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ESG FACTOR ANALYSIS IN INVESTMENT DECISIONS BASED ON CORPORATE GOVERNANCE, FINANCIAL PERFORMANCE, AND SUSTAINABILITY

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Abstract: Investment decisions are increasingly influenced by Environmental, Social, and Governance (ESG) factors due to increasing awareness of corporate sustainability and transparency. ESG plays a crucial role in assessing investment risks and opportunities based on corporate governance, financial performance, and operational sustainability. However, there is still a gap in understanding how ESG directly influences investor decisions in the capital market. Therefore, this study aims to analyze the relationship between ESG factors and investment decisions, taking into account aspects of corporate governance and financial performance as the main variables. This study uses a literature study method with a qualitative approach, examining various academic sources, corporate financial statements, and ESG-related regulations in the last five years. The analysis was carried out using content analysis and thematic analysis methods to identify patterns, trends, and challenges in ESG implementation. The results show that companies with high ESG scores tend to have more stable financial performance and are attractive to long-term investors. Strong corporate governance also plays a role in increasing transparency and reducing investment risk. However, some obstacles are still found, such as differences in ESG reporting standards and lack of uniform regulation. Therefore, increased transparency in ESG reporting as well as more sustainability-based investment policies are needed.

Keywords: ESG, Investment Decisions, Corporate Governance.

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INTRODUCTION:

In recent years, the concept of Environmental, Social, and Governance (ESG) has become an important factor in investment decisions, especially for investors considering the sustainability of companies. ESG reflects three main pillars in company evaluation, namely environmental factors, social factors, and governance that determine business responsibility and transparency [1]. ESG plays an important role in influencing the company's financial performance as well as reputation in the eyes of stakeholders [2]. In the Indonesian context, regulations related to business sustainability are increasingly tightened, with the Indonesia Stock Exchange (IDX) encouraging companies to increase transparency and accountability in ESG reporting [3]. Therefore, understanding how ESG factors contribute to investment decisions is becoming increasingly relevant in a company's financial analysis.

ESG (Environmental, Social, and Governance) factors are the three main elements used to assess the sustainability and ethical impact of a company. Environmental factors include how a company manages its operational impact on the environment, such as carbon emission reduction, energy efficiency, and waste and natural resource management [4]. Social factors relate to the company's relationships with employees, customers, and the surrounding community, including workforce well-being, diversity and inclusion, and social engagement [3]. Meanwhile, the governance factor refers to the leadership system, transparency, compliance with regulations, and anti-corruption policies in the company [5]. Studies show that companies that implement ESG practices well tend to be more attractive to investors and have more stable financial performance over the long term [6], [7].

ESG implementation in Indonesia is increasingly a major focus, especially with increasing demands from regulators and investors to ensure sustainable business practices. Companies with high ESG scores tend to have lower business risks and are more resilient to economic and social crises [8]. In addition, ESG indices such as the IDX ESG Leaders are used as a reference to assess companies that have a high commitment to sustainability principles [5]. Therefore, ESG adoption not only improves a company's reputation but also contributes to economic and environmental sustainability at the national and global levels.

Current investment decisions rely not only on an analysis of a company's financial performance, but also reflect how the company manages environmental, social, and governance aspects well [9]. Investors are increasingly paying attention to companies that have strong ESG policies because they believe they can provide long-term stability and reduce systemic risks that can be detrimental to financial performance [8]. In addition, ESG adoption also contributes to building a positive image of the company, which in turn increases investor confidence and the company's credibility in the capital markets [10]. Research shows that the integration of ESG in a company's business strategy correlates with better financial performance, especially for companies operating in the energy sector and manufacturing industries [11].

