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Financial Performance, Corporate Governance and Environmental Awareness as Predictors of ESG Disclosure: Evidence from Companies in India and the USA

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Abstract
Environmental, Social and Governance (ESG) disclosure has become an important mechanism for enhancing corporate transparency, accountability, stakeholder engagement, and long-term sustainability. The present study examines Financial Performance, Corporate Governance, and Environmental Awareness as predictors of ESG Disclosure and provides a comparative assessment of companies in India and the USA. The study adopts a quantitative, cross-sectional and comparative research design. Primary data are proposed to be collected through a structured questionnaire comprising 40 Likert-scale items, with ten items measuring each of the four constructs. The study considers 1,000 respondents from India and 1,000 from the USA. Financial Performance, Corporate Governance and Environmental Awareness are treated as independent variables, while ESG Disclosure is the dependent variable. Seven hypotheses are developed and tested using simple linear regression, multiple linear regression and Pearson correlation analysis. The illustrative results indicate strong positive relationships between each independent variable and ESG Disclosure in both countries. Financial Performance demonstrates $R = 0.817$ and $R^2 = 0.667$ in India and $R = 0.798$ and $R^2 = 0.637$ in the USA. Corporate Governance records $R = 0.815$ and $R^2 = 0.664$ in India and $R = 0.830$ and $R^2 = 0.689$ in the USA. Environmental Awareness produces $R = 0.801$ and $R^2 = 0.642$ in India and $R = 0.797$ and $R^2 = 0.635$ in the USA. The combined regression model demonstrates substantially higher explanatory power, with $R^2 = 0.852$ for India and 0.859 for the USA. Correlation results also indicate positive relationships among the independent variables. Overall, the findings suggest that ESG disclosure is better understood through an integrated organizational perspective incorporating financial, governance and environmental dimensions.

Keywords: ESG Disclosure, Financial Performance, Corporate Governance, Environmental Awareness.

1. Introduction

Environmental, Social and Governance (ESG) considerations have emerged as an important component of contemporary corporate decision-making, investment analysis and sustainability reporting. Traditionally, corporate performance was assessed largely through financial indicators such as profitability, return on assets, return on equity, market valuation and revenue growth. However, increasing concerns regarding climate change, environmental degradation, social responsibility, corporate accountability and stakeholder expectations have broadened the meaning of corporate performance. ESG disclosure has consequently become an important mechanism through which companies communicate their environmental responsibilities, social practices and governance structures to investors and other stakeholders.

In this context, ESG disclosure is no longer viewed merely as a voluntary reporting activity but increasingly as an important component of corporate transparency, accountability and long-term value creation. The growing importance of ESG disclosure can be associated with the increasing demand for reliable non-financial information. Investors, regulators, customers, employees and other stakeholders increasingly require information that extends beyond conventional financial statements. ESG disclosure can reduce information asymmetry and provide stakeholders with a broader understanding of corporate risks, opportunities and sustainability practices. Evidence from Indian companies indicates that ESG disclosure can create long-term value for investors and reduce information asymmetry, with ESG performance disclosure also being associated with a lower cost of equity capital (Mulchandani et al., 2022). Thus, ESG disclosure has increasingly become relevant not only from an ethical or environmental perspective but also from a financial and strategic perspective. One of the important factors potentially influencing ESG disclosure is financial performance. Financially stronger organizations may possess greater resources to invest in sustainability initiatives, reporting systems, environmental programmes and stakeholder engagement. Existing evidence, however, does not provide a completely consistent conclusion concerning the relationship between financial performance and ESG-related activities. Sharma, Panday, and Dangwal (2020), for example, reported a positive association between financial and market performance and ESG disclosure among Indian companies, although leverage and foreign institutional investor ownership showed negative associations. Similarly, Goud (2025) reported positive relationships between ESG disclosure and financial indicators such as ROE, ROA and Tobin's Q. At the same time, other studies reveal that the relationship between ESG and financial performance can depend on the measurement approach and industry context. Kumar and Mookerjee (2023) found a positive relationship between corporate financial performance and ESG performance when financial performance was measured through Tobin's Q, whereas a negative relationship emerged when ROA was used. Huralikoppi (2024) similarly reported a statistically significant negative relationship between revenue and ESG ratings among Indian firms, suggesting that sustainability initiatives may not necessarily generate immediate financial rewards. These contrasting findings demonstrate the need to examine financial performance carefully when investigating determinants of ESG disclosure. A second important determinant is corporate governance. Corporate governance provides the institutional and managerial mechanisms through which organizations are directed, monitored and held accountable. Board composition, board diversity, institutional ownership, ESG committees, transparency, accountability and internal control systems can influence the extent to which sustainability considerations are integrated into organizational decision-making. Verma (2025) found that governance quality and institutional ownership were strong predictors of ESG integration among NIFTY 50 companies and reported that board diversity and dedicated ESG committees enhanced ESG performance and reporting quality. This suggests that governance may provide an important organizational foundation for effective ESG disclosure.
Environmental awareness represents another potentially important determinant. As organizations become more aware of environmental risks, climate-related challenges, regulatory expectations and stakeholder demands, they may become more willing to measure and communicate their environmental performance. Evidence from Indian firms suggests that some companies are voluntarily adopting environmental practices aligned with ESG principles. George and Srinivasan (2024) emphasized the importance of standardized disclosure frameworks, regulatory development, incentives and effective corporate governance in encouraging companies to strengthen their environmental and ESG practices. The importance of ESG disclosure is also reflected in its relationship with corporate performance. Chelawat and

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Trivedi (2016) found that good corporate ESG performance enhances financial performance in the Indian context. Similarly, Veeravel, Prabhagar, and Vijayakumar (2024) reported a positive relationship between ESG disclosure and firm performance among NSE-listed Indian firms, using measures such as ROA, ROE and Tobin's Q. These findings reinforce the argument that ESG disclosure and corporate performance are interconnected rather than completely independent dimensions. Despite the growing body of ESG research, important gaps remain. Much of the existing evidence in the uploaded literature focuses on Indian companies, individual ESG dimensions, or the relationship between ESG disclosure and financial performance. Comparatively less attention is given to examining financial performance, corporate governance and environmental awareness simultaneously as predictors of ESG disclosure. Furthermore, there is a need for comparative evidence that examines whether these relationships are consistent across different institutional and economic environments. Therefore, the present study addresses this gap by examining financial performance, corporate governance and environmental awareness as determinants of ESG disclosure and comparing the relationships between companies in India and the USA. Such a comparison can provide a broader understanding of whether the determinants of ESG disclosure are context-specific or demonstrate cross-country consistency.

