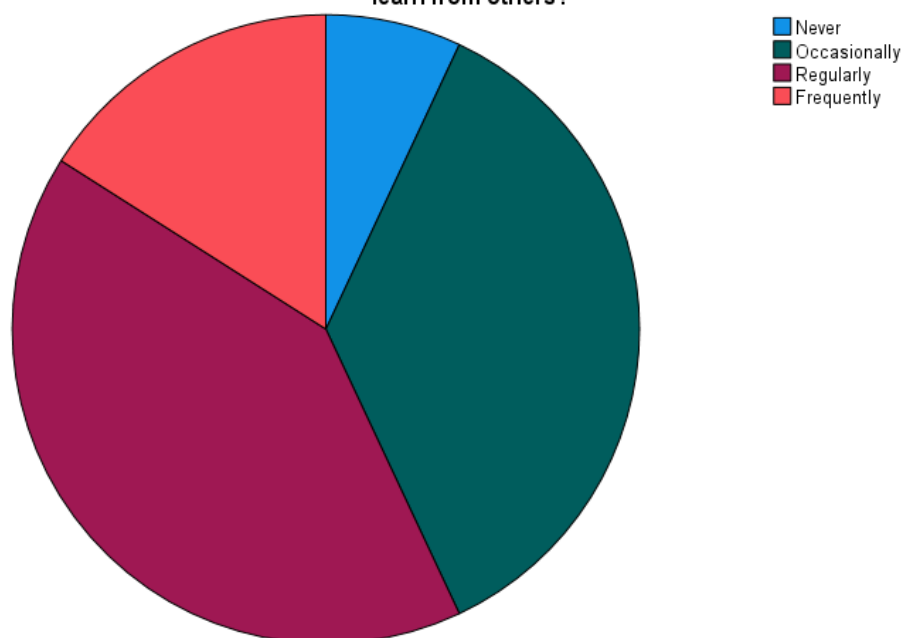


Figure 17: ESG Engagement with Experts or Peers

41% engage “regularly” and 16% “frequently” with ESG experts or peers. 36% do so “occasionally,” while only 7% never engage. This reflects an active ESG knowledge-sharing culture in the financial sector. Regular engagement supports benchmarking, capability building, and exposure to best practices, which is especially critical in the absence of uniform standards. It also highlights the importance of collaboration networks and industry associations in fostering ESG maturity and avoiding duplication or misalignment of efforts.

Table 19: Influence of Peer ESG Learnings

How significantly has your firm's ESG strategy been influenced by learnings from peer institutions ESG performance - both successes and failures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	5	5.0	5.0	5.0
	Slightly	7	7.0	7.0	12.0
	Moderately	22	22.0	22.0	34.0
	Significantly	54	54.0	54.0	88.0
	Very significantly	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

How significantly has your firm's ESG strategy been influenced by learnings from peer institutions ESG performance - both successes and failures

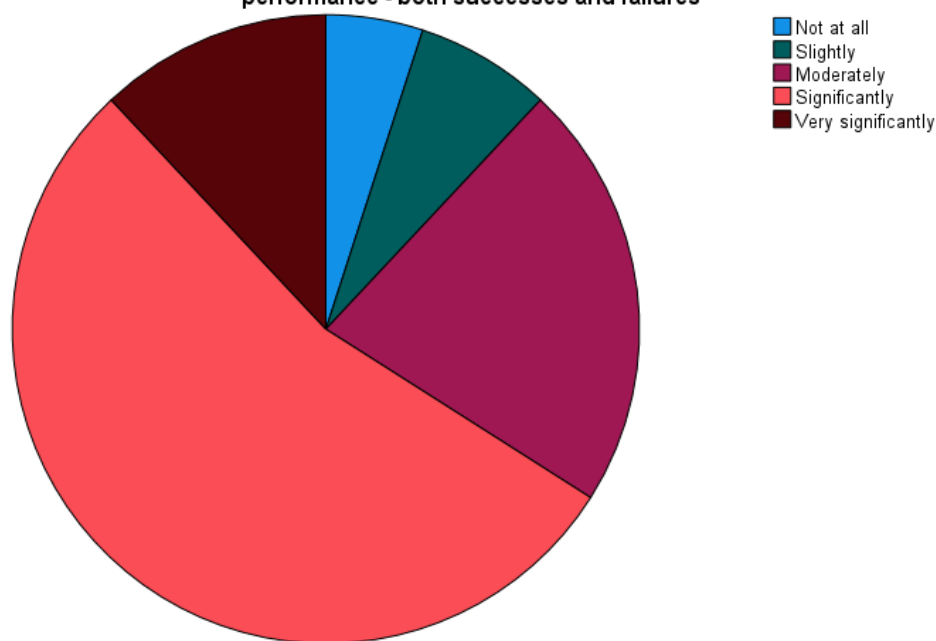


Figure 18: Influence of Peer ESG Learnings

54% stated their ESG strategy is “significantly” influenced by learnings from peer institutions, and 12% “very significantly.” Only 5% reported no influence. These results highlight how competitive benchmarking and peer-driven learning play a major role in shaping ESG strategies. Lessons from both successes and failures appear to be powerful sources of insight

for financial firms. Encouraging open forums and case study sharing may further accelerate ESG best practices across the sector and promote standardization.

Table 20: Adoption of ESG Best Practices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	78	78.0	78.0	78.0
	No	14	14.0	14.0	92.0
	plan to adopt	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

Has your firm adopted any best practices or frameworks recommended by ESG advisors or industry experts?

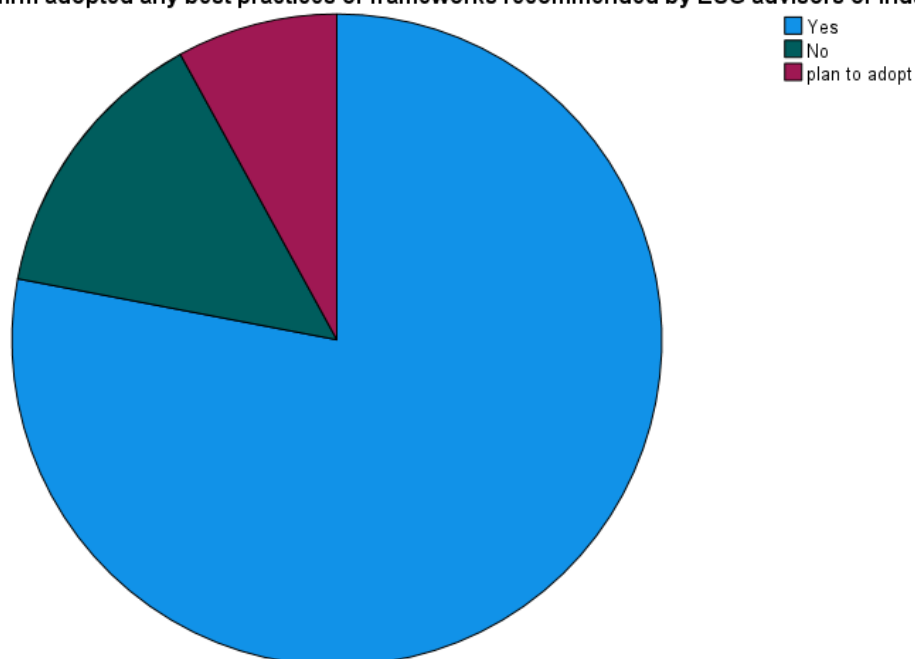


Figure 19: Adoption of ESG Best Practices

78% of respondents confirmed that their firms have adopted best practices or frameworks recommended by ESG experts. An additional 8% plan to do so. This demonstrates strong external guidance uptake in ESG integration. The 14% who have not adopted such practices may face gaps in ESG effectiveness or auditability. This result underscores the influential role

of ESG consultants and standard-setting bodies in driving industry-wide change through practical frameworks, toolkits, and compliance guidance.

Table 21: Leadership Openness to External ESG Recommendations

How open is your senior leadership open to implementing ESG recommendations based on external consulting or sector - specific benchmarks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not open	2	2.0	2.0	2.0
	Slightly open	12	12.0	12.0	14.0
	Moderately open	19	19.0	19.0	33.0
	Open	58	58.0	58.0	91.0
	Very open	9	9.0	9.0	100.0
	Total		100	100.0	100.0

How open is your senior leadership open to implementing ESG recommendations based on external consulting or sector - specific benchmarks?

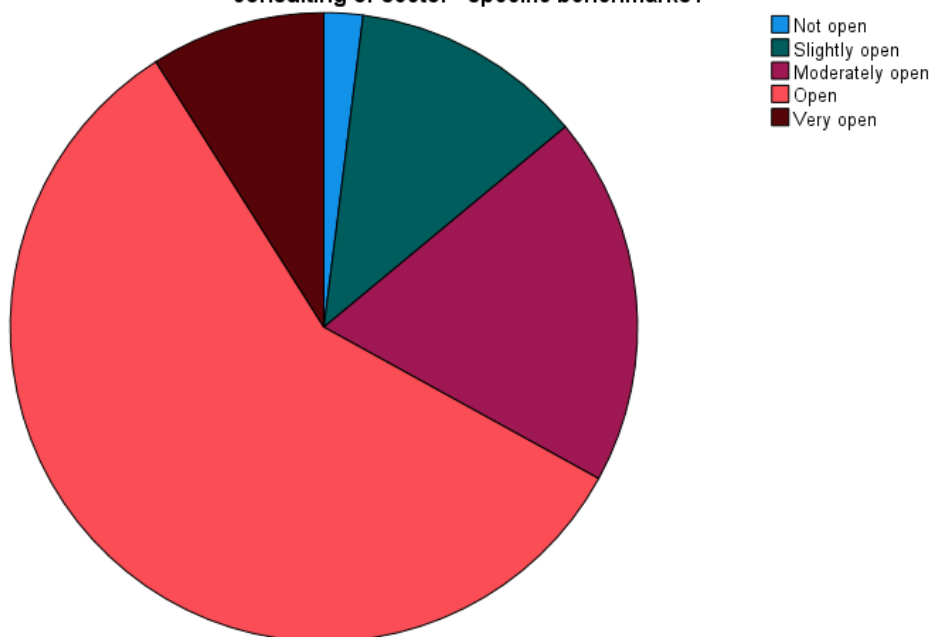


Figure 20: Leadership Openness to External ESG Recommendations

58% of firms report that their leadership is “open” to ESG recommendations from consultants or benchmarks, while 9% are “very open.” 19% are moderately open. Only 14% expressed resistance. This shows most firms are responsive to external ESG expertise, supporting a

dynamic and adaptive approach. Leadership openness is critical for effective ESG reform and cultural alignment. These findings signal an opportunity for deeper collaborations between firms and ESG advisors to tailor solutions to evolving benchmarks.

Table 22: ESG Communication across Departments

How effectively are ESG-related learnings and strategies communicated and adopted across departments in your firm?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not well	5	5.0	5.0	5.0
	Slightly well	8	8.0	8.0	13.0
	Moderately well	19	19.0	19.0	32.0
	Well	50	50.0	50.0	82.0
	Very well	18	18.0	18.0	100.0
Total		100	100.0	100.0	

How effectively are ESG-related learnings and strategies communicated and adopted across departments in your firm?