As awareness of the importance of ESG factors increases, good corporate governance is a key element in attracting investor interest [12]. Strong governance ensures that companies have transparent and accountable policies, which are key indicators in investment decision-making [13] Some studies state that companies with weak governance tend to have higher risks in their business operations, making them less attractive to investors who prioritize sustainability in their investments [14] In addition, regulations from financial authorities and capital markets also play a role in encouraging companies to be more responsible in sustainability aspects, so that ESG factors are increasingly becoming the main criteria in investment decision-making [15]

The urgency of this research lies in the growing concept of ESG as a global standard in investment and financial risk management. Although many studies have highlighted the importance of ESG in company performance, there are still few studies that have addressed in depth the relationship between ESG, corporate governance, and investment decisions in the Indonesian financial market. With increasing pressure from regulators and stakeholders, understanding the interconnectedness between ESG, financial performance, and governance is crucial in designing more sustainable investment strategies [16] Therefore, this study aims to fill gaps in the literature and provide insight into how ESG factors influence investment decisions in the Indonesian capital market.

Previous research has extensively discussed the relationship between ESG and a company's financial performance. For example, a study by Antonius and Ida (2023) found that companies that have a high ESG score show better financial stability in the long term compared to companies that do not apply sustainability principles [17]. Another study by Basith et al. (2024) shows that the implementation of ESG that is aligned with sustainability principles contributes to increasing the attractiveness of investments, especially in the financial and banking sectors [18]]. In addition, a study by Ahmadin et al. (2023) revealed that investment decisions that consider ESG are more likely to yield higher returns than conventional investments [19]. However, there are still differences in outcomes between the studies, particularly related to how ESG is integrated into corporate policies and how governance moderates the influence of ESG on investment decisions.

This study aims to analyze how ESG factors influence investment decisions by considering aspects of corporate governance and financial performance as the main variables. Using a literature review approach, this study will identify current trends in the implementation of ESG in the financial sector and evaluate how investors use ESG information in investment decision-making. In addition, this study also aims to provide recommendations to companies in improving the transparency and effectiveness of ESG implementation to attract more sustainability-oriented investors.

LITERATURE REVIEW AND METHODOLOGY:

This study uses a qualitative method with a literature review approach, which aims to analyze the influence of Environmental, Social, and Governance (ESG) factors in investment decisions based on corporate governance, financial performance, and sustainability. The literature study was chosen because it allowed researchers to identify patterns, trends, as well as gaps in previous research on ESG and their influence on investment decisions [20] This approach also helps in integrating existing theories and empirical findings to gain a more comprehensive understanding of the topic being researched [21]

The data sources used in this study come from scientific journals, academic books, corporate financial reports, as well as reports from regulatory agencies and organizations focused on ESG. The literature selection criteria were based on relevance to the research topic, credibility of the source, as well as the year of publication, with a range of the last five years (2019-2024) to ensure that the data used is still relevant to the latest developments in the field of ESG and investment [22] In addition, data sources are drawn from reputable journal databases such as Scopus, ScienceDirect, and Google Scholar to ensure the validity of the findings obtained [23]

Data collection techniques are carried out through the process of searching, selection, and analyzing documents. This process involves the identification of related keywords such as ESG factors, corporate governance, financial performance, sustainability, investment decisions, and combinations of keywords in Indonesian that are appropriate to the research context [24] Furthermore, search results were selected based on relevance to the study and evaluated to ensure their contribution to the understanding of the relationship between ESG factors and investment decisions.

The data analysis methods used in this study are content analysis and thematic analysis. Content analysis was used to identify key patterns and trends in previous research related to ESG and investment [25] Meanwhile, thematic analysis is used to group findings based on key themes, such as the influence of ESG on financial performance, the role of corporate governance in investment sustainability, and how investors consider ESG aspects in investment decision-making [26]

The results of this analysis are expected to provide a comprehensive overview of the role of ESG in investment decisions and their implications for corporate governance and financial performance. Thus, this research can be a reference for academics, practitioners, and regulators in understanding and developing more effective strategies in integrating ESG in investment policies and corporate risk management [27].