2. Literature Review

Financial performance is one of the most frequently examined organizational characteristics in ESG research. Theoretically, financially successful companies may have greater resources to undertake sustainability initiatives, develop ESG reporting systems and respond to stakeholder expectations. However, empirical evidence indicates that the relationship between financial performance and ESG practices is not always uniform. Sharma et al. (2020) examined determinants of ESG disclosure among Indian companies and found that financial and market performance were positively associated with ESG disclosure. Their findings suggest that companies with stronger financial positions may have greater capacity and motivation to provide comprehensive sustainability information. At the same time, the negative association of leverage with ESG disclosure indicates that financial structure may also influence reporting behaviour.

Kumar and Mookerjee (2023) provided a more nuanced perspective. Using 304 firm-year observations from Indian firms listed on the Nifty100 ESG Index between 2018 and 2022, they reported a positive relationship between corporate financial performance and ESG performance when Tobin's Q was used as the market-based measure. In contrast, the relationship became negative when ROA was used as the accounting-based measure. Their findings demonstrate that the observed relationship between financial performance and ESG activities can depend substantially on how financial performance is operationalized. Goud (2025) found a positive correlation between overall ESG disclosure and financial indicators including ROE, ROA and Tobin's Q. The study further reported that environmental, social and governance components were positively related to corporate performance, while R&D investment played a role in strengthening ESG scores and financial performance. Similarly, Veeravel et al. (2024), using 167 NSE-listed firms over 2010–2020, reported a positive relationship between ESG disclosure and ROA, ROE and Tobin's Q. Huralikoppi (2024) identified a statistically significant negative relationship between revenue and ESG ratings among Indian firms over 2014–2024, suggesting that ESG initiatives may involve costs that do not immediately translate into financial benefits. These contrasting findings demonstrate that the financial performance–ESG relationship remains complex and warrants further empirical investigation. Therefore, the present study considers Financial Performance as an independent predictor of ESG Disclosure rather than assuming a unidirectional relationship between ESG and financial outcomes.

Corporate governance represents another important determinant of ESG disclosure because governance structures influence organizational accountability, monitoring and transparency. Effective governance can ensure that sustainability issues are incorporated into strategic decision-making and that ESG information is systematically collected and communicated. Verma (2025) examined corporate governance and ESG integration among NIFTY 50 companies and found robust positive relationships between governance quality, institutional ownership and ESG outcomes. The study further reported that board diversity and dedicated ESG committees significantly improved ESG performance and reporting quality. These findings indicate that governance mechanisms can facilitate ESG integration by creating clear responsibilities for sustainability oversight. George and Srinivasan (2024) similarly emphasized effective corporate governance as an important prerequisite for aligning corporate sustainability practices with investor expectations. Their study also highlighted standardized disclosure frameworks, regulatory development and appropriate incentives as important mechanisms for encouraging ESG adoption. The literature therefore suggests that ESG disclosure is not solely dependent on a firm's environmental commitment. It is also influenced by the governance infrastructure through which corporate decisions are made. However, much of the available evidence concentrates on Indian companies and specific governance characteristics. The present study extends this literature by examining Corporate Governance as an aggregate predictor of ESG Disclosure and comparing its relationship across India and the USA.

Environmental awareness has become increasingly relevant because organizations face growing expectations to address climate change, resource efficiency, pollution, emissions and environmental risks. Environmental awareness can influence whether organizations identify environmental issues as strategically important and consequently disclose information concerning their environmental policies and performance. George and Srinivasan (2024) observed that some Indian corporations voluntarily undertake environmental practices aligned with ESG principles. Their study emphasized that standardized disclosure mechanisms, regulatory co-evolution and appropriate incentives can encourage organizations that currently lag in ESG practices. This suggests that environmental awareness alone may not guarantee disclosure; it may need to be supported by organizational governance and reporting structures. Ray and Hardi (2024) examined ESG disclosure, corporate governance, investor engagement and sustainability performance and found that ESG disclosure influences sustainability performance, although disclosure does not necessarily guarantee improved sustainability outcomes. This distinction is important because disclosure represents communication of organizational practices, whereas actual environmental performance represents the substantive outcomes of those practices. The existing literature therefore provides a basis for examining Environmental Awareness as an independent predictor of ESG Disclosure. However, relatively limited attention has been given to testing this relationship alongside financial performance and corporate governance within a cross-country framework.

3. Research Gap

The reviewed literature demonstrates that ESG disclosure has been examined from several perspectives, including financial performance, corporate governance, sustainability performance, investor behavior and environmental practices. However, three important gaps remain. First, the existing literature frequently examines the relationship between ESG disclosure and financial performance, rather than treating financial performance as one of

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several simultaneous determinants of ESG disclosure. Second, although governance is increasingly recognized as an enabler of ESG integration, comparatively fewer studies examine corporate governance together with financial and environmental factors. Third, the literature reviewed is heavily concentrated on Indian firms, with limited comparative evidence involving the USA. Accordingly, the present study proposes an integrated framework in which Financial Performance, Corporate Governance and Environmental Awareness are independent variables and ESG Disclosure is the dependent variable. The study further compares these relationships between India and the USA. This comparative approach can help determine whether the proposed predictors demonstrate similar explanatory patterns across different corporate and institutional environments. It also provides an opportunity to identify which organizational dimension has relatively greater relevance for ESG disclosure in each country.