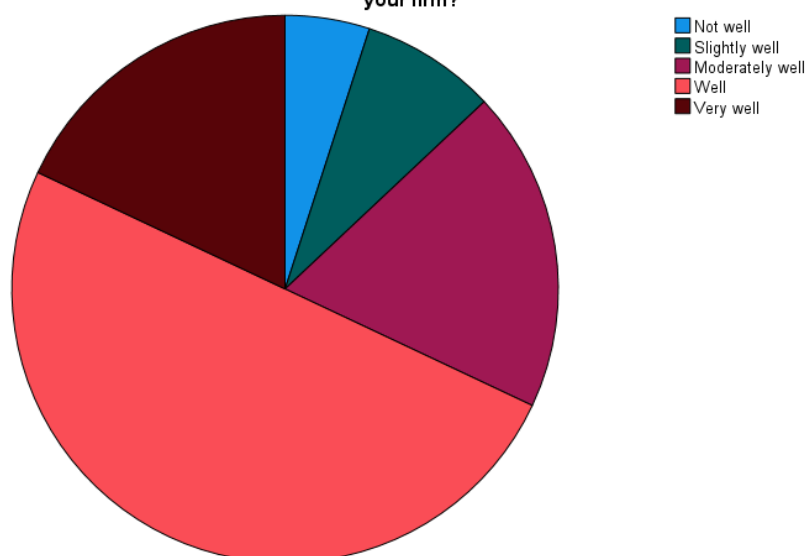


Figure 21: ESG Communication across Departments

50% of respondents stated ESG learnings are communicated “well” across departments, while 18% rated them “very well.” Meanwhile, 19% rated “moderately well,” and 13% reported lower effectiveness. This suggests that while ESG strategies are largely integrated across functions, consistency and departmental understanding still vary. Effective communication is

vital for aligning internal practices with ESG objectives. Strengthening interdepartmental ESG knowledge transfer can support coherent implementation and company-wide cultural alignment with sustainability goals.

Correlations analysis

Table 23: Pearson Correlation Table

		Correlations			
		To what extent has ESG performance helped your company's financial success?	To what degree has ESG performance contributed to brand reputation and loyalty?	Has your company recruited or retained talent based on its ESG values and performance?	Did your company see heightened investor demand as a positive result of ESG performance?
To what extent has ESG performance helped your company's financial success?	Pearson Correlation	1	.581**	-.282**	-.374**
	Sig. (2-tailed)		<.001	.005	<.001
	N	99	99	99	99
To what degree has ESG performance contributed to brand reputation and loyalty?	Pearson Correlation	.581**	1	-.258**	-.351**
	Sig. (2-tailed)	<.001		.009	<.001
	N	99	100	100	100
Has your company recruited or retained talent based on its ESG values and performance?	Pearson Correlation	-.282**	-.258**	1	.685**
	Sig. (2-tailed)	.005	.009		<.001
	N	99	100	100	100
Did your company see heightened investor demand as a positive result of ESG performance?	Pearson Correlation	-.374**	-.351**	.685**	1
	Sig. (2-tailed)	<.001	<.001	<.001	
	N	99	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The table shows significant correlations between ESG performance and brand reputation ($r=0.581$), but a negative correlation with talent retention ($r=-0.282$). Notably, investor demand correlates positively with talent retention ($r=0.685$), but negatively with financial success ($r=-0.374$). These insights suggest ESG's reputational impact may boost external perceptions but not necessarily internal HR outcomes. Some negative correlations may imply trade-offs or misunderstood ESG effects, reinforcing the need for deeper causal analysis or control of mediating variables.

Cross-tabulation analysis

Table 24: Case processing Summary (Age × Talent Retention)

	Case Processing Summary					
	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
what is your age group * Has your company recruited or retained talent based on its ESG values and performance?	100	100.0%	0	0.0%	100	100.0%

All 100 responses were valid and included in the chi-square test for the relationship between age group and whether a company has recruited or retained talent based on ESG values. No missing data was reported. This completeness supports strong internal validity of the chi-square test. It confirms the full dataset was usable for evaluating whether talent management via ESG is affected by respondent age categories, leading into the next crosstab and test of significance.

Table 25: Crosstab: Age Group × Talent Retention

what is your age group * Has your company recruited or retained talent based on its ESG values and performance? Crosstabulation

Count

		Has your company recruited or retained talent based on its ESG values and performance?			Total
		Yes	No	Not sure	
what is your age group	18-25	14	4	6	24
	26-35	26	1	2	29
	36-45	33	3	1	37
	45-60	7	1	2	10
Total		80	9	11	100

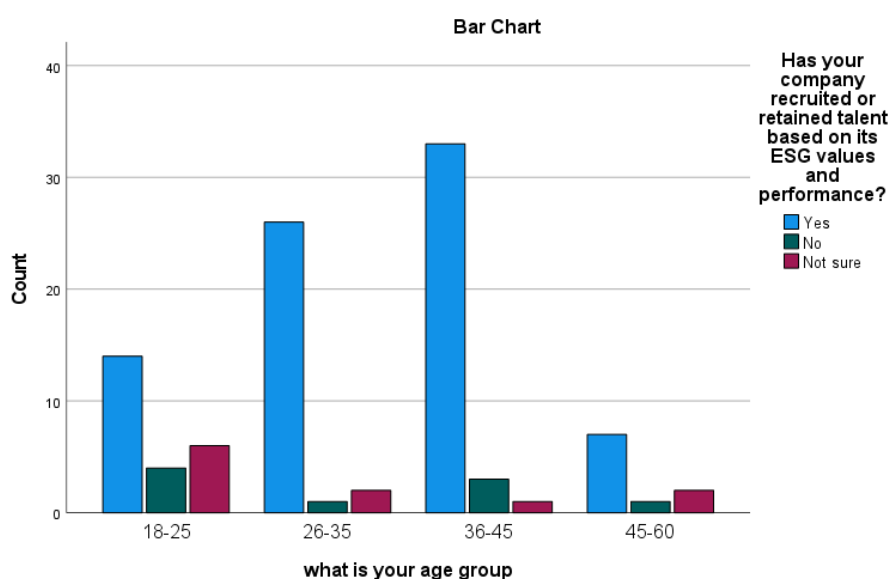


Figure 22: Crosstab: Age Group × Talent Retention

Respondents aged 36–45 showed the strongest affirmative response (33 out of 37) to ESG-linked talent retention, followed by the 26–35 age group. The youngest (18–25) showed more “not sure” responses. This may reflect greater awareness or involvement in ESG strategies among mid-career professionals. Younger respondents may lack decision-making roles, thus less clarity. These trends suggest that targeted ESG engagement strategies may be needed for different age brackets to drive consistent internal alignment.

Table 26: Chi-Square: Age Group × Talent Retention

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.639 ^a	6	.049
Likelihood Ratio	12.552	6	.051
Linear-by-Linear Association	3.193	1	.074
N of Valid Cases	100		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .90.

The Pearson Chi-Square test shows a statistically significant association ($p = 0.049$) between age group and responses to ESG-based talent recruitment/retention. Although 66.7% of cells have low expected counts, this result implies a weak but statistically relevant link between age and ESG perception in HR strategy. The significance indicates demographic factors such as age might shape awareness or value perceptions regarding ESG-linked employment strategies within financial sector firms.

Table 27: Crosstab: Education × Investor Demand

what is your highest level of education * Did your company see heightened investor demand as a positive result of ESG performance? Crosstabulation

Count

		Did your company see heightened investor demand as a positive result of ESG performance?			Total
		Yes	No	Not sure	
what is your highest level of education	secondary school	8	0	1	9
	bachelors degree	17	3	5	25
	postgraduate degree	56	4	6	66
Total		81	7	12	100

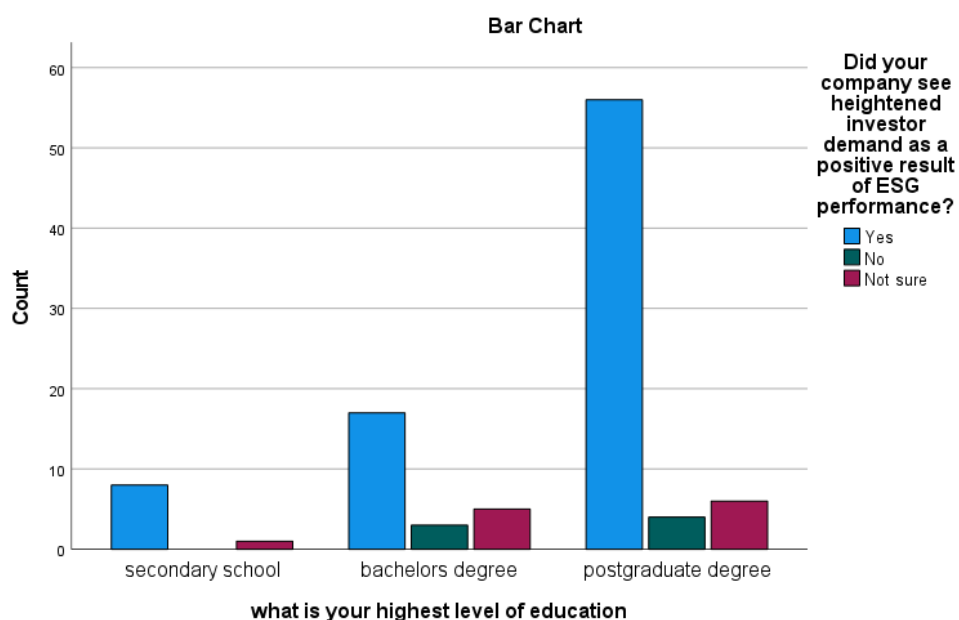


Figure 23: Crosstab: Education × Investor Demand

Among those with postgraduate degrees, 56 out of 66 observed increased investor demand due to ESG performance, compared to 17 (Bachelor’s) and 8 (Secondary). This indicates higher-educated respondents are more likely to perceive ESG as a driver of investor attention. This may reflect their greater involvement in strategic functions or higher awareness of ESG-financial linkages. The pattern suggests ESG perception as an investment catalyst correlates with the education level within financial firms.

Table 28: Chi-Square: Education × Investor Demand

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	4.122 ^a	4	.390
Likelihood Ratio	4.442	4	.350
Linear-by-Linear Association	.691	1	.406
N of Valid Cases	100		

a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .63.

The Pearson Chi-Square test result ($p = 0.390$) shows no statistically significant relationship between education level and perceptions of heightened investor demand due to ESG. Despite a directional trend, the lack of significance suggests education alone does not determine whether individuals perceive ESG as influencing investor interest. Other factors such as role, firm size, or direct experience with investors may moderate this perception more effectively than educational attainment.

One-way ANOVA

Table 29: ANOVA: ESG & Financial Success

ANOVA

To what extent has ESG performance helped your company's financial success?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.808	2	.404	.451	.638
Within Groups	85.919	96	.895		
Total	86.727	98			

The ANOVA test for differences in perceived ESG impact on financial success across groups shows a non-significant F value (0.451, $p = 0.638$). This means there is no statistically significant variation between the compared groups in how they perceive ESG’s contribution to financial success. This result weakens the argument that demographic or organizational characteristics alone influence perceived ESG benefits—suggesting the need to look at operational or cultural ESG maturity instead.

Regression analysis

Table 30: Variables Entered/Removed (Regression Setup)

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?, Did your company see heightened investor demand as a positive result of ESG performance?, To what degree has ESG performance contributed to brand reputation and loyalty? ^b	.	Enter

a. Dependent Variable: To what extent has ESG performance helped your company's financial success?

b. All requested variables entered.