RESULTS AND THEIR ANALYSIS

The Influence of ESG Factors on Investment Decisions

ESG-based investing has developed into a major trend in the financial sector, where investors are increasingly considering environmental (E), social (S), and corporate governance (G) factors in their decision-making. ESG is no longer only seen as an ethical aspect, but also as an indicator of the stability and profitability of a company in the long run. Institutional investors, for example, tend to integrate ESG scores in their asset allocation strategies to reduce risk. Companies with high ESG scores tend to be more attractive because they have lower risks to regulation, reputation, and operational sustainability.

One clear example of the application of ESG in investment can be seen in the policies of BlackRock, one of the largest investment managers in the world. BlackRock publicly announced that it would be diverting capital away from companies with low ESG scores. They also urge companies to increase transparency in their ESG reports to avoid long-term investment risks [28] This step shows that large investors are getting more serious about assessing ESG as an important factor in investing, especially in risk mitigation efforts.

In addition, ESG is also increasingly relevant for investors who use it as part of a company's fundamental analysis. Not only from a financial perspective, ESG is also an indicator of the quality of management and operational sustainability of a company. For example, in the environmental aspect (E), investors are starting to move away from companies with high carbon footprints, especially in the energy and manufacturing sectors. Meanwhile, in the social aspect (S), companies that have poor labor policies often face boycotts or loss of market confidence. The corporate governance aspect (G) is also very influential, because transparent and ethical management is able to reduce legal risks and increase shareholder trust.

A concrete example of the impact of ESG on investment decisions can be found in the case of Tesla. Despite having a high environmental score, Tesla has come under pressure from investors regarding its labor practices and management transparency. Some investors questioned the company's labor policy which was considered unfair, as well as the existence of issues in governance that caused fluctuations in its share price [29] This shows that even companies with a high reputation for innovation still have to pay attention to all aspects of ESG to remain attractive to investors.

The demand for ESG transparency is also increasing. Investors are not only looking for companies with high ESG scores, but they are also demanding openness in sustainability performance reporting. According to research by Bashir et al. (2025), companies with higher levels of ESG transparency experience an increase in stock value and are more attractive to institutional investors [30].

Table 1. ESG transparency improvement data

Year	Number of Companies Issuing ESG Reports	Average ESG Score in Global Markets
2018	1.200	56.4
2020	2.800	63.1
2022	4.500	68.7
2024	7.200	74.2

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Recent data also shows a significant increase in the number of companies publishing ESG reports in recent years. In 2018, only about 1,200 companies released ESG reports, but this figure increased sharply to 7,200 companies by 2024, with the average global ESG score increasing from 56.4 to 74.2.

Based on this analysis, it can be concluded that ESG is now a major factor in investment decisions, not just as a momentary trend but as a risk mitigation strategy and long-term value creation. The demand for ESG transparency is also getting stronger, with companies disclosing sustainability reports in more detail likely to be more attractive to investors. In contrast, companies that ignore ESG risk losing investor trust and facing negative impacts such as market boycotts and regulatory sanctions. Therefore, for companies looking to increase their attractiveness in the eyes of investors, increasing the transparency and effectiveness of ESG implementation is a very important step.

The Role of Corporate Governance (G) in Investment Decisions

Corporate governance is an important element in investment decisions, especially for investors who want to avoid long-term financial risks. Companies with good governance generally have a transparent management structure, strict anti-corruption policies, and an independent board of directors. Transparency in business decision-making and regulatory compliance are a major attraction for investors, as this shows the company's commitment to ethical and sustainable business practices.

A study by Konteos et al. (2025) found that companies that have a high level of governance transparency experience a 15% increase in stock value compared to companies that have poor governance (MDPI) [31]. These findings reinforce the view that investors are more interested in investing in companies that have solid and trustworthy governance.

One clear example of the importance of governance in investment decisions is the case of Wells Fargo, one of the largest banks in the United States. In 2016, it was revealed that the bank's employees systematically opened millions of accounts without customers' permission to meet aggressive sales targets. The scandal caused Wells Fargo's share price to drop by as much as 10% in one month, and several major investors, such as Berkshire Hathaway, reduced their stake holdings in the bank. In addition, investor confidence in the company has declined dramatically, leading to strict scrutiny from regulators and a long-term impact on the company's reputation.