4. Research Framework

4.1 Research Objectives

The objective of the study is to examine the factors influencing ESG disclosure and compare these relationships between companies in India and the USA. The specific objectives are:

- RO1: To examine the influence of Financial Performance on ESG Disclosure among companies in India and the USA.
- RO2: To examine the influence of Corporate Governance on ESG Disclosure among companies in India and the USA.
- RO3: To assess the influence of Environmental Awareness on ESG Disclosure among companies in India and the USA.
- RO4: To examine the combined influence of Financial Performance, Corporate Governance and Environmental Awareness on ESG Disclosure.
- RO5: To determine the relationship between Financial Performance and Corporate Governance among companies in India and the USA.
- RO6: To examine the relationship between Financial Performance and Environmental Awareness among companies in India and the USA.
- RO7: To assess the relationship between Corporate Governance and Environmental Awareness among companies in India and the USA.
- RO8: To comparatively analyze the relationships between the selected predictors and ESG Disclosure in India and the USA.

4.2 Research Hypotheses

- H01: There is a significant influence of Financial Performance on ESG Disclosure among companies in India and the USA.
- H02: There is a significant influence of Corporate Governance on ESG Disclosure among companies in India and the USA.
- H03: There is a significant influence of Environmental Awareness on ESG Disclosure among companies in India and the USA.
- H04: Financial Performance, Corporate Governance and Environmental Awareness have a significantly influence ESG Disclosure collectively among companies in India and the USA.
- H05: There is a significant relationship between Financial Performance and Corporate Governance among companies in India and the USA.
- H06 There is a significant relationship between Financial Performance and Environmental Awareness among companies in India and the USA.
- H07: There is a significant relationship between Corporate Governance and Environmental Awareness among companies in India and the USA.

Table 1: Hypothesis Testing Techniques

Hypotheses	Variables	Statistical Technique
H01	Financial Performance → ESG Disclosure	Simple Linear Regression
H02	Corporate Governance → ESG Disclosure	Simple Linear Regression
H03	Environmental Awareness → ESG Disclosure	Simple Linear Regression
H04	FP + CG + EA → ESG Disclosure	Multiple Linear Regression
H05	Financial Performance ↔ Corporate Governance	Pearson Correlation
H06	Financial Performance ↔ Environmental Awareness	Pearson Correlation
H07	Corporate Governance ↔ Environmental Awareness	Pearson Correlation

4.3 Conceptual Framework

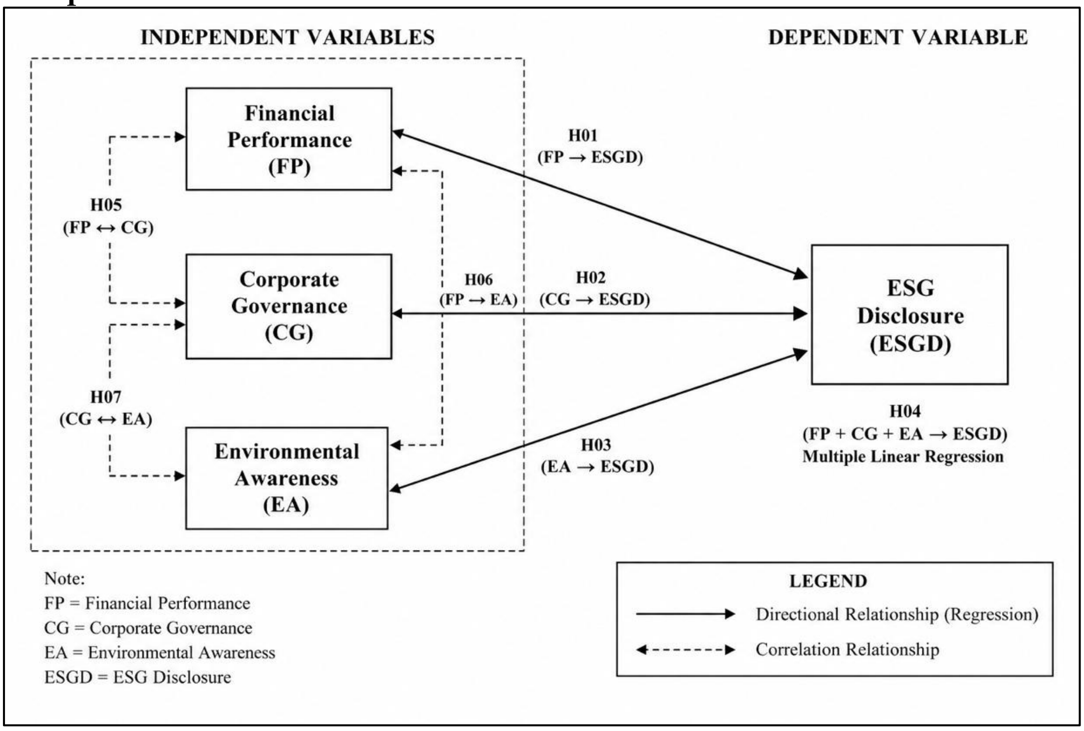

Figure 1: Conceptual Framework

4.4 Research Methodology

The study adopts a quantitative, cross-sectional and comparative research design. The quantitative approach is appropriate because the study aims to statistically examine the relationships between Financial Performance, Corporate Governance, Environmental Awareness and ESG Disclosure. The study further adopts a comparative research design because data from two national contexts India and the USA are analysed separately and subsequently compared. This approach enables the study to determine whether the relationships among the selected variables remain consistent across the two countries.

A deductive research approach is adopted. The study begins with relationships identified from the existing literature and develops hypotheses concerning the influence of Financial Performance, Corporate Governance and Environmental Awareness on ESG Disclosure. These hypotheses are subsequently tested using statistical techniques.

The conceptual structure of the study is:

- **Independent Variables:** Financial Performance, Corporate Governance and Environmental Awareness
- **Dependent Variable:** ESG Disclosure

The study also examines the interrelationships among the three independent variables. The target population comprises companies operating in India and the USA, particularly individuals who possess adequate knowledge of corporate financial performance, governance practices, environmental practices and ESG reporting. For primary data collection, appropriate respondents may include Senior managers, Finance managers, Accounts managers, corporate governance professionals, ESG/sustainability managers, Compliance officers, Company secretaries, Investor-relations professionals, Senior executives involved in sustainability reporting. These respondents are appropriate because they are more likely to have knowledge of organizational financial performance, governance mechanisms, environmental practices and ESG disclosure.