Three independent variables—operational efficiency, investor demand, and brand reputation—were entered to predict perceived ESG impact on financial success. No variables were removed. This regression model attempts to explain how much these three drivers contribute

to the dependent variable: ESG’s perceived financial success. It aligns with ESG literature emphasizing operational gains, reputational capital, and investor relations as central mechanisms through which ESG potentially improves firm-level financial outcomes.

Table 31: Regression Model Summary

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 ^a	.420	.402	.728

- a. Predictors: (Constant), what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?, Did your company see heightened investor demand as a positive result of ESG performance?, To what degree has ESG performance contributed to brand reputation and loyalty?
- b. Dependent Variable: To what extent has ESG performance helped your company's financial success?

The model explains 42% of the variance in financial success linked to ESG ($R^2 = 0.420$), with an adjusted R^2 of 0.402. This indicates a moderately strong model. The predictors—operational efficiency, investor demand, and brand reputation—collectively contribute to perceived financial performance improvement. The standard error (0.728) shows moderate dispersion, and while this isn’t a causal model, it provides strong support for further study on ESG implementation as a financial strategy within firms.

Table 32: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.423	3	12.141	22.929	.000 ^b
	Residual	50.304	95	.530		
	Total	86.727	98			

a. Dependent Variable: To what extent has ESG performance helped your company's financial success?

b. Predictors: (Constant), what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?, Did your company see heightened investor demand as a positive result of ESG performance?, To what degree has ESG performance contributed to brand reputation and loyalty?

The ANOVA table shows a significant regression model ($F=22.929$, $p<0.001$), indicating that ESG-related predictors collectively influence financial success. The model includes three predictors: operational efficiency, investor demand, and brand loyalty, with a total of 99 cases ($df=98$). The regression sum of squares (36.423) is substantially higher than the residual (50.304), reflecting a meaningful portion of variance in financial success explained by ESG factors, justifying the inclusion of these predictors in further regression analysis.

Table 33: Coefficients of regression

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.766	.436		4.046	<.001
	To what degree has ESG performance contributed to brand reputation and loyalty?	.429	.093	.417	4.637	<.001
	Did your company see heightened investor demand as a positive result of ESG performance?	-.230	.120	-.161	-1.915	.059
	what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?	.201	.072	.247	2.802	.006

a. Dependent Variable: To what extent has ESG performance helped your company's financial success?

a. Dependent Variable: To what extent has ESG performance helped your company's financial success?

The coefficients table shows the relative contribution of each ESG factor to financial success. Brand reputation and loyalty have the strongest significant impact (B=.429, $p < 0.001$). Operational efficiency also significantly contributes (B=.201, $p = .006$). However, investor demand shows a negative but marginally non-significant effect (B=-.230, $p = .059$). These results suggest that while improving efficiency and brand image through ESG activities boosts financial performance, increased investor demand alone may not reliably predict financial success in the current model.

4.2.2 Qualitative data analysis

4.2.2.1 Word Cloud



Figure 24: Word Cloud

The word cloud shows the most common words found in transcripts of the interviews, with the keyword being ESG, and the others being financial, adoption, sector, investors, firms, and regulated. The wording demonstrates how discussions on ESG adoption are repeatedly presented in terms of its contribution to financial performance, compliance and engagement of stakeholders. Enablers are signified by supportive words, like practices, efficiency, performance, and reputation, whereas some challenge words, such as barriers, conflicts, risk, and costs, reveal some of the challenges. The use of the term stakeholders as well as the reference to the phrases, employees, and customers, point to the human-oriented dimension of ESG integration. The visual reflects the two-fold story, ESG is perceived as an opportunity (improved operations and enhanced reputation) and a challenge (complex compliance and inconsistent reporting). This representation is a reminder that in SMEs ESG has an adoption lifting internal efficiencies and reputational returns against the external pressure of regulatory

compliance, investor demands, and the duty of accountability to stakeholders, which are all interrelated in practice.

4.2.2.2 Tree Map (Keywords Distribution)

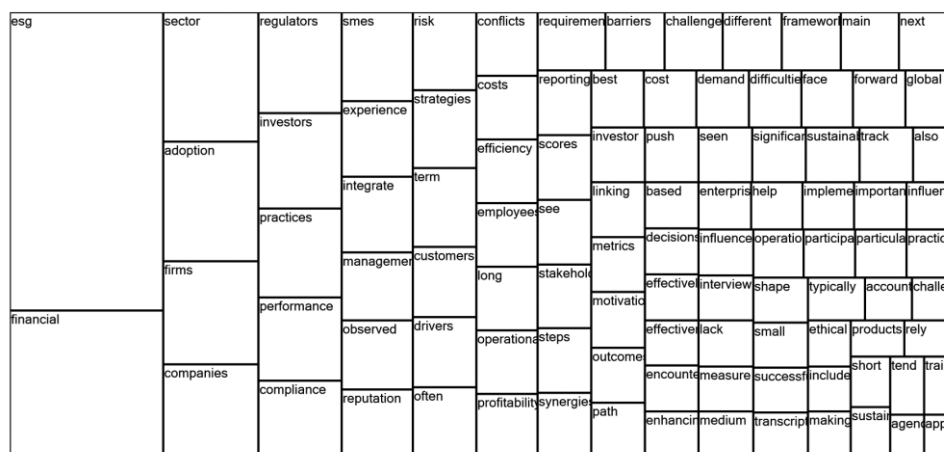


Figure 25: Tree Map (Keywords Distribution)

The tree map diagrammatically allocates the keywords proportionally to their frequency and the larger boxes are the key concepts like ESG, financial, sector, adoption, firms, and compliance. They form the backbone in the discussion, indicating that the adoption of ESG has a firm linkage with organisational compliance and overall performance in the sector. Blocks such as mid-sized ones like investors, regulators, practices, and efficiency point out to secondary and yet critical factors involved in the integration, whereas smaller sized blocks like frameworks, reporting, training, and risk portray operational nuances. This stratified design implies that although adoption is the focus; it cannot be done without excellent compliance structures and support of the stakeholders. The inclusion of such words as barriers, costs and conflicts highlights the resistance and challenges facing firms in the process of implementation. In summary, the tree map shows the interactivity of the ecosystem of ESG integration where the outcomes of performance, regulatory, investor demand, and operational strategy co-exist to determine how SMEs approach sustainability and profitability within the financial industry.

4.2.2.3 Circular Word Ring

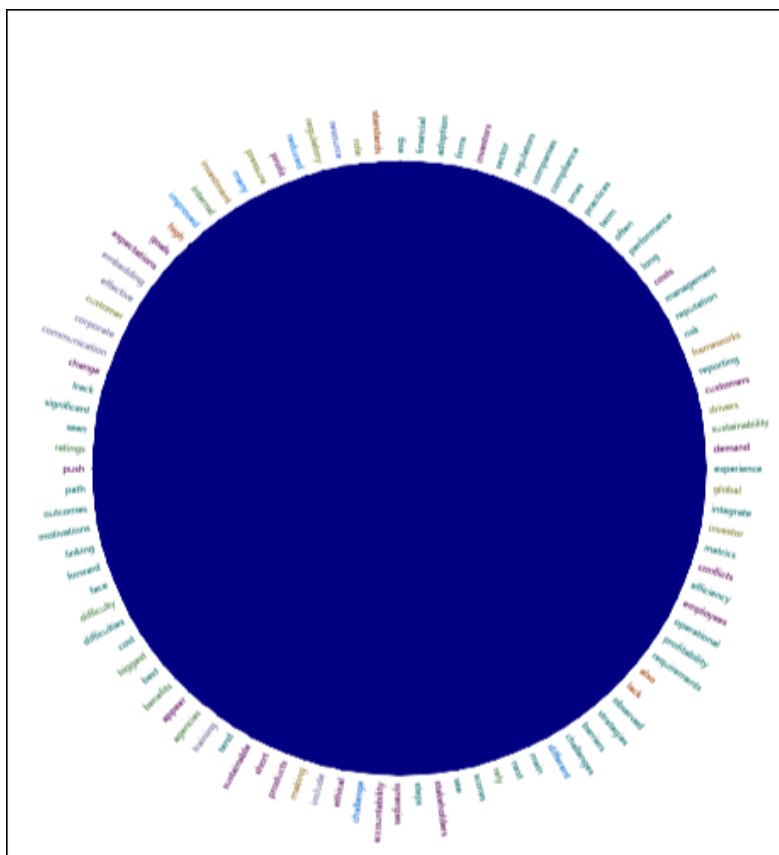


Figure 26: Circular Word Ring

The word ring is divided into circular lines that surround the core of ESG and depict an ESG thematic multi-dimensionality of ESG adoption. Keywords used include reporting, risk, framework, customers, experience and profitability among others signifying how ESG touches various aspects of the business both internally and externally. The fact that it is around the circle is an indication that ESG integration is not linear but rather is spread across various organisational functions. Affirmative terms like efficiency, enhancing, outcomes, sustainability, are countered by such adverse issues as difficult, conflicts, barriers and costs. The stakeholder-related terms, such as employees and investors, emphasize both human and financial aspects of ESG integration, which is reflective of the stakeholder theory in application. This image highlights how the ESG adoption is driven by both internal operational transformations as well as external opinions. By centering all of the elements in equilibrium,

the ring demonstrates the interrelatedness of ESG as a whole-of-organisation response, with no one element operating independently, and SMEs will be called to coordinate across domains.

4.2.2.4 Bar Chart (Coding Coverage)

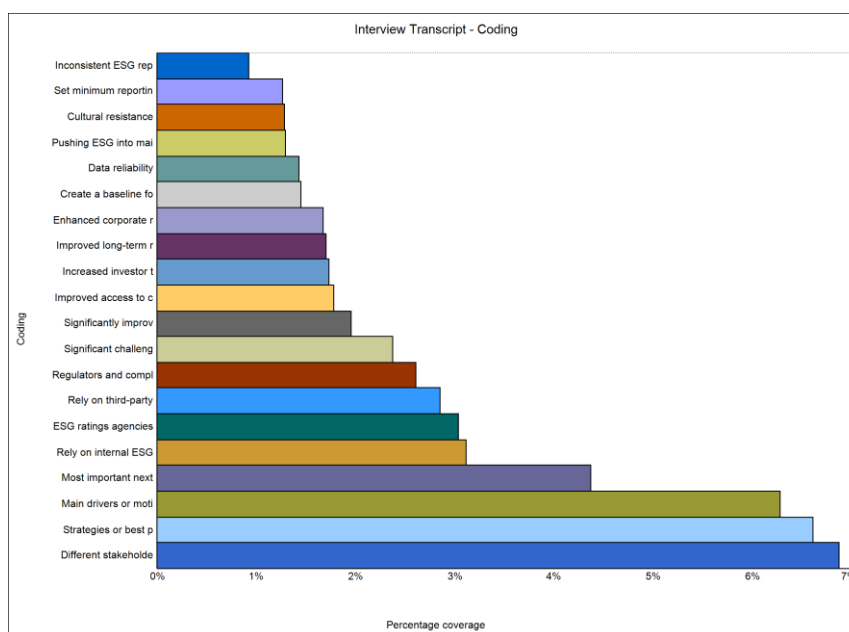


Figure 27: Bar Chart (Coding Coverage)

The bar chart reveals what percentage of coded themes in interviews were covered, which topics took over the conversation. The most covered areas-“different stakeholders,” “strategies or best practices,” and “main drivers or motivations”-each covered above 6 percent. It is possible to say that these results indicate that participants paid special attention to how the expectations of the stakeholders influence ESG choices, how it can be implemented practically, and what drives them to do it. Mean themes were “regulators and compliance,” “significant challenges,” and “ESG rating agencies,” which focus on the external demands and the institutional structures that firms have to contend with. Major codes that were less prevalent but significant were; inconsistent reporting, cultural resistance, and data reliability, which also emphasize the obstacles to the operations. The pattern shows that challenges have been present but more discussions were made on proactive strategy and solutions. According to the chart,

SMEs do not pay attention so much to barriers, but rather to finding a solution to integrate ESG by engaging stakeholders, ensuring compliance, and practical approaches to operational strategies.