In addition to transparency, compliance with ESG regulations is also a major factor that investors consider. Investors are increasingly looking for companies that comply with ESG regulatory standards, especially in terms of financial disclosure and risk management. Companies that comply with ESG regulations have higher credibility in the eyes of investors, as this compliance demonstrates a commitment to sustainability and social responsibility.

Table 2. Data on the Impact of ESG Compliance on Investments

Year	Percentage of Companies Complying with ESG Standards	verage Investment Growth (%)
2018	40%	5.2%
2020	55%	6.8%
2022	70%	8.1%
2024	85%	9.5%

Data shows that the number of companies complying with ESG standards has continued to increase in recent years. In 2018, only 40% of companies met ESG standards, but by 2024 this figure will increase to 85%. Along with that, investment growth in companies with strong ESG compliance is also increasing, from 5.2% in 2018 to 9.5% in 2024.

The impact of non-compliance with ESG regulations can be seen in the case of Volkswagen and the Dieselgate emissions scandal in 2015. Volkswagen was caught manipulating their vehicle's emissions tests, which caused its share price to plummet by up to 30% in a matter of weeks. In addition, companies have had to pay fines of more than $30 billion for regulatory violations, and investors are starting to be more selective in assessing automotive companies based on their compliance with ESG standards.

Table 3. The Impact of Governance on Financial Risk

Categories Governance	Average Stock Volatility	Average Legal Fees (million USD)
Good Governance	12%	
Poor Governance	28%	

In addition to regulatory compliance, corporate governance also affects financial risk. A study by Arif et al. (2025) showed that companies with poor governance have higher stock volatility and are more vulnerable to legal litigation and regulatory sanctions [32]. Data shows that companies with good governance have an average stock volatility of 12%, while companies with poor governance experience volatility of up to 28%. In addition, the legal costs incurred by companies with poor governance are much higher, averaging $90 million, compared to just $20 million for companies with good governance.

One of the most drastic examples of the bad effects of governance was the Enron scandal in 2001. The energy company collapsed due to non-transparent and manipulative accounting practices, causing its stock price to drop from $90 to $0 in less than a year. Investors lost more than $74 billion, and as a result of this case, the United States government implemented new regulations such as the Sarbanes-Oxley Act to improve the transparency of Corporate governance.

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Based on this analysis, it can be concluded that corporate governance has a significant impact on investment decisions. Investors are more likely to choose companies that have high transparency, regulatory compliance, and good risk management. On the other hand, companies with poor governance risk losing investor trust, experiencing high stock volatility, and facing adverse legal repercussions. Therefore, for companies looking to attract more investors and maintain their long-term value, improving governance should be a top priority.

The Influence of Financial Performance on ESG Investor Preferences

Although sustainability factors are increasingly taken into account in investment decisions, investors still place a company's financial performance as a key element in choosing ESG-based investment assets. In practice, investors tend to balance potential returns and risks by considering how ESG policies can affect a company's profitability in the long run. A number of studies show that companies that implement ESG policies well often have higher profitability, lower risk, and greater attractiveness in the eyes of institutional investors.

The relationship between ESG and corporate profitability has been a major topic in various academic studies and investment practices. Research by Thakrar et al. (2025) found that companies in India with high ESG scores experienced significant increases in Return on Assets (ROA) and Return on Equity (ROE) [33]. This study shows that sustainability is not just a moral obligation, but can also strengthen the competitiveness and profitability of companies in the investment market. The data obtained shows that companies with strong ESG implementations experience better profitability growth compared to companies that do not prioritize ESG.