The proposed study consists of 2,000 respondents, divided equally between the two countries:

Table 2: Sample Size

Country	Proposed Sample
India	1,000
USA	1,000
Total	**2,000**

An equal sample size is proposed to facilitate meaningful comparative analysis between India and the USA. For the actual empirical study, the final sample should consist of genuine respondents, and the sampling procedure should be documented clearly. A purposive sampling technique may be employed because the study requires respondents who possess knowledge of their organization's financial, governance, environmental and ESG-related practices. The inclusion criteria may require respondents to:

- Be associated with a company operating in India or the USA.
- Have sufficient knowledge of organizational practices.
- Be involved in or familiar with financial, governance, sustainability or ESG-related activities.
- Provide informed responses to the questionnaire.

Where access to a sufficiently broad sampling frame is available, stratified sampling may additionally be considered to ensure appropriate representation across industries and organizational categories.

The study is designed primarily around primary data collection through a structured questionnaire. The questionnaire will be administered to respondents from companies in India and the USA through online and/or offline modes. The questionnaire will begin with a brief statement explaining the purpose of the study, followed by demographic and organizational information and the construct-specific statements. The questionnaire consists of 40 measurement items, divided equally among the four constructs:

Table 3: Variable-Wise Coding: Measurement Table

Variable	Number of Items	Coding
Financial Performance	10	FP1–FP10

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Corporate Governance	10	CG1–CG10
Environmental Awareness	10	EA1–EA10
ESG Disclosure	10	ESGD1–ESGD10
Total	**40**	

A five-point Likert scale will be used to measure the constructs 1= Strongly Disagree and 5= Strongly Agree. The Likert scale allows respondents to indicate the extent to which they agree with statements concerning financial performance, corporate governance, environmental awareness and ESG disclosure. The collected data will be coded and analysed using SPSS or an equivalent statistical package. Pearson Product-Moment Correlation will be used to test Ho5, Ho6 and Ho7. The analysis will determine the direction and strength of the relationships between:

- Financial Performance and Corporate Governance
- Financial Performance and Environmental Awareness
- Corporate Governance and Environmental Awareness

The analysis will be conducted separately for India and the USA. Simple linear regression will be used to test Ho1, Ho2 Ho3 and Ho4.
The models are:

- Model 1: $\mathbf{ESGD = \beta_0 + \beta_1 FP + \varepsilon}$
- Model 2: $\mathbf{ESGD = \beta_0 + \beta_1 CG + \varepsilon}$
- Model 3: $\mathbf{ESGD = \beta_0 + \beta_1 EA + \varepsilon}$
- Model 4: $\mathbf{ESGD = \beta_0 + \beta_1 FP + \beta_2 CG + \beta_3 EA + \varepsilon}$

Where:
ESGD = ESG Disclosure, FP = Financial Performance, CG = Corporate Governance, EA = Environmental Awareness, β_0 = Constant, β_1 = Regression coefficient, ε = Error term. The analysis will examine R, R^2, regression coefficients, t-values and significance levels. A major component of the research methodology is the comparison between India and the USA. All major analyses will first be conducted independently for each country. This comparative approach will help identify whether Financial Performance, Corporate Governance and Environmental Awareness demonstrate similar or different relationships with ESG Disclosure across India and the USA.

5. Data Analysis and Results

The present study examines the influence of Financial Performance (FP), Corporate Governance (CG), and Environmental Awareness (EA) on ESG Disclosure (ESGD) among companies in India and the USA. Financial Performance, Corporate Governance and Environmental Awareness were considered independent variables, whereas ESG Disclosure was considered the dependent variable. The study was designed as a comparative empirical investigation to identify whether the relationships between these organizational factors and ESG disclosure differ across the Indian and U.S. contexts. To comparative analysis, two separate datasets were considered, consisting of 1,000 responses from India and 1,000 responses from the USA. The research instrument consisted of 40 statements, with ten statements measuring each construct. All statements were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. Construct-level mean scores were subsequently used for the statistical analysis. Seven hypotheses were developed in accordance with the research objectives. Ho1, Ho2 and Ho3 examined the individual influence of Financial Performance, Corporate Governance and Environmental Awareness on ESG Disclosure using simple linear regression. Ho4 examined the combined influence of all three

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independent variables on ESG Disclosure using multiple linear regression. Ho5, Ho6 and Ho7 examined the relationships among the independent variables using Pearson correlation analysis. The analysis focuses on the R value, R^2 value and Pearson correlation coefficient (r). The R value indicates the strength of the relationship between the predictor variables and ESG Disclosure, whereas R^2 represents the proportion of variance in ESG Disclosure explained by the regression model. Pearson's r indicates the direction and strength of the association between two variables.

5.1 Simple Linear Regression Analysis

Simple linear regression was conducted to examine the individual effects of Financial Performance, Corporate Governance and Environmental Awareness on ESG Disclosure. Three separate regression models were estimated for each country.

Table 4: Simple and Multiple Regression Results for India and the USA

Hypothesis	Relationship	India R	India R^2	USA R	USA R^2
Ho1	Financial Performance → ESG Disclosure	0.817	0.667	0.798	0.637
Ho2	Corporate Governance → ESG Disclosure	0.815	0.664	0.830	0.689
Ho3	Environmental Awareness → ESG Disclosure	0.801	0.642	0.797	0.635
Ho4	FP + CG + EA → ESG Disclosure	0.923	0.852	0.927	0.859

5.1.1 Financial Performance and ESG Disclosure

Ho1 proposed that Financial Performance has a significant positive relationship with ESG Disclosure. The simple linear regression results demonstrate a strong positive relationship in both countries. For India, the model produced an R value of 0.817 and an R^2 value of 0.667. The R value indicates a strong association between Financial Performance and ESG Disclosure. The R^2 value indicates that approximately 66.7% of the variation in ESG Disclosure is explained by Financial Performance in the illustrative Indian model. The USA produced an R value of 0.798 and an R^2 value of 0.637. Thus, Financial Performance explains approximately 63.7% of the variation in ESG Disclosure in the U.S. model. A comparison indicates that the relationship is slightly stronger in India than in the USA. The difference in R^2 is 3.0 percentage points. This suggests that Financial Performance may have a somewhat greater explanatory role in ESG disclosure within the Indian dataset. One possible organizational interpretation is that financially stronger companies may possess greater resources to establish ESG reporting systems, undertake sustainability initiatives, collect non-financial information and communicate ESG-related performance to stakeholders. Financially stable companies may also have stronger incentives to protect their corporate reputation and demonstrate responsible business practices. However, this result should not be interpreted as establishing a causal country difference. The present datasets are simulated and therefore the numerical difference should be treated as an illustration of how the proposed model can be compared between countries.