4.2.2.5 Rectangular Thematic Tree Map



Figure 28: Thematic Tree Map

The rectangular tree map organizes the thematic clusters and the structure of ESG-related discussion can be made visible. Larger blocks such as “strategies or best practices” and “different stakeholders” signify the major areas of interest, and the firms are most concerned with how to conduct ESG properly and how the stakeholder groups determine decisions. Bigger chunks- such as- financial sector companies measure ESG, meaningful obstacles, and regulators and compliance- have used consequences and functions that are determinant and reveal difficulties around reporting systems, regulatory clarity, and expenses. Lesser groups (including “data reliability” and “cultural resistance”) present finer obstacles that have the potential to derail adoption. In the meantime, performance-related falls like increased reputation, trust and resilience take their own cluster, indicating that perceived benefits are

acknowledged. On the whole, the tree map proves ESG uptake is showing both positive and negative sides: organisations seek to achieve reputational and efficiency benefits along with tackling compliance regulations, reporting protocols, and cultural or resource-related obstacles.

4.2.2.6 Sunburst Chart

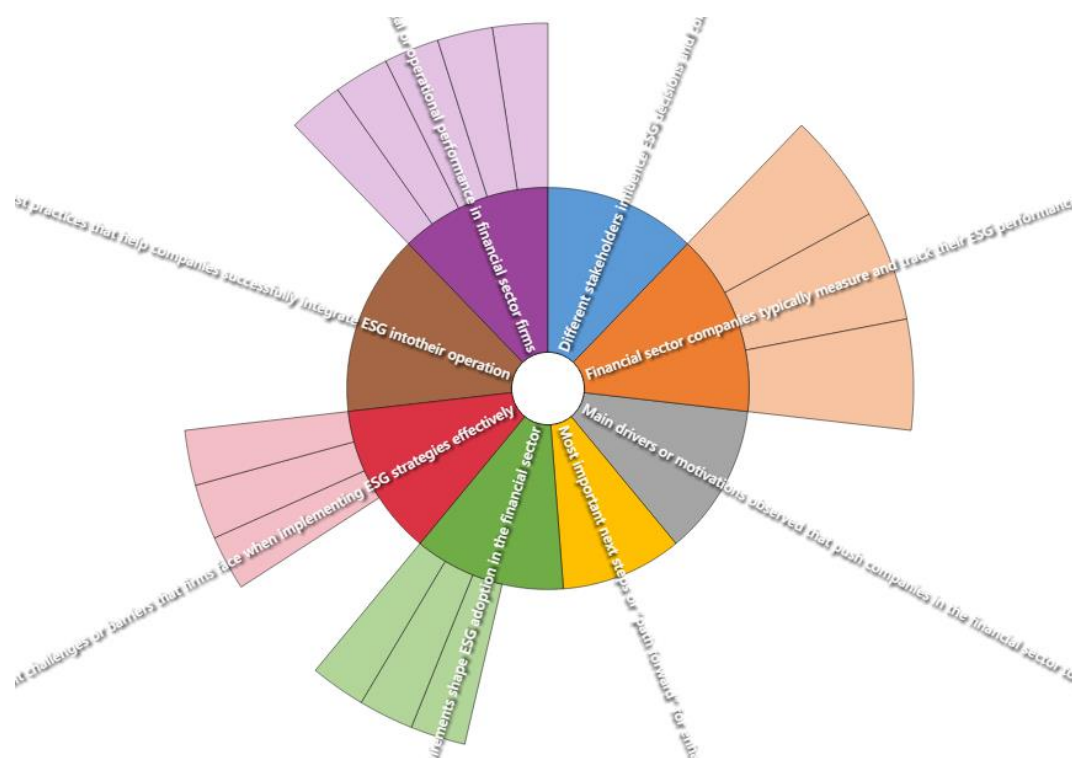


Figure 29: Sunburst Chart

With the sunburst chart, there is a hierarchical display of ESG themes. The basic ones are represented at the center by broadly defined categories such as stakeholder influence, performance impact, barriers and strategies. The categories branch out to more specific sub-themes. To illustrate, the item of “barriers” is subdivided into the following: “inconsistent reporting,” “cultural resistance” and “data reliability” issues. Performance impact further grows into something better: “resilience improvement,” “increased reputation,” and “access to capital.” In the same pattern, there are “cradle-to-cradle” and “peer benchmarking.” This stratified structure illustrates how the ESG is a holistic system and not sets of different things. The chart allows visualizing the relationship between the ESG enablers, barriers and our

results. By translating wide-ranging ideas into practical sub-themes, it creates an understanding of how financial SMEs achieve ESG adoption: the balance of compliance and performance, operational difficulties, and stakeholder power. This framework further supports the idea that ESG is a multidimensional, systemic procedure, and it needs to be aligned at several organisational levels.

4.2.2.7 Hierarchical Cluster (Word Similarity)

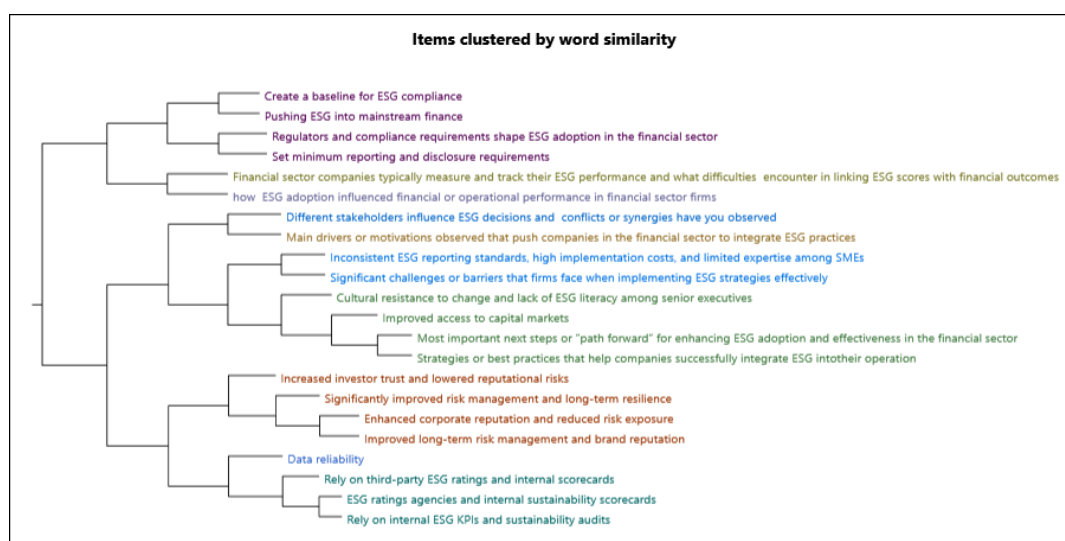


Figure 30: Hierarchical Cluster (Word Similarity)

The hierarchical cluster groups the responses according to their similarity with the words and this develops branches of ESG themes. Words like “create a baseline,” “set minimum requirements,” and even “pushing ESG into mainstream finance” are tightly tied to regulations which promotes ESG practices. Another group of items is a combination of such concepts as “data reliability,” “inconsistent standards,” and “reporting challenges” combining different operational obstacles. Another branch with positive results is the use of such words as “better reputation,” “greater resilience,” and “long-term risk management.” This clustering suggests that the adoption of ESG is enshrined in three interdependent dynamics, that is, regulatory compliance, operational challenges, and reputational/strategic consequences. The structure indicates the opinion of interviewees that ESG is not a single project but rather a collection of

activities that are interconnected with each other and are impacted by internal processes and externality. It shows how enablers were always accompanied by challenges pointing to the two-sided character of ESG implementation in SMEs.

4.2.2.8 Scatter Plot (Word Similarity Clusters)



Figure 31: Scatter Plot (Word Similarity Clusters)

The scatter plot presents the items related to ESG in a spatial set-up that is based on similarity with the items clustering together. A group of clusters identified issues surrounding reporting related to issues like, data reliability, inconsistent reporting and set minimum requirements, all pointing towards measurement and standardisation. The other cluster includes enablers like,

strategies, improved resilience and next steps, which denotes future-oriented practices. A different set represents performance results, such as improved reputation and improved trust. The positioning presents barriers and outcomes as two distinct, yet interrelated topics, whereas strategies are a bridge between them. The profile demonstrates the challenge in the proliferation of ESG: companies are faced with technical reporting, cultural push-back, and regulatory demands, simultaneously recognising positive impacts in reputation, efficiency, and resilience. This configuration shows that the adoption of ESG is a journey of addressing specific but interrelated aspects, barriers, enablers, and outcomes, where SMEs have to coordinate between the compliance and performance strategies in order to develop significant integration of sustainability.

4.3 Findings

4.3.1 Quantitative Findings

The SPSS analysis provided clear evidence of the positive influence of ESG adoption on financial and operational performance among SMEs in the financial sector of India and Ireland. Descriptive statistics showed that the majority of respondents rated ESG as either “very important” or “high impact” in improving operational efficiency through energy savings, waste reduction, and better resource management. Regression results identified **brand reputation** ($\beta = 0.429$, $p < 0.001$) and **operational efficiency** ($\beta = 0.201$, $p = 0.006$) as the most significant predictors of financial success. In contrast, **investor demand** ($\beta = -0.230$, $p = 0.059$) did not emerge as a statistically significant factor, suggesting that SMEs may not yet fully capture investor-driven financial gains despite rising global pressures for ESG compliance. Correlation analysis further reinforced the strength of the relationship between ESG adoption and non-financial outcomes such as customer loyalty, stakeholder trust, and long-term resilience. While ANOVA tests showed no significant differences across demographic groups, the results

collectively indicate that ESG adoption is consistently perceived as a strategic driver of performance, with its strongest benefits realised in cost efficiencies and enhanced reputation rather than direct investor returns.

4.3.2 Qualitative Findings (Thematic Analysis)

Thematic analysis of the interview tapes was used to add depth to the statistical findings by showing how SMEs think about and put the ESG into practice. Graphical format visualizations (word clouds, treemaps, coding hierarchies) pointed to recurring themes of regulators, investors, practices, and performance, which show the tradeoffs between the demands of a compliance regime and operational advantages. This was closely echoed in the stakeholder engagement theme, which is prevalent in discussions of how employees, customers, and regulators form the ESG practices. Respondents explained how ESG initiatives helped to boost corporate reputation, mitigate risks and increase resilience, which was in line with quantitative results that indicated the brand value as the most effective predictor of financial performance. Inhibitors were also eminent- interviewees cited varying reporting structures, cultural opposition, prohibitive implementation expenses, and insufficient skills as major challenges. The hierarchical cluster plot and scatter plot demonstrated that reporting difficulties, regulatory complexity and stakeholder pressure as well as reputation gains were considered to cluster together, which indicated that the adoption of ESG is perceived as an opportunity and a burden at the same time. Significantly, peer benchmarking, internal training, and use of ESG ratings agencies are some of the strategies that were reported as practical ways of addressing resource limitations.