Table 4. The Impact of ESG on Profitability

Year	Companies with High ESG (ROA)	Companies with Low ESG (ROA)	Companies with High ESG (ROE)	Companies with Low ESG (ROE)
2018	8.2%	5.4%	14.5%	9.1%
2020	8.9%	5.7%	15.3%	9.4%
2022	9.7%	6.1%	16.1%	10.2%
2024	10.5%	6.4%	17.4%	11.0%

From this data, it can be seen that companies with high ESG experience better profitability growth compared to companies that do not prioritize ESG. This shows that the integration of ESG in business strategies can improve operational efficiency, attract investors, and strengthen the company's market position.

In addition to profitability, investors also consider risks and returns in choosing ESG-based investments. A study by Lahmiri & Benghiat (2025) revealed that companies with high ESG scores have lower stock volatility, indicating that they are more stable in the face of economic crises as well as market changes [34]. This makes companies with high ESG more attractive to investors who want to avoid high risk. One real example of ESG strategies applied in investments can be found in the policies of BlackRock, the world's largest asset management company. BlackRock actively analyzes the systemic risks of companies that do not implement ESG well and finds that companies with low ESG are more susceptible to market fluctuations, regulatory sanctions, and consumer boycotts. In contrast, companies with high ESG have better access to capital, especially from institutional investors focused on sustainable investments.

Table 5. The Impact of ESG on Stock Risk and Volatility

Category ESG	Stock Volatility (Standard Deviation)	Riskiko Systemic (Beta)
High ESG	12%	0.85
Low ESG	28%	1.45

From the table above, it can be seen that companies with high ESG scores have lower volatility and more controlled systemic risks, making them a more attractive option for long-term investors.

Sustainability also plays a role in increasing the value of a company's shares, where investors increasingly see ESG as an indicator of long-term stability. A study by Mihai (2025) shows that companies with high ESG scores experience higher stock price growth compared to companies without ESG initiatives [35].

Table 6. Stock Price Performance of ESG vs Non-ESG Companies

Year	High ESG Companies (% Stock Price Growth)	Low ESG Companies (% Stock Price Growth)
2018	7.8%	3.5%
2020	8.6%	4.1%
2022	9.4%	4.8%
2024	10.1%	5.2%

This shows that the market is starting to appreciate sustainability policies as a factor that increases the valuation of companies. One concrete example of the impact of ESG on stock value can be seen in Microsoft, which managed to increase the company's valuation through a strong ESG strategy. In 2020, Microsoft announced plans to become carbon-negative by 2030, and after the announcement, its stock price rose by more than 12% in one year. This proves that the market responds positively to ESG strategies, which ultimately attracts more institutional investors who have a preference for companies with high environmental responsibility.

Based on this analysis, it can be concluded that financial performance remains a key factor in ESG-based investment decisions. However, ESG has been proven to increase profitability, reduce risk, and increase the valuation of a company's stock. Investors tend to prefer companies with a balance between solid financial performance and good ESG practices as a profitable investment strategy in the long run. This confirms that sustainability is not only a moral demand, but also a business strategy that can increase the competitiveness and stability of companies in the global market.

Trends in ESG Implementation in the Financial Sector

In recent years, the adoption of Environmental, Social, and Governance (ESG) principles in the financial sector has experienced rapid growth. The main factors driving this trend are increasingly stringent regulations, increasing market demand for sustainable investments, and the use of technology to assess the impact of ESG on financial stability.

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One of the key factors accelerating the adoption of ESG is the increase in standards and regulations that require companies to be more transparent in their sustainability practices. Juhász (2025) notes that regulations such as the European Green Deal and the Sustainable Finance Disclosure Regulation (SFDR) in Europe require companies to be more transparent in reporting the environmental and social impacts of their business activities [36]. In the United States, the Securities and Exchange Commission (SEC) also introduced regulations that require companies to disclose their ESG strategies in more detail. Similar policies are also adopted in other countries, such as Japan with the Green Investment Promotion Law, which aims to encourage companies to contribute more to sustainable projects.