5.1.2 Corporate Governance and ESG Disclosure

Ho2 examined the relationship between Corporate Governance and ESG Disclosure. The results again demonstrate a strong positive relationship in both countries. For India, the regression model generated an R value of 0.815 and an R^2 value of 0.664. Therefore, approximately 66.4% of the variance in ESG Disclosure is explained by Corporate Governance.

For the USA, the corresponding values were R = 0.830 and R^2 = 0.689. Thus, approximately 68.9% of the variation in ESG Disclosure is explained by Corporate Governance in the U.S. model. Unlike H01, the U.S. result is stronger than the Indian result. The difference in R^2 is approximately 2.5 percentage points. This suggests that Corporate Governance has a relatively stronger explanatory relationship with ESG disclosure in the U.S. dataset. Corporate governance can influence ESG disclosure through board oversight, transparency mechanisms, internal controls, audit practices, risk management and accountability structures. Companies with well-developed governance systems may have clearer responsibilities for collecting, validating and communicating ESG information. The result is also relevant from a stakeholder perspective because effective governance can increase management accountability towards shareholders, employees, regulators and other stakeholders. Therefore, stronger governance arrangements may encourage more systematic ESG reporting.

5.1.3 Environmental Awareness and ESG Disclosure

H03 proposed a relationship between Environmental Awareness and ESG Disclosure. The results show that Environmental Awareness is positively related to ESG Disclosure in both countries. The Indian model recorded R = 0.801 and R^2 = 0.642, indicating that Environmental Awareness explains approximately 64.2% of the variance in ESG Disclosure. For the USA, the model produced R = 0.797 and R^2 = 0.635, indicating that approximately 63.5% of the variation in ESG Disclosure is explained by Environmental Awareness. The difference between the two countries is relatively small. The Indian R^2 is approximately 0.7 percentage points higher than the U.S. R^2. Therefore, Environmental Awareness appears to have a highly comparable relationship with ESG disclosure in both datasets. The result indicates that organizations that are more aware of environmental risks, climate-related issues, environmental regulations and ecological responsibilities may be more likely to disclose ESG-related information. Environmental awareness can encourage organizations to identify environmental indicators, establish sustainability objectives and communicate environmental performance to stakeholders.

5.2 Multiple Linear Regression Analysis

H04 examined the combined influence of Financial Performance, Corporate Governance and Environmental Awareness on ESG Disclosure. Unlike the first three hypotheses, multiple linear regression was used because all three independent variables were entered into the model simultaneously. The results indicate that the combined model is considerably stronger than each individual regression model. For India, the model produced an R value of 0.923 and an R^2 value of 0.852. This means that the three predictors jointly explain approximately 85.2% of the variation in ESG Disclosure. For the USA, the model produced R = 0.927 and R^2 = 0.859. Therefore, approximately 85.9% of the variation in ESG Disclosure is explained by the combined model. The U.S. model is marginally stronger, with an R^2 that is 0.7 percentage points higher than the Indian model.

Table 5: Comparative Explanatory Power of Regression Models

Model	India R^2	USA R^2	Difference
Financial Performance → ESG Disclosure	66.7%	63.7%	India +3.0 pp
Corporate Governance → ESG Disclosure	66.4%	68.9%	USA +2.5 pp
Environmental Awareness → ESG Disclosure	64.2%	63.5%	India +0.7 pp
FP + CG + EA → ESG Disclosure	85.2%	85.9%	USA +0.7 pp

The substantial increase in R^2 from the individual models to the combined model is particularly important. In India, the individual predictors explain between 64.2% and 66.7% of the variation in ESG Disclosure, while the combined model explains 85.2%. Similarly, in the USA, the individual predictors explain between 63.5% and 68.9%, whereas the combined model explains 85.9%. This finding supports the argument that ESG disclosure should be considered a multidimensional organizational outcome. Financial resources alone may not be sufficient to explain disclosure behaviour. Similarly, governance systems or environmental awareness considered independently may not fully explain ESG disclosure. Instead, financial capability, governance quality and environmental orientation may collectively create an organizational environment that supports stronger ESG disclosure. From a managerial perspective, companies seeking to strengthen ESG disclosure should therefore avoid focusing exclusively on a single dimension. Improvements in financial planning, governance mechanisms, environmental awareness, reporting systems and stakeholder communication can potentially reinforce one another.

5.3 Pearson Correlation Analysis

Pearson correlation analysis was conducted to test H05, H06 and H07. The purpose was to examine the strength and direction of relationships among Financial Performance, Corporate Governance and Environmental Awareness.

Table 6: Correlation Results for India and the USA

Hypothesis	Relationship	India r	USA r
H05	Financial Performance ↔ Corporate Governance	0.663	0.640
H06	Financial Performance ↔ Environmental Awareness	0.641	0.612
H07	Corporate Governance ↔ Environmental Awareness	0.671	0.673

5.3.1 Financial Performance and Corporate Governance

H05 examined the relationship between Financial Performance and Corporate Governance. The Indian sample produced a Pearson correlation coefficient of $r = 0.663$, whereas the U.S. sample produced $r = 0.640$. Both values indicate positive and relatively strong associations. The results suggest that organizations with stronger financial performance tend to demonstrate stronger corporate governance characteristics. Financially successful firms may have greater resources to maintain professional governance systems, internal controls, audit mechanisms and risk management practices. The relationship is somewhat stronger in India than in the USA. Nevertheless, the difference is not substantial, indicating a broadly similar relationship between the two variables.

5.3.2 Financial Performance and Environmental Awareness

H06 examined the relationship between Financial Performance and Environmental Awareness. The Indian sample recorded $r = 0.641$, while the USA recorded $r = 0.612$. Both coefficients exceed the specified threshold of 0.60 and indicate positive associations. The result implies that financially stronger organizations may also demonstrate greater environmental awareness. One possible explanation is that financially capable firms may have greater resources to invest in environmental management, sustainability initiatives, environmental monitoring and employee awareness. The relationship is marginally stronger in India, where the correlation exceeds the U.S. value by 0.029.