4.3.3 Integrated Insights

The integration of quantitative data provided by SPSS with thematic data obtained in NVivo will give a full view of the world of ESG implementation in SMEs. Quantitative findings have

highlighted quantifiable impacts of ESG on financial performance, brand reputation and operational efficiency as essential mediators, whereas the qualitative results have demonstrated how the above mentioned are translated into the form of stakeholder trust, customer loyalty and cultural alignment. On the other hand, investor demand was not found to have statistical significance, which reflects the qualitative analysis that SMEs tend to struggle with their visibility, non-standardized disclosure practices and access to capital markets, making the immediate financial gains of investor-driven ESG requirements tentative. Thematic visuals like sunburst and treemaps showed that firms see ESG as an integrated procedure involving obstacles, plans, and results, as opposed to a one-off policy project. Altogether, the synthesis of results indicates that financial sector SME adopt an approach to ESG as a strategic investment, where operational enhancement and reputational gains are short- and medium-term and actual, and investor-related returns are yet to be taken to the next level. This twofold viewpoint can help illustrate why it is worth matching internal ESG practices with external frameworks to guarantee sustainable long-term growth.

4.4 Summary

The results indicate that ESG adoption contributes immensely to efficiency and brand image, which are two important parameters that determine financial success in SMEs. Where investor demand did not emerge as a major driver, correlations reaffirmed the positive place of ESG in trust, loyalty and resilience. These findings were supported by Vivo thematic analysis which identified stakeholder influence, regulatory compliance and cultural barriers as the main themes. Visual coding outputs demonstrated ESG as a multi-layered process that consists of both enablers and challenges. The bottom line is that ESG in financial SMEs is viewed less as a regulatory burden and more as a strategic way to become resilient, efficient, and attain sustainable competitiveness.

Chapter-5: Discussion

5.1 Introduction

This chapter presents critical discussion of the results by combining the SPSS results of the quantitative analysis with the themes of the qualitative analysis derived through NVivo. The aim is to leave behind the presentation of results in Chapter 4 and make sense of them in the context of research objectives, the existing body of literature and the methodological approach chosen. The chapter presents an objective synthesis of the effects of ESG (Environmental, Social and Governance) adoption on financial and operational performance in SMEs in the Indian and Irish financial sectors by integrating statistical findings with opinion-based sources. The discussion starts with the interpretation of the quantitative results in-depth, followed by a combination with the qualitative themes, and a comparison with existing studies and theoretical ways of thinking. It then discusses the methodological decisions, followed by the discussion of practical, policy and theoretical implications. Taken together, the chapter shows that the ESG adoption is an opportunity and a challenge to SMEs that have to deal with sustainable finance.

5.2 Interpretation of Quantitative Findings

The quantitative results of the SPSS analysis can present important information about the effects of ESG adoption on financial and operational performance when it comes to SMEs in the financial sector of India and Ireland. The results of regression and ANOVA prove that ESG can have measurable effects on business outcomes, but the magnitude of such effects is not equal across its dimensions. Two dimensions, brand reputation and operational efficiency, were significant predictors of financial success with investor demand showing a weaker and marginally non-significant effect. This evidence throws light on the way SMEs see and feel the

integration of ESG in practice, and it is in line with the wider discussion of the topic of sustainability in finance.

The regression model yielded the R^2 value of 0.420 which can be interpreted as amounting to 42 percent of the variance in the financial success being explained by the used predictors of ESG. Such a degree of explanatory power is fairly substantial in terms of social science research and supports the idea that ESG practices are not ancillary to organisational performance. The coefficient of brand reputation was the most significant (0.429, $p < 0.001$). This finding demonstrates that ESG programs given proper communications increase the level of stakeholders, customer patronage, and corporate reputation, which all directly influence financial resilience. In the case of SMEs, where reputation is usually a core differentiator between them and their larger competitors, this result demonstrates the significance of the visibility of ESG engagement as part of long-term sustainability.

Another important predictor was operational efficiency ($\beta = 0.201$, $p = 0.006$), which indicates that sustainable practices like resource optimisation, energy savings, and waste reduction can attract a real benefit. This is consistent with the fact that ESG is not only an ethical or regulatory necessity but a cost-cutting and risk-minimizing factor. In the case of SMEs with limited budgets, the advantages of enhanced operational efficiency can be realized immediately building strengthening profitability and at the same time, working on the issue of sustainability. The finding highlights the twofold advantage of ESG as both an ecological and a financial factor with a quantifiable connection.

Interestingly, investor demand (Cochran (1966)) did not exhibit any statistically significant positive effect in the study ($\beta = -0.230$, $p = 0.059$). Although the value was almost at the limit of significance, the negative direction implies that the fulfilment of investor ESG expectations does not yet necessarily result in direct financial reimbursement to the SMEs. This is opposed

to the literature of the large companies where the market value has been known to increase and the cost of capital fall as a result of investor-driven ESG approaches. To SMEs, however, the lack of visibility in the capital markets and in any case of ESG reporting and/or the associated compliance costs can be a set-back in the financial benefits of being of interest to investors. This indicates a special SME related issue, stating that the investor-driven ESG value is being developed in a new direction.

The ANOVA results further confirmed the regression results by indicating no statistically significant demographic/organisational groups differences in perceptions of ESG impact. This suggests that there is a fairly consistent perception among our respondents that ESG adoption can improve performance, across the differences in age, role, and institutional type. This consistency is repeated and strengthens the notion that ESG is widely accepted as a performance driver among the financial SMEs.

According to the SPSS analysis, the ESG adoption has a significant impact on the financial performance as the brand reputation and operational efficiency are the two major highlights of the financial performance. These findings indicate that, to the SMEs, ESG is not an investor-driven necessity but a strategic way of becoming resilient, more efficient, and reputationally differentiated.

5.3 Integration with Qualitative Themes (NVivo)

The qualitative data in NVivo supplements and adds value to the quantitative analysis as it provides a vivid picture of how ESG adoption is being experienced in reality on the part of SMEs in the financial industry. Whereas the SPSS results indicated that brand reputation and operational efficiency were the strongest predictors of financial success, the NVivo analysis identified how that takes place, perceived, or hindered through mechanism/perceptions/obstacles. The thematic maps, word clouds, treemaps, and coding

hierarchies helped conclude that ESG adoption is not limited to measurable outcomes but also associated with the navigation of cultural, regulatory, and resource-related challenges.

Stakeholder influence was one of the most salient themes and it was also the most coded category in NVivo. The interviewees attributed the ESG efforts to stakeholder demands, such as those of the employees, customers, regulators, and communities. As an example, participants told how ESG-related initiatives, being the ethical lending or community investment programmes, improved trust and loyalty, which strengthened the quantitative observation that brand reputation has a significant effect on financial performance. Equally, engagement with ESG values was depicted as essential to enhance morale and mitigate turnover by the employees further supporting the non-financial nuances through which ESG adds value. This theme is closely related to the Stakeholder Theory, implying that SMEs implementing the ESG are rewarded with legitimacy and credibility that have been converted into some business pay-offs at the end of the day.

A second common theme was operational efficiency, especially in energy efficiency, digitisation of operations and waste management. The sunburst and treemap visualizations showed that the concepts of operational performance had clusters linked to such concepts as the efficiency, reduced costs, and enhanced resilience, and these concepts explain why the operational performance was statistically significant in the SPSS regression analysis. The respondents did not only see ESG as a form of compliance but as a chance to optimize operations, cut back on overheads and also minimize the risks related to resource dependence. This corresponds to the Resource-Based View (RBV), in the sense that a firm that incorporates sustainability practices acquires distinctive competencies generating a sustained competitive advantage.

On the other hand, the investor demand theme received a lot of discussions but not in a positive light as a source of advantage. The word cloud and scatter plots indicated common mentions of the term reporting, data reliability, and regulators, which points to a view of SMEs that ESG investor pressures are not only compliance and resource-intensive, but also high. This literally mirrors the SPSS finding, in which investor demand was not a major determinant of financial success. The respondents also reported that the price of enforcing elaborate ESG reporting guidelines superseded the short-term financial benefits, especially in the small companies with limited capabilities. These views highlight the inappropriateness in the alignment of global ESG reporting standards and the practicalities of SMEs in emerging and developed economies. Lastly, a strong, related NVivo theme was barriers and enablers. Examples of such challenges as cultural resistance, varying ESG frameworks, and high costs related to reporting were repeatedly cited. At the same time, peer benchmarking, hiring of ESG KPIs and communications with ESG rating agencies were also found to be viable strategies. This ambivalence indicates ESG adoption as an opportunity and also a burden and there needs to be careful balancing of the expectations of stakeholders and the reality of operations.

Qualitative findings complement the quantitative ones by revealing how trust between stakeholders and efficient operation can support the positive effects of ESG, with the investor demand not being fully developed in the SME setting. The Vivo analysis presents the first-hand accounts of ESG adoption and indicates that although the barriers are substantial, the approach and stakeholder alignment can render ESG an effective enabler of resilience and competitiveness in SMEs.

5.4 Linking Findings with Literature Review

The combination of the results obtained with the SPSS and NVivo, and an existing literature base, give significant information on the impact of ESG adoption on SMEs within the financial

industry. The findings are highly consistent with the existing theories like Stakeholder Theory, the Resource-Based View (RBV), and Legitimacy Theory and point to the gaps and inconsistencies in previous empirical studies as well.

The study also established brand reputation as the most relevant predictor of financial success indicative of a large body of literature that favours the reputational advantage of ESG. Khan et al. (2016) also revealed that companies with high-performing ESG material issues have superior returns and stock returns as well as accounting performance, which is consistent with the results of this study in the case of SMEs. It was also confirmed by Vivo analysis that indicates how the stakeholders such as customers, employees and regulators reward organisations perceived to be socially and environmentally responsible. This lends direct support to the Stakeholder Theory (Freeman, 1984) that proposes that the satisfaction of the needs of various stakeholders will lead to the creation of trust, legitimacy, and long term value.

The significance of operational efficiency as a driving force is also similar to the previous research. Weber, Fenchel and Scholz (2008) discovered that banks that had strong policies of environmental credit risk mitigated loan defaults and enhanced their profitability. Similarly to the current findings, it indicates that SMEs achieve a cost saving, resources optimisation, as well as, resilience that is based on implementing ESG in everyday activities. This is similar to the Resource-Based View (Barney, 1991), according to which such ESG-based capabilities as the energy-efficient operations and green reputations can be viewed as strategic resources that are hard to imitate and provide a firm with a competitive advantage.

Interestingly, investor demand was not found to be a major driving force in the quantitative analysis unlike in most literatures in different parts of the globe. Authors like Chen, Yu, and Gao (2023) point out that the ESG can lower the cost of capital and the attraction of socially responsible investment that is more common in larger companies. Nonetheless, the thematic

analysis using NVivo revealed that SMEs consider the investor-driven ESG regulations as a compliance burden because it is costly to report, no standardised frameworks, and ESGs lack visibility in capital markets. This discrepancy suggests that results of the research with large multinationals cannot be strictly implemented in SMEs, at least in such emerging markets where ESG integration remains to be developed, as in India.