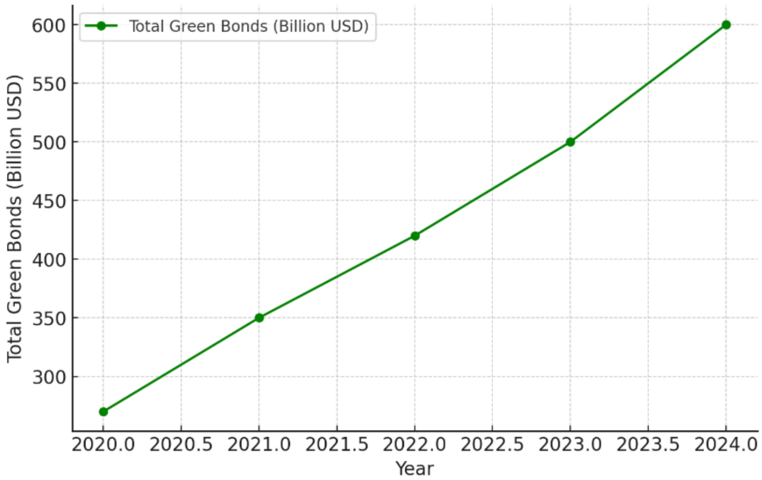

Figure 1. Global Green Bonds Growth (2024-2024)

The impact of ESG regulations is increasingly visible in changes in investment strategies implemented by various financial institutions. Many institutional investors are now more selective in financing companies that do not have a clear ESG strategy. Some major banks and global asset managers, such as BlackRock and Vanguard, have even begun to shift their capital to companies with high ESG scores. This contributed to a surge in green bond issuance, which increased from $270 billion in 2020 to more than $600 billion by 2024 [37]

The increase in interest in ESG-based financial instruments is also seen in the surge in demand for green bonds and sustainable funds. Companies like Apple Inc. have issued $4.7 billion in green bonds to finance renewable energy projects and carbon emission reductions. This move not only enhances Apple's reputation as an eco-friendly company but also attracts more investors who care about sustainability.

Technological developments also play an important role in accelerating the implementation of ESG in the financial sector. Yavuz et al. (2025) found that the use of AI and Big Data is increasingly widespread in assessing and measuring the ESG impact of a Company [38]. BlackRock, for example, has developed Aladdin Climate, an AI-based technology that can analyze the impact of climate change on investment portfolios and provide recommendations to investors. This technology assists investors in identifying companies with high environmental risks, evaluating the effectiveness of their sustainability strategies, and predicting market trends based on historical ESG data.

In addition, AI is also increasingly being used in detecting greenwashing practices, where companies seek to present an eco-friendly image that does not reflect their operational reality. A survey of financial institutions by 2024 shows that 75% of financial institutions have used AI to analyze environmental risks, while 62% use it to evaluate compliance with ESG regulations.

This trend further reinforces that ESG is not just an additional aspect of investing, but has become a major factor in decision-making in the financial sector. Increasingly stringent regulations ensure that companies must disclose their environmental and social impacts more transparently, while investors increasingly turn to sustainability-based financial instruments such as green bonds and sustainable funds. In addition, technology further strengthens investment decision-making by providing more accurate data on the impact of ESG on company performance.

With these developments, companies that want to remain competitive in the capital market must immediately integrate ESG into their business strategies. Transparency in sustainability reporting, the implementation of stricter environmental policies, and the use of technology in ESG reporting will be key factors in attracting more investors and ensuring business sustainability in the long term.

The Role of ESG Information in Investor Decision-Making

Investors are increasingly relying on ESG information in their investment decision-making process. ESG is no longer just a secondary factor, but has become an integral part of risk analysis and investment opportunities. Research by Simo & Ndifor (2025) shows that the integration of ESG criteria in decision-making allows investors to tailor their portfolios to projects that have a positive impact on sustainability [39]

Investors use various approaches in evaluating a company's ESG performance. One of the most common methods is through ESG scoring analysis, where investors rely on ESG ratings from independent institutions such as MSCI, Sustainalytics, and Bloomberg ESG Rating. Research by Qi et al. (2025) reveals that ESG ratings play an important role in guiding investors in choosing companies that have a good reputation in sustainability practices. However, the main challenge in using ESG scores is the differences in methodology between rating agencies, which can lead to significant differences in results in a company's ESG assessment [40].