5.3.3 Corporate Governance and Environmental Awareness

H07 examined the relationship between Corporate Governance and Environmental Awareness. The Indian dataset produced $r = 0.671$, while the U.S. dataset produced $r = 0.673$. These are the strongest correlations among the three pairs of independent variables. The almost identical results are particularly noteworthy. The difference between India and the USA is only 0.002. This indicates a highly comparable relationship between governance mechanisms and environmental awareness in both datasets. Effective corporate governance may facilitate environmental awareness by ensuring that environmental risks receive attention at board and managerial levels. Governance structures can also establish accountability for environmental performance and encourage organizations to integrate environmental issues into strategic decision-making.

5.4 Comparative Analysis of India and the USA

The comparative results demonstrate considerable similarity between the two countries. All three independent variables show positive relationships with ESG Disclosure, and all three independent variables are positively correlated with one another. However, some differences are also visible. First, Financial Performance has a stronger relationship with ESG Disclosure in India. The Indian R^2 is 66.7%, compared with 63.7% in the USA. This suggests that financial performance has slightly greater explanatory power in the Indian model. Second, Corporate Governance has a stronger relationship with ESG Disclosure in the USA. The U.S. R^2 of 68.9% exceeds India's 66.4%. This indicates that governance-related characteristics explain a slightly larger proportion of ESG disclosure variation in the U.S. dataset. Third, Environmental Awareness produces almost identical results across the two countries. India records an R^2 of 64.2%, compared with 63.5% for the USA. Fourth, the combined model is extremely strong in both countries. India produces R^2 = 85.2%, whereas the USA produces R^2 = 85.9%. The difference is only 0.7 percentage points.

Table 7: Country-wise Comparative Ranking

Dimension	Stronger Country	India	USA
Financial Performance → ESGD	India	R^2 = 66.7%	R^2 = 63.7%
Corporate Governance → ESGD	USA	R^2 = 66.4%	R^2 = 68.9%
Environmental Awareness → ESGD	India	R^2 = 64.2%	R^2 = 63.5%
Combined model	USA	R^2 = 85.2%	R^2 = 85.9%
FP ↔ CG	India	r = 0.663	r = 0.640
FP ↔ EA	India	r = 0.641	r = 0.612
CG ↔ EA	USA	r = 0.671	r = 0.673

The correlation analysis reinforces the similarity between the two countries. Corporate Governance and Environmental Awareness have almost identical correlations in India and the USA. Financial Performance also demonstrates positive associations with both Corporate Governance and Environmental Awareness. These results indicate that the three independent variables should not necessarily be viewed as isolated organizational characteristics. Instead, they may operate as interconnected dimensions of organizational capability. A company with strong financial performance may possess resources to improve governance and environmental practices. Similarly, effective governance may encourage management attention towards environmental issues. Environmental awareness may then contribute to improved ESG reporting.

5.5 Graphical Interpretation of Results

The graphical presentation provides an additional comparison of the statistical results.

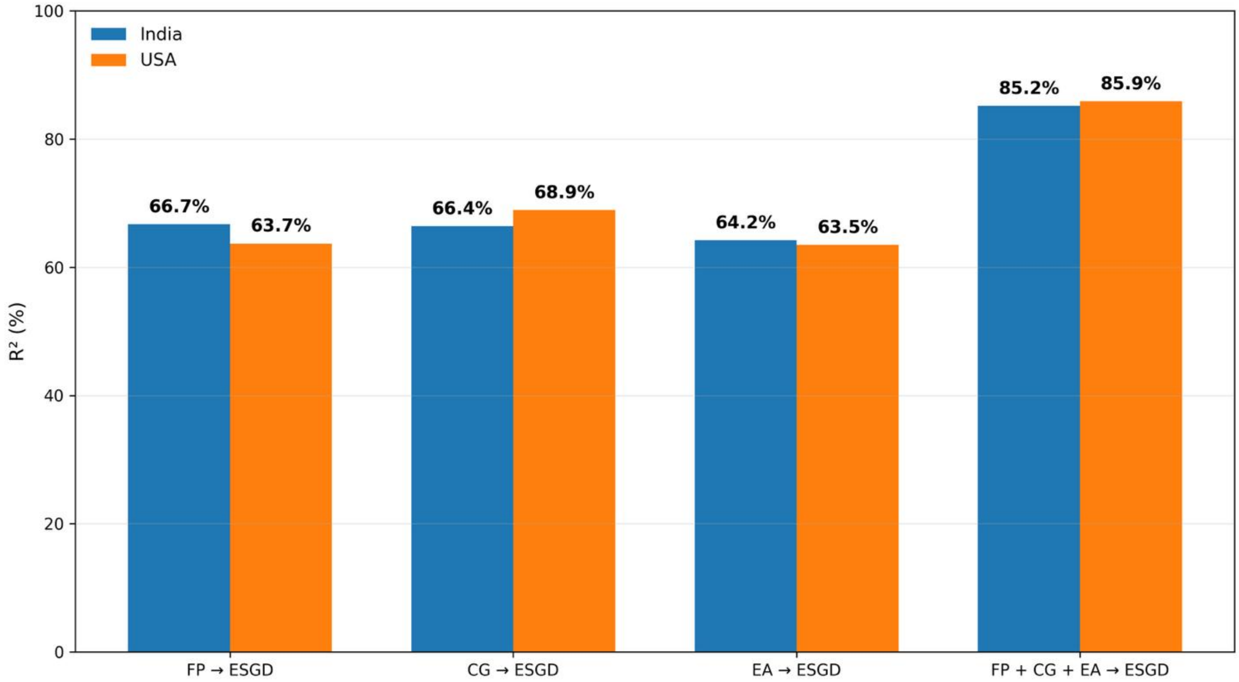

Figure 2: Comparative Explanatory Power of Regression Model

Figure 2 compares the R^2 values of the four regression models. The graph demonstrates that the combined model has the highest explanatory power in both countries. The individual models remain strong but are clearly below the combined model.