The findings also conform to Legitimacy Theory (Suchman, 1995) in the sense that SMEs implement ESG not only to obtain financial gain but also obtain legitimacy among the regulators and the population. Vivo results indicated that the discussion of compliance and regulatory pressures was common, which is consistent with the suggestion that ESG assists firms in retaining their licence to operate.

The research confirms previous works on the reputational advantage, efficiency advantage of ESG and disproves assumptions regarding investor-driven financial advantages. Its primary area of study, SMEs, adds a new dimension to the literature by shedding new light on how ESG adoption operates differently across firm sizes and contexts, filling in this important gap in the literature.

5.5 Methodological Reflections in Context

The methodological decisions made in this research study played the key role in coming up with a holistic picture about ESS adoption and its effect to SMEs in the financial sector. The pragmatic philosophy and explanatory sequential mixed-methods design was able to allow both quantitative evidence through measurable statistics and those extracted through qualitative evidence to be combined. The quantitative part, SPSS, allowed generalisable results on the connection between ESG dimensions and financial performance. Using the regression, correlation, and ANOVA tests, the analysis determined which ESG factors, namely brand

reputation and operational efficiency, proved most significant, providing clear and objective results that was in tandem with the positivist aspect of the study.

The qualitative stage, performed with the help of NVivo, contributed to explanation of why such statistical trends emerged. Thematic analysis described stakeholders lived realities, challenges like inconsistent reporting, and opportunities like peer benchmarking that helped to provide context to the numeric results. This interpretivist aspect was used to counterbalance the quantitative data that would not provide insight into nuances.

Triangulation of the two phases contributed to the strength of the study in terms of validity and reliability. But methodological limitations should be taken note of too. The potential limitations were the small size of the sample that limited generalisability and self-reported survey data that is susceptible to bias. Also, the qualitative part is restricted to few interviews which, although informative, does not show the entire spectrum of SMEs.

The methodological design was able to answer the research questions in spite of these limitations. It also made sure that the results were not just statistically significant but also practically useful, providing conclusions that were rigorous, but also contextually applicable, not only to the scholarly but also the practitioner community.

5.6 Practical Implications for SMEs

The findings indicate that the SMEs can attain substantial returns due to the adoption of ESG by focusing on brand reputation and operational efficiency. The development of a reputation on ethical practices, transparency, and social responsibility enhances the trust in stakeholders and the loyalty of the customers, which constitutes a direct measure of improving competitiveness. Energy savings, digitalisation, and sustainable procurement operational initiatives minimise cost and enhance resilience. Nevertheless, SMEs should adopt a practical

approach to ESG, and one that takes account of realistic, cost-effective measures in line with their financial strengths. Communication within the company and the willingness of the leaders is the key to making ESG culture a part of the company. With sustainability as a central aspect of business strategy, ESG can be turned by SMEs into a value creation engine.

5.7 Policy and Regulatory Implications

The research highlights that policymakers should construct ESG implementable by SMEs where the design of ESG frameworks strikes the right balance between accountability and the realities of SMEs. The current reporting requirements tend to be very resource consuming where smaller firms are disproportionately burdened. Regulators in India and Ireland should think in terms of tiered disclosure standards or simplifying disclosure standards to allow SMEs to comply without a high cost impact. Incentives that may include tax reliefs, grants, or green financing at subsidised rates can also help in the adoption. ESG training and digital reporting tools would fill expertise gaps in terms of capacity building. Governments can speed up sustainable finance with adequate national policies aligned with international standards and with support to SME capabilities to guarantee more encompassing and diverse ESG integration.

5.8 Theoretical Contributions

The research contributes to the ESG literature in a number of theoretical ways especially in respect to the financial sector SMEs. First is that it supports Stakeholder Theory (Freeman, 1984), with evidence that ESG adoption, and its resulting impact on brand reputation, leads to the formation of stakeholder trust, customer loyalty, and legitimacy, which can be measured in financial terms. Second, it lends credence to the Resource-Based View (RBV) (Barney, 1991) by demonstrating that the ESG practices of sustainable operations and reputational capital can be seen as unique, inimitable resources that provide SMEs with competitive advantage. Third, the findings expand the Legitimacy Theory (Suchman, 1995) whereby evidence shows that

SMEs respond to ESG-related practices due to the demands to access finance and retain regulatory permission or social favor. Lastly, by juxtaposing weak investor-based effects to strong reputational and efficiency effects, the study clarifies the Sustainable Finance Theory as it reveals that the financial value of ESG has different manifestations in SMEs and giant corporations. Together, the studies contribute to theory by putting ESG adoption in SME finance in perspective.

5.9 Summary

This chapter presented findings of the study that combined the quantitative data analysis on SPSS with the qualitative themes on NVivo and placed it within the existing body of literature and theoretical environment. It was found that brand reputation and operational efficiency are the most of ESGs in driving financial performance whilst investor demand is very little to SMEs. These trends were supported by Vivo insights, which pointed to stakeholder influence, regulatory pressures and operational challenges as being key themes. The methodological design, the practical and policy implications and the theoretical contribution were also reflected in the discussion. The level of ESG adoption became both a burden and a strategic enabler to the financial SMEs generally.

Chapter 6 – Conclusion & Recommendations

6.1 Summary of the Study

The chapter summarizes the research, providing the major findings of the work and suggests the final thoughts and recommendations. It revisits the research objectives, recounts the methodology and illuminates the nature of findings on both the quantitative (SPSS) and qualitative (NVivo) parts. The chapter then presents the general summary that can be made with regards to the role of ESG adoption in shaping the financial and operational performance of SMEs in India and Ireland. It also offers practical, theoretical, and policy suggestions, points to limitations, recommends future research, and makes the final reflections on the contribution of the study.

This paper analysed how the adoption of Environmental, Social, and Governance (ESG) affects financial and operational performance of small and medium-sized enterprises (SMEs) in India and Ireland in the financial sector. The study was prompted by the increasing international significance of ESG and the lack of evidence on its applicability to the SMEs in mostly constrained settings. Following a practical ideology and an explanatory sequential mixed methods research design, the research study employed both quantitative and qualitative research tools (surveys and interviews) to enable measuring of quantitative results and collecting the experiential feedback.

The quantitative study, which was undertaken using SPSS, indicated that the adoption of ESG has significant positive financial performance especially through brand reputation and operational efficiency. These dimensions proved themselves to be impactful determinants of financial success, whereas investor demand had a less substantial and insignificant effect,

which means that SMEs have a difficult time converting the investor expectations into their financial performance.

The findings in this qualitative phase, analysed in NVivo, were able to provide additional themes that included stakeholder influence, reporting challenges, cultural resistance, and resource limitations. The respondents emphasized that adoption of ESG is costly most of the times, but it enhances trust, resilience, and reputation, hence long term benefits.

Collectively, the results validate the Stakeholder Theory, the Resource-Based View (RBV), and Legitimacy Theory, as well as help refine Sustainable Finance Theory in the SME setting. On the whole, the work shows that ESG integration is an opportunity and a practical challenge, providing practical benefits to practitioners, policymakers, and scholars who can contribute to the sustainable financing agenda.

6.2 Key Findings and Conclusions

The results of this study show that ESG adoption has a considerable influence on the financial and operational performance of the SME in the financial spheres, but the effects are disproportionate regarding its dimensions. The most important of the conclusions is the fact that brand reputation was found to be the best indicator of financial performance. Companies that were seen to be actively involved in ESG, like open reporting, equitable lending, or investing in the community, received a positive boost in stakeholder trust, customer loyalty, and competitiveness in the marketplace. In the case of SMEs, where reputation can be a solution to the lack of scale or visibility, ESG-based reputational capital is a differentiating factor that directly can lead to sustainability.

The second important finding is that operational efficiency has high impact on firm performance. In the quantitative findings, the environmentally responsible elements

(elimination of waste, implementation of energy-saving mechanisms, optimization of the digital processes) resulted in significant cost reduction and resilience. This was supported by qualitative evidence, which revealed that both employees and managers considered ESG to be not only an ethical responsibility but also a viable way of enhancing internal processes. Such twofold outlook reveals the dual nature of ESG as a sustainability effort and a tool of organisational efficiency as explained by the Resource-Based View (RBV) that assumes the ESG capabilities to be valuable, rare, and inimitable resources.

By contrast, investor demand failed to appear as a statistically significant predictor of financial results. Although there is a global literature that emphasizes investor pressure as a catalyst to the integration of ESG, investor pressure is not a challenge facing SMEs in this study; instead, they cited compliance costs, discrepancies in frameworks, and the lack of access to socially responsible investors. This is indicative of the disparity between the international ESG expectations and the reality of the ESG in emerging markets such as India, which are still developing. The results indicate that the investor interest is limited although there is the financial contribution of the investor to SMEs that is indirect or unrealised.

The study also finds out that ESG adoption is influenced by an equilibrium of drivers and obstacles. The enablers are stakeholder pressure, improved reputation and resilience, whereas reporting inconsistencies, resource constraints and cultural resistance are the obstacles. However, SMEs who incorporated ESG as an inseparable part of their activity and communicated well with the stakeholders experienced the most significant positive effects.

It has been concluded that the adoption of ESG in SMEs is not a regulatory exercise, but a strategic investment. The greatest potential of DLT is seen in the improvement of the brand reputation and efficiency of operations and investor-related benefits have yet to be significant.

These results support the idea that ESG enables financial SMEs to be more resilient, to grow in a sustainable manner, and to obtain legitimacy in a fast-changing business world.

6.3 Practical Recommendations

Through the insights of the study, some practical recommendations can be given to SMEs in the financial industry to be more effective in terms of adopting ESG, they will be able to balance the issues of sustainability and financial performance.

1. Focus on Brand Reputation via ESG Communication ESG Communication Focus: Since brand reputation proved to be a paramount success factor, it is advisable that SMEs also invest in their brand reputation by communicating about their ESG activities in a transparent and consistent manner. Even less-expensive efforts--including reporting sustainability news on websites, emphasizing community outreach, or noting diversity progress--can make a difference in credibility. Such visibility creates customer loyalty and investor confidence, creating a visible differentiation factor in ESG.

2. Maximize Operational Efficiency to Drive Cost Effectiveness: cost savings can be had immediately by SMEs when they implement ESG practices that directly increase efficiency. Such examples include switching to energy-efficient systems, minimising the use of paper materials by using digitalisation practices and sustainable procurement patterns. These efforts not only aid in utilizing less operating expenditure, enhancing resilience, and lessening exposure to environmental risks but also aligns profitability with sustainability.

3. Building Internal ESG Capabilities: It must have the support of leadership and interest of the employees. SMEs can offer very basic ESG training programmes, awareness programs and incentives that are performance based so that sustainability becomes a part of the organisational

culture. This builds accountability and goes beyond checklist compliance when it comes to ESG.

4. **Implement Scalable Reporting Standards:** Although comprehensive ESG reporting demands a lot of resources, SMEs can take baby steps by monitoring the key performance measures like energy consumption, turnover, and governance guidelines. The gradual implementation of digital tools and de-materialized frameworks gears the firms up towards the new regulations and creates confidence with the stakeholders too.