In addition to ESG scores, investors also implement ESG due diligence, which is an in-depth assessment process of the company's sustainability practices through the analysis of annual reports, sustainability reports, and the company's ESG strategy. Many institutional investors, such as pension funds and sovereign wealth funds, have begun to make ESG disclosure a key requirement before they invest in a company. Suttipun et al. (2025) in their study found that the market reacts positively to companies that transparently disclose their ESG strategies, especially in the banking and technology sectors [41].

In the context of expected returns and ESG risks, research shows that investors seek to balance potential gains with risks associated with a company's ESG implementation. A study by Gomez-Martinez et al. (2025) compares the financial sector and other industries in terms of how ESG data is used to predict stock performance. They found that ESG-based mutual funds tend to have more stable returns compared to conventional mutual funds, suggesting that ESG not only impacts risk but also on investment resilience over the long term [42]

One obvious example of the use of ESG information in investment decision-making is BlackRock, which has implemented ESG-based Robo-Advisors in their investment strategies. With the help of AI technology and big data analytics, the system helps investors assess the ESG impact of various financial assets more accurately and quickly. According to Baboo (2025), the adoption of this technology allows investors to more easily navigate ESG data and make more informational decisions compared to traditional methods [43].

In recent years, more and more investors have rejected companies that have a poor record in sustainability. For example, the Norwegian Sovereign Wealth Fund's decision to withdraw its investments from oil and gas companies deemed to have adverse environmental impacts has created a major change in the dynamics of the energy market. Companies that were previously considered stable investments are now starting to face challenges in attracting capital if they do not have a clear ESG strategy.

From this trend, it can be concluded that investors' use of ESG information not only influences individual investment decisions but also changes the structure of financial markets as a whole. ESG transparency is increasingly becoming a key requirement for companies to attract investment, while technology is making it easier for investors to evaluate the sustainability of an asset. Thus, in the future, companies that fail to implement ESG properly risk losing access to capital and facing greater market pressures.

Suggestion

Based on the analysis, there are several steps that companies can take to improve the transparency and effectiveness of ESG implementation to attract more investors:

1. Increase ESG Report Transparency: Companies should disclose ESG information in a more detailed and measurable manner in accordance with international standards.
2. Integrating ESG into Business Strategy: ESG should be an integral part of a long-term business strategy, not just regulatory compliance.
3. Engaging Stakeholders: Companies need to work closely with investors, regulators, and the public to ensure the ESG policies implemented have a real impact.
4. Adopting Technology for ESG Reporting: The use of technologies such as blockchain and AI can improve the accuracy and transparency of ESG data delivered to investors.

CONCLUSION

This research highlights the importance of ESG factors in investment decisions, taking into account aspects of corporate governance and financial performance. The results show that companies with high ESG scores are more attractive to investors because they are considered more stable and have lower risk. Strong corporate governance also plays an important role in building investor trust and increasing financial transparency. However, ESG implementation still faces challenges, such as differences in reporting standards and a lack of uniform regulations across countries.

As a practical suggestion, companies need to improve the transparency of ESG reports to make them more accessible and understood by investors. In addition, the integration of ESG in long-term business strategies can improve a company's competitiveness and sustainability. For regulators, stricter and more uniform policies are needed to ensure that ESG reporting is conducted to clear and reliable standards by investors.

For further research, it is recommended to conduct a more in-depth empirical study on the impact of ESG on financial performance in various industry sectors. Comparative studies between countries can also provide insight into how ESG regulations affect investment decisions in different markets. In addition, quantitative data-driven research with regression analysis can be used to measure the extent to which ESG actually contributes to investment growth and the stability of companies in the long term.

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