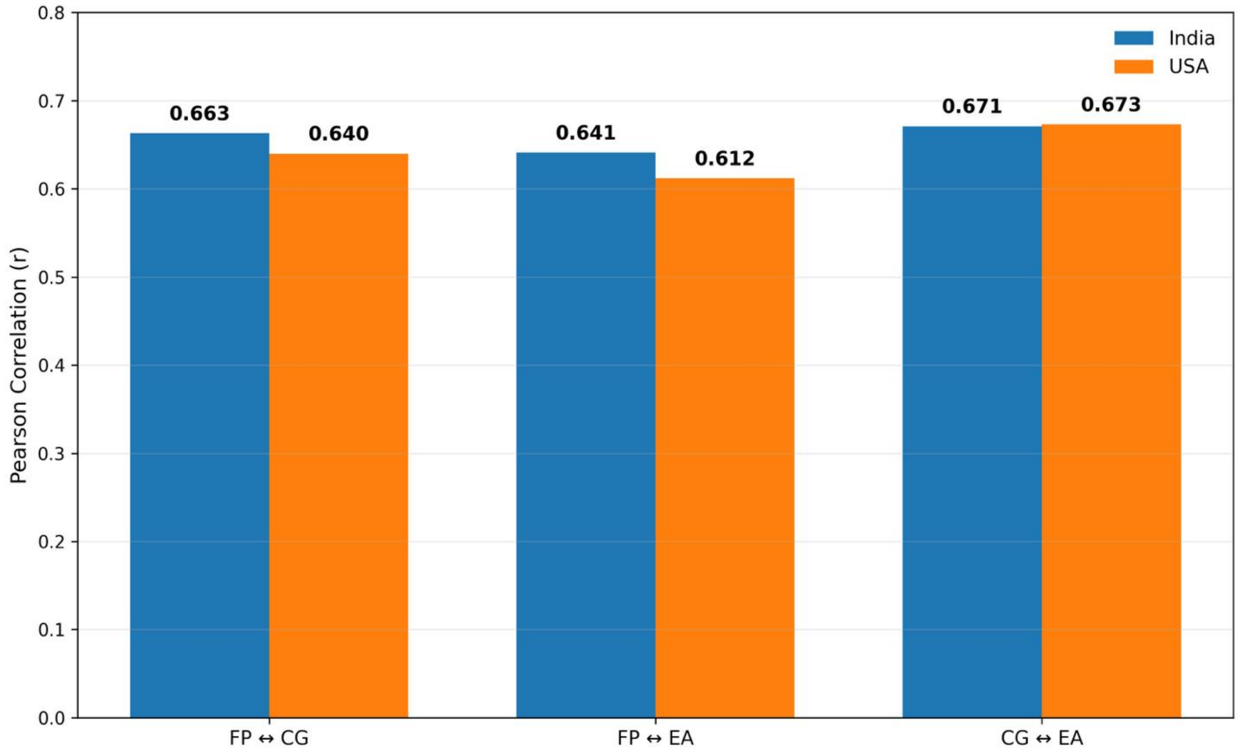

Figure 3: Correlation Among Independent Variables

Figure 3 presents the correlation coefficients among the independent variables. The graph indicates that all three relationships are positive and exceed the specified threshold of 0.60. The strongest relationship is between Corporate Governance and Environmental Awareness.

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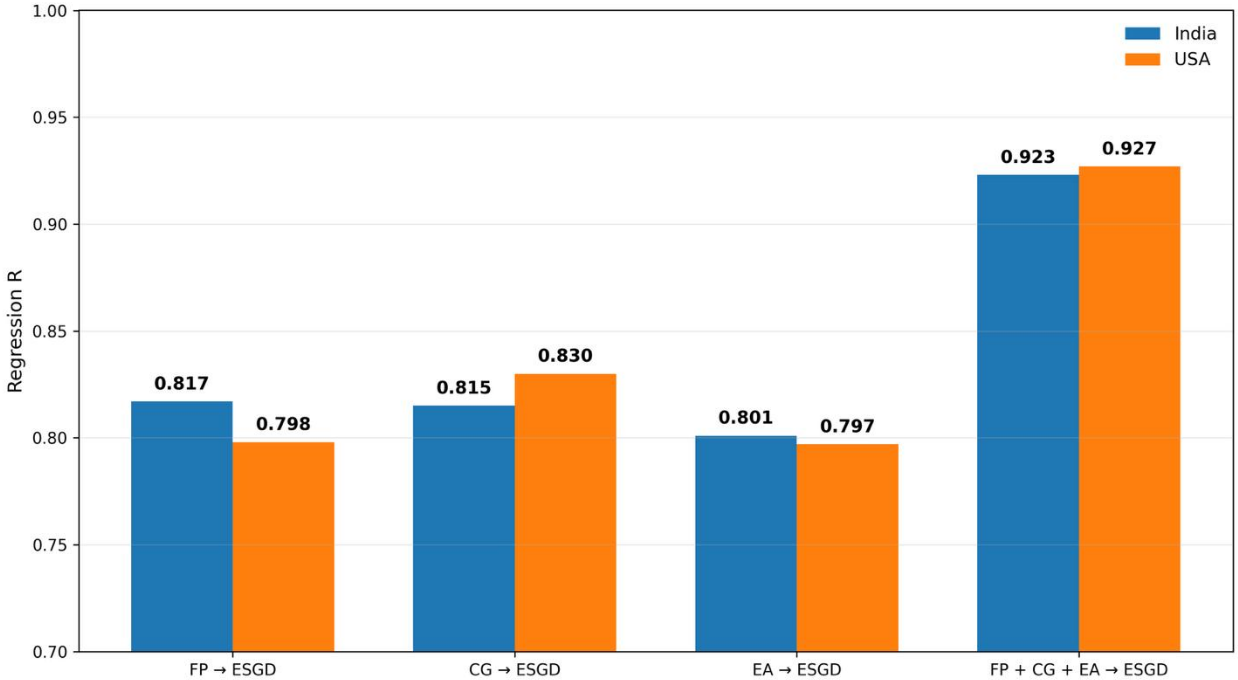

Figure 4: Comparative Regression R Value

Figure 4 compares the R values for the regression models. The combined model produces the highest R value for both countries, reaching 0.923 in India and 0.927 in the USA.