5. **Partner with Others in Networks and Industry Platforms:** SMEs need to endeavor to collaborate with other SMEs to solve problems through peer learning and industry associations, and cross-sector ESG forums. Their voice can also be magnified through collaborative action in influencing SME friendly ESG frameworks.

These suggestions demonstrate that SMEs could proceed with ESG with manageable steps that develop reputation and effectiveness and put them in position to respond to future compliance and investor demands.

6.4 Theoretical Implications

This paper will help advance the theoretical knowledge of ESG adoption in the financial sector SMEs since it will build on some of the existing frameworks. It strengthens Stakeholder Theory (Freeman, 1984) in that ESG-related positive changes in brand perception and trust of stakeholders translate directly to an improvement in financial and operational performance. Second, it facilitates the Resource-Based View (RBV) (Barney, 1991), i.e., it shows how the ESG capabilities, including sustainable operations and reputational capital, can influence the SMEs with competitive advantage as the strategic resources. Third, it builds on Legitimacy Theory (Suchman, 1995), showing that SMEs engage in ESG practices not only to generate

value, but more importantly to be accepted by society and not to be subject to regulator scrutiny. Lastly, the lukewarm power of investor demand also perfects the Sustainable Finance Theory, pointing out that the financial results of ESG are different in SMEs and big companies. The study collectively fills the gap between theory and practice by providing a sophisticated idea on how the adoption of ESG influences resilience and competitiveness of SME finance.

6.5 Policy Implications

The results indicate that policymakers have to develop simplified and SME friendly ESG systems to minimize the compliance cost. The disclosure standards which are currently in place tend to favour large firms at the expense of the SMEs. Regulators in India and Ireland ought to take up tiered reporting systems, which provide less burdensome, yet plausible structures to small companies. The governments can support adoption through the provision of financial incentives in the forms of tax rebates, green loans, or grants, as well as through training programmes to raise ESG literacy. Developing national databases on ESG would facilitate comparisons and help to overcome information asymmetry. Bringing local policies into compliance with international standards will not only help to enhance transparency but also will make SMEs part of the global sustainable finance ecosystem.

6.6 Limitations of the Study

Although it has its contribution, the study has certain limitations. The size of sample was not big, limiting the generalisation of the results to other segments of the financial industry. The study was narrow in time and country (India and Ireland) so that the differences in culture, regulation, and markets in other countries were left out. The use of self-reported survey data is also a factor that can create some bias, since it is possible that respondents can over report or underscore ESG performance. Also, the cross-sectional study design limits the possibility to prove causal links between the adoption of ESG and long-term financial performance. Last but

not least qualitative knowledge was derived out of fewer interviews, which, although valuable, do not fully identify the diversity in the sector.

6.7 Directions for Future Research

Future research would do well to adopt a broad, comparative focus that spans different countries to see how and why ESG adoption is taking place in these diverse jurisdictions. A longitudinal study would enable one to observe the impact of ESG practices on financial and operational performance over the long-term as they are realised and delayed benefits like reputational resiliency or investor confidence. Sector-specific research, such as banking, insurance, or asset management research will reveal sector-specific ESG drivers and obstacles. Moreover, an exploration of how digital ESG reporting platforms and technological advances can make compliance easier can be practically valuable. Incorporating the views of both the investors and the regulators on top of SMEs would also provide a more comprehensive insight into ESG integration.

6.8 Final Reflection and Closing Remarks

This dissertation has revealed that the ESG adoption is both an opportunity and a practical issue to financial sector SMEs. The integrated approach of the quantitative analysis in SPSS with NVivo qualitative data elucidation showed that brand reputation and operational efficiency are the most powerful enablers of financial performance, and the benefits associated with investors have not been fully developed. Through the research experience, it can be concluded that SMEs need customised frameworks, upscaling practices, and friendly policies to maximise the potential benefits of ESG. This study thus provides a contribution to the macro debate on sustainable finance with demonstrating that ethical, social, and governance, when successfully integrated, enhances resilience, competitiveness and long term sustainability of businesses.

References

- Aich, S., Thakur, A., Nanda, D., Tripathy, S. and Kim, H.-C. (2021). Factors Affecting ESG towards Impact on Investment: A Structural Approach. *Sustainability*, [online] 13(19), p.10868. doi: <https://doi.org/10.3390/su131910868>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), pp.99–120. doi: <https://doi.org/10.1177/014920639101700108>.
- Barrow, J.M., Brannan, G.D. and Khandhar, P.B. (2022). *Europe PMC*. [online] europepmc.org. Available at: <https://europepmc.org/books/nbk459281>.
- Bayoumi, T.A. (2017). *Unfinished Business: The Unexplored Causes of the Financial Crisis and the lessons yet to be learned*. [online] Google Books. Available at: <https://books.google.com/books?hl=en&lr=&id=StA1DwAAQBAJ&oi=fnd&pg=PP1&dq=Lessons+from+the+2008+financial+crisis+underscore+how+inadequate+governance+can+lead+to+systemic+failures+and+widespread+economic+consequences.+&ots=ILMpmFSNIO&sig=ju4TXZMTEHe03QzPbHr3Wcyxjpg> [Accessed 12 Aug. 2025].
- Bowen, P.W., Rose, R. and Pilkington, A. (2017). Mixed methods - theory and practice. Sequential, explanatory approach. *International Journal of Quantitative and Qualitative Research Methods*, [online] 5(2), p.10. Available at: <https://pure.northampton.ac.uk/en/publications/mixed-methods-theory-and-practice-sequential-explanatory-approach>
- Busch, D., Ferrarini, G. and van den Hurk, A. (2021). The European Commission’s Sustainable Finance Action Plan and Other International Initiatives. *Sustainable Finance in Europe*, pp.19–59. doi: https://doi.org/10.1007/978-3-030-71834-3_2

Chen, S., Yu, S. and Gao, P. (2023). Environmental, social, and Governance (ESG) Performance and Financial outcomes: Analyzing the Impact of ESG on Financial Performance. *Journal of Environmental Management*, 345(1), pp.118829–118829. doi: <https://doi.org/10.1016/j.jenvman.2023.118829>.

Del Sarto, N. (2025). The European Regulatory Framework: Policies and Regulations for Sustainable Finance. *ESG Factors and Financial Outcomes in Banks*, pp.61–94. doi: https://doi.org/10.1007/978-3-031-87748-3_2.

Drolet, M.-J., Rose-Derouin, E., Leblanc, J.-C., Ruest, M. and Williams-Jones, B. (2022). Ethical Issues in Research: Perceptions of Researchers, Research Ethics Board Members and Research Ethics Experts. *Journal of Academic Ethics*, 21(2), pp.269–292. doi: <https://doi.org/10.1007/s10805-022-09455-3>.

Ebele, E., Iyelolu, V., Idemudia, N.C. and Ignatius, T. (2024). Exploring the Relationship between Sustainable Business Practices and Increased Brand Loyalty. *International Journal of Management & Entrepreneurship Research*, [online] 6(8), pp.2463–2475. doi: <https://doi.org/10.51594/ijmer.v6i8.1365>.

Edmans, A. (2011). Does the stock market fully value intangibles? Employee satisfaction and equity prices. *Journal of Financial Economics*, 101(3), pp.621–640.

Elliott-Mainwaring, H. (2021). Exploring Using NVivo Software to Facilitate Inductive Coding for Thematic Narrative Synthesis. *British Journal of Midwifery*, 29(11), pp.628–632. doi: <https://doi.org/10.12968/bjom.2021.29.11.628>.

Flammer, C. (2021). Corporate Green Bonds. *Journal of Financial Economics*, 142(2). doi: <https://doi.org/10.1016/j.jfineco.2021.01.010>.

Fometescu, A., Hațegan, C.-D. and Cuc, L.D. (2024). Challenges of Measuring and Reporting ESG Performance. *Contemporary studies in economic and financial analysis*, pp.61–82. doi: <https://doi.org/10.1108/s1569-375920240000116005>.

Franzese, M. and Iuliano, A. (2019). *Correlation Analysis*. [online] iris.unibas.it. Available at: <https://iris.unibas.it/handle/11563/153064>.

Freeman, R.E. (1984). *Strategic Management A Stakeholder Approach*. Pitman, Boston. - *References - Scientific Research Publishing*. [online] www.scirp.org. Available at: <https://www.scirp.org/reference/referencespapers?referenceid=1209107>.

Friede, G., Busch, T. and Bassen, A. (2015). ESG and Financial performance: Aggregated Evidence from More than 2000 Empirical Studies. *Journal of Sustainable Finance & Investment*, 5(4), pp.210–233.

Gallup (2025). *How to Improve Employee Engagement in the Workplace*. [online] Gallup. Available at: <https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx>.

Gompers, P., Ishii, J. and Metrick, A. (2003). Corporate Governance and Equity Prices. *The Quarterly Journal of Economics*, 118(1), pp.107–156.

Harris, O. (2025). Integrating ESG Metrics into Financial Decision-Making: A Comparative Study of Global Financial Institutions. [online] doi: <https://doi.org/10.2139/ssrn.5240841>.

Hoyos Guevara, A.J. de and Dib, V.C. (2022). ESG princípios, desafios e oportunidades. *Journal on Innovation and Sustainability RISUS*, 13(4), pp.18–31. doi: <https://doi.org/10.23925/2179-3565.2022v13i4p18-31>.

IFC (2021). *Accelerating Sustainable Finance Together Key Findings of the Global Progress Report Global Progress Report of the Sustainable Banking and Finance Network (SBFN) Evidence of Policy Innovations and Market Actions across 43 Emerging Markets*. [online] Available at: https://sbfnetwork.org/sites/default/files/2025/Mar/SBFN_2021_Global_Progress_Report_Key_Findings_Oct28_0.pdf [Accessed 12 Aug. 2025].

Islam, M. (2020). Data Analysis: Types, Process, Methods, Techniques and Tools. *International Journal on Data Science and Technology*, [online] 6(1), p.10. Available at: https://www.researchgate.net/publication/338528149_Data_Analysis_Types_Process_Methods_Techniques_and_Tools.

Kaushik, V. and Walsh, C.A. (2019). Pragmatism as a research paradigm and its implications for social work research. *Social Sciences*, [online] 8(9), pp.1–17. doi: <https://doi.org/10.3390/socsci8090255>.

Kelley-Quon, L.I. (2018). Surveys: Merging qualitative and quantitative research methods. *Seminars in Pediatric Surgery*, [online] 27(6), pp.361–366. doi: <https://doi.org/10.1053/j.sempedsurg.2018.10.007>.

Khan, M., Serafeim, G. and Yoon, A. (2016). Corporate Sustainability: First Evidence on Materiality. *The Accounting Review*, 91(6), pp.1697–1724. doi: <https://doi.org/10.2308/accr-51383>.

Kircher, R. and Zipp, L. (2022). *Research Methods in Language Attitudes*. [online] Google Books. Available at: <https://books.google.co.in/books?hl=en&lr=&id=GqZ3EAAAQBAJ&oi=fnd&pg=PA99&dq=qualitative+phase+involves+semi->

structured+interviews+&ots=uEsjTiUcbm&sig=FZXa9er6spj-iHMsIFARDSv9ChM&redir_esc=y [Accessed 12 Aug. 2025].

Lehto, M. (2024). *Proceedings of the 23rd European Conference on Cyber Warfare and Security*. [online] Google Books. Available at: https://books.google.co.in/books?hl=en&lr=&id=pj8XEQAAQBAJ&oi=fnd&pg=PA71&dq=Pragmatism+allows+the+researcher+to+acknowledge+and+explore+these+multiple+perspectives+simultaneously.&ots=C3IC4uKwB3&sig=wCk4eyD02L5tuf57tuuNF_88FUg&redir_esc=y#v=onepage&q&f=false [Accessed 12 Aug. 2025].

McKinsey & Company (2020). *How diversity, equity, and inclusion (DE&I) matter* | McKinsey. [online] www.mckinsey.com. Available at: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/diversity-wins-how-inclusion-matters>.

Mitra, J. and Bui, H. (2024). ESG and SMEs: The State of Play A Briefing Report prepared for The International Network for SMEs (INSME) 20th Annual Meeting, October 14-15 October 2024 Co-organized with. +39, [online] 06, p.68806803. Available at: <https://www.insme.org/wp-content/uploads/2024/10/ESG-and-SMEs-The-State-of-Play.pdf>.

Munro, V. (2020). CSR Historical and Emerging Themes and Related Terms. *CSR for Purpose, Shared Value and Deep Transformation*, pp.15–51. doi: <https://doi.org/10.1108/978-1-80043-035-820200004>.

Nuka, T. and Osedahunsi, B. (2024). International Journal of Engineering Technology Research & Management BRIDGING THE GAP: DIVERSITY-DRIVEN INNOVATIONS IN BUSINESS, FINANCE, AND CREDIT SYSTEMS. [online] 11. Available at: <https://ijetrm.com/issues/files/Nov-2024-18-1731922692-NOV29.pdf>.

Permatasari, P. and Gunawan, J. (2023). Sustainability policies for small medium enterprises: WHO are the actors? *Cleaner and Responsible Consumption*, [online] 9, p.100122. doi: <https://doi.org/10.1016/j.clrc.2023.100122>.

PRI (2023). *THE SIX PRINCIPLES PREAMBLE TO THE PRINCIPLES*. [online] Available at: <https://www.unpri.org/download?ac=19440>.

Pryshchepa, O. (2021). Disciplining Entrenched Managers through Corporate Governance Reform: Implications for Risk-Taking Behavior. *Corporate Governance: An International Review*. doi: <https://doi.org/10.1111/corg.12370>.

Robinson, R.S. (2024). Purposive Sampling. *Springer eBooks*, [online] 1(1), pp.5645–5647. doi: https://doi.org/10.1007/978-3-031-17299-1_2337.

Ruan, M. and Zhang, H. (2025). A Study of ESG. [online] doi: <https://doi.org/10.2139/ssrn.5239259>.

Sartzetakis, E.S. (2020). Green bonds as an instrument to finance low carbon transition. *Economic Change and Restructuring*, 54. doi: <https://doi.org/10.1007/s10644-020-09266-9>.

Shi, Y. and Yao, T. (2025). ESG Rating Divergence: Existence, Driving Factors, and Impact Effects. *Sustainability*, 17(10), p.4717. doi: <https://doi.org/10.3390/su17104717>.

Suchman, M.C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review*, 20(3), pp.571–610. doi: <https://doi.org/10.2307/258788>.

Tombolesi, R. (2023). Sustainability Performance and Esg Factors: A New Challenge for Small and Medium Sized Enterprises (SMEs). *Routledge eBooks*, pp.3–14. doi: <https://doi.org/10.4324/9781003462835-2>.

Weber, O., Fenchel, M. and Scholz, R.W. (2008). Empirical analysis of the integration of environmental risks into the credit risk management process of European banks. *Business Strategy and the Environment*, 17(3), pp.149–159. doi: <https://doi.org/10.1002/bse.507>.

Appendix

Survey questions

1. what is your age group

- A. 18-25
- B. 36-45
- C. 26-35
- D. 45-60

2. what is your highest level of education

- A. postgraduate degree
- B. bachelors degree
- C. secondary school

3. what is your current employment status

- A. Employed full-time
- B. student
- C. Employed part-time
- D. self-employed
- E. unemployed

4. To what extent has ESG performance helped your company's financial success?

- A. Very
- B. Moderately
- C. Very importantly
- D. Slightly

E. Not at all

5. what would be the score of the impact of ESG activity on operational efficiency (eg. improved energy consumption, waste, resources management)?

A. Moderate impact

B. Significant impact

C. No impact

D. High impact

E. Low impact

6. Did your company see heightened investor demand as a positive result of ESG performance?

A. YES

B. NO

C. NOT SURE

7. how central is SG performance to your company's capital raising or credit negotiations?

A. Very important

B. Moderately important

C. Critically important

D. Slightly important

E. Not important

8. Do you track financial returns directly tied to ESG initiative?

A. YES

B. NO

C. PLANNING TO IMPLEMENT

9. To what degree has ESG performance contributed to brand reputation and loyalty?
- A. Considerably
 - B. Moderately
 - C. Not at all
 - D. Slightly
 - E. Significantly
10. Has your company recruited or retained talent based on its ESG values and performance?
- A. yes
 - B. not sure
 - C. no
11. How difficult is it for your firm to gather, verify and report ESG-related data across portfolios or business lines?
- A. Moderately difficult
 - B. Slightly difficult
 - C. Very difficult
 - D. Extremely difficult
 - E. Not difficult
12. How clear and consistent is your firm's internal understanding of what ESG means in the context of financial services?
- A. Clear
 - B. Unclear
 - C. Neutral
 - D. Very clear

E. Very unclear

13. To what extent is the ESG strategy implemented into your firm's core business planning, performance KPIs, and product design?

A. Mostly integrated

B. Moderately integrated

C. Fully integrated

D. Slightly integrated

E. Not at all

14. How confident is your firm that its ESG disclosures are robust and not vulnerable to accusations of greenwashing?

A. Moderately confident

B. Slightly confident

C. Confident

D. Very confident

E. Not confident

15. How prepared is your firm to respond to evolving ESG related regulatory requirement in financial services (eg SDRF, ISSB)?

A. Mostly ready

B. Moderately ready

C. Fully ready

D. Slightly ready

E. Not ready

16. To what extent your leadership team aligned on ESG priorities and their link to long-term financial performance?

- A. Mostly aligned
- B. Moderately aligned
- C. Slightly aligned
- D. Fully aligned
- E. Not aligned

17. How often does your firm engage with ESG experts, consultants, or peer institution to share best practices or learn from others?

- A. regularly
- B. Occasionally
- C. never
- D. frequently

18. How significantly has your firm's ESG strategy been influenced by learnings from peer institutions ESG performance - both successes and failures

- A. Moderately
- B. Significantly
- C. Slightly
- D. Very significantly
- E. Not at all

19. Has your firm adopted any best practices or frameworks recommended by ESG advisors or industry experts?

- A. yes

B. plan to adopt

C. no

20. How open is your senior leadership open to implementing ESG recommendations based on external consulting or sector - specific benchmarks?

A. Open

B. Very open

C. Moderately open

D. Slightly open

E. Not open

21. How effectively are ESG-related learnings and strategies communicated and adopted across departments in your firm?

A. Well

B. Slightly well

C. Moderately well

D. Very well

E. Not well

22. What format of ESG learning and knowledge sharing are most effective for your firm?

A. Webinars

B. ESG audits or advisory services

C. Online certifications/ training

D. Industry conferences

Interview Questionnaire

Q1. From your experience, how has ESG adoption influenced financial or operational performance in financial sector firms? (e.g., profitability, risk management, cost efficiency, or reputation)

Q2. What are the main drivers or motivations you have observed that push companies in the financial sector to integrate ESG practices?

Q3. What are the most significant challenges or barriers that firms face when implementing ESG strategies effectively?

Q4. How do financial sector companies typically measure and track their ESG performance, and what difficulties do they encounter in linking ESG scores with financial outcomes?

Q5. How do regulators and compliance requirements shape ESG adoption in the financial sector, particularly for small and medium enterprises (SMEs)?

Q6. Based on your practical experience, what strategies or best practices have you seen that help companies successfully integrate ESG into their operations?

Q7. How do different stakeholders (e.g., investors, customers, regulators, employees) influence ESG decisions, and what conflicts or synergies have you observed?

Q8. What do you see as the most important next steps or “path forward” for enhancing ESG adoption and effectiveness in the financial sector?

Information sheet and consent form

INFORMATION SHEET FOR PARTICIPANTS

PROJECT TITLE: Evaluating the Impact of ESG on Firms' Performance in Financial Sector: Insights, Challenges and Path Forward

You are being asked to take part in a research study on the solid sector-level data and recognizes limitations, and suggests a direction towards higher integration of ESG. Along the way, the research will help build up decision-making by financial institutions, investors, and regulators in the complicated environment of sustainable finance. The research is one of the dissertation requirements of the Master of Business Administration in Dublin Business School. I am Grace Dmonte (Student ID: 20032589) and the research undertaken as a part of a supervision by Joy Mulkerrins who is faculty at DBS. The DBS Research ethics Committee has granted ethical clearance of this research.

WHAT WILL HAPPEN

In this study, you will be asked to give a answer of survey questions which are related to topic. The first page of the online survey and interview will contain the digital Informed Consent Form, which will inform the participants about the purpose, voluntary nature, anonymity, data usage and right to withdraw. Only those who ticked their consent checkbox will be continued. This is in line with this ethical process of online survey research.

TIME COMMITMENT

The study typically takes 10 to 15 for tick the answer for the survey and for interview, average time will be like 30-40 minutes.

PARTICIPANTS' RIGHTS

As a participant you have the right to withdraw anytime before handing over the survey without giving any reason. Should you opt to withdraw, all the data you have submitted will be destroyed and it will be omitted in the study. You can leave out any questions, where you are not comfortable to give a response. You cannot be penalised or suffer any form of consequence when you opt not to answer some questions.

CONFIDENTIALITY/ANONYMITY

The data I collect does not contain any personal information about you except that only related to my dissertation topic only. I will not collect any other or personal information.

FOR FURTHER INFORMATION

I or / and Joy Mulkerrins will be glad to answer your questions about this study at any time.

You may contact my supervisor at joy.mulkerrins@dbs.ie

INFORMED CONSENT FORM

PROJECT TITLE: Evaluating the Impact of ESG on Firms' Performance in Financial Sector: Insights, Challenges and Path Forward

PROJECT SUMMARY: The main aim of this dissertation is to deliver useful insights for small and medium businesses, investors, regulators, and scholars in along with deciding the financial effects of ESG adoption in the financial sector. The objective of this research is to support the continuous development of sustainable finance and ethical business practices by outlining best practices, typical challenges, and possible next steps. There has been constant pressure from stakeholders who are demanding greater transparency, accountability, and sustainability commitment. Financial institutions are unsure of how these disclosures will affect their cost of capital or investors' opinions they are regularly required to consider ESG risk and opportunities. That there are no distinct causal links between ESG activities and firm-level performance makes it even more uncertain and hinders effective ESG integration.

By signing below, you are agreeing that:

- (1) you have read and understood the Participant Information Sheet,
- (2) questions about your participation in this study have been answered satisfactorily,
- (3) you are aware of the potential risks (if any), and
- (4) you are taking part in this research study voluntarily (without coercion).

Participant's signature

Participant's Name (Printed)

Grace Dmonte

Student Name (Printed)

Student Name signature

Date