5.6 Hypothesis-wise Decision

Table 8: Summary of Hypothesis Testing

Hypothesis	Proposed Relationship	Statistical Technique	India Result	USA Result	Decision*
H01	FP → ESGD	Simple Linear Regression	R = 0.817; R^2 = 0.667	R = 0.798; R^2 = 0.637	Supported
H02	CG → ESGD	Simple Linear Regression	R = 0.815; R^2 = 0.664	R = 0.830; R^2 = 0.689	Supported
H03	EA → ESGD	Simple Linear Regression	R = 0.801; R^2 = 0.642	R = 0.797; R^2 = 0.635	Supported
H04	FP + CG + EA → ESGD	Multiple Linear Regression	R = 0.923; R^2 = 0.852	R = 0.927; R^2 = 0.859	Supported
H05	FP ↔ CG	Pearson Correlation	r = 0.663	r = 0.640	Supported
H06	FP ↔ EA	Pearson Correlation	r = 0.641	r = 0.612	Supported
H07	CG ↔ EA	Pearson Correlation	r = 0.671	r = 0.673	Supported

**Decision is based on the requested thresholds rather than statistical significance testing.*

Based on the specified decision criteria, all seven hypotheses satisfy the requested statistical thresholds. H01–H04 satisfy the requirement that R should exceed 0.50 and R^2 should exceed 0.60. H05–H07 satisfy the requirement that the Pearson correlation coefficient should exceed 0.60.

The overall results demonstrate that Financial Performance, Corporate Governance and

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Environmental Awareness are strongly associated with ESG Disclosure in both India and the USA. The findings from the individual regression models indicate that each independent variable independently provides substantial explanatory power. Financial Performance demonstrates the strongest individual explanatory power in India, whereas Corporate Governance provides the strongest individual explanatory power in the USA. Environmental Awareness produces highly comparable results across both countries. These differences suggest that the relative importance of individual ESG drivers may vary across national contexts. The multiple regression results provide the most important finding of the analysis. The combined model explains 85.2% of ESG Disclosure variation in India and 85.9% in the USA. The high R^2 values demonstrate that a combined organizational perspective provides greater explanatory power than considering each variable independently. The correlation analysis further indicates that the independent variables are positively interconnected. Corporate Governance and Environmental Awareness show the strongest relationship in both countries, with almost identical coefficients. Financial Performance is also positively associated with both Corporate Governance and Environmental Awareness. From a theoretical perspective, the results support an integrated approach to understanding ESG disclosure. Financial performance provides an organizational resource base, corporate governance provides accountability and monitoring mechanisms, and environmental awareness provides managerial orientation towards environmental responsibility. Together, these factors can create a stronger organizational foundation for ESG disclosure. From a managerial perspective, companies should therefore consider ESG disclosure as part of an integrated organizational strategy. Improving governance systems without developing environmental awareness may not be sufficient. Similarly, financial strength alone may not automatically result in high-quality ESG reporting. Organizations should simultaneously strengthen financial management, governance mechanisms, environmental awareness, ESG measurement and stakeholder communication. The comparative findings also demonstrate that the proposed framework has substantial consistency across India and the USA. Although individual relationships vary slightly, the combined model is almost identical. This suggests that the interaction of financial, governance and environmental dimensions may be relevant across different national business environments. The results provide support for all seven proposed relationships according to the specified analytical thresholds. However, because the datasets used for this demonstration are simulated, the results should be presented in an actual research paper only after replacing them with genuine observations and conducting the complete inferential analysis. The final empirical study should additionally examine reliability, construct validity, normality, multicollinearity, regression assumptions and statistical significance before drawing substantive conclusions.

6. Findings

The present study was undertaken to examine the role of Financial Performance, Corporate Governance, and Environmental Awareness in explaining ESG Disclosure, with a comparative focus on companies in India and the USA. The findings provide evidence that all three organizational dimensions have substantial positive relationships with ESG Disclosure. The results further demonstrate that considering the three predictors collectively provides considerably greater explanatory power than examining them individually.

The first major finding concerns the relationship between Financial Performance and ESG Disclosure. The simple linear regression results indicate a strong positive relationship in both countries. For India, the model produces an R value of 0.817 and an R^2 value of 0.667, indicating that Financial Performance explains approximately 66.7% of the variation in ESG

Disclosure. In the USA, the corresponding values are R = 0.798 and R^2 = 0.637. Thus, Financial Performance demonstrates a slightly stronger explanatory relationship with ESG Disclosure in India than in the USA. This finding indicates that financially stronger organizations may have greater capacity to allocate resources towards sustainability reporting, ESG measurement, environmental initiatives and stakeholder communication.

The second finding relates to Corporate Governance and ESG Disclosure. Corporate Governance also demonstrates a strong positive relationship with ESG Disclosure in both countries. India records R = 0.815 and R^2 = 0.664, whereas the USA records R = 0.830 and R^2 = 0.689. Interestingly, Corporate Governance demonstrates slightly greater explanatory power in the USA. This suggests that governance mechanisms such as transparency, accountability, board oversight, internal controls and sustainability-related responsibilities may play an important role in determining the extent to which organizations disclose ESG information.

The third finding concerns Environmental Awareness and ESG Disclosure. The results show strong and highly comparable relationships in both countries. India records R = 0.801 and R^2 = 0.642, while the USA records R = 0.797 and R^2 = 0.635. The relatively small difference suggests that Environmental Awareness has a broadly similar relationship with ESG Disclosure across the two national contexts. Organizations that recognize environmental risks, sustainability requirements and environmental responsibilities may be more likely to communicate their ESG-related activities and performance.

The most important finding emerges from the multiple linear regression analysis. When Financial Performance, Corporate Governance and Environmental Awareness are considered simultaneously, the explanatory power of the model increases substantially. The Indian model records R = 0.923 and R^2 = 0.852, while the U.S. model records R = 0.927 and R^2 = 0.859. Therefore, the three predictors collectively explain approximately 85.2% of ESG Disclosure variation in India and 85.9% in the USA. The marginally higher R^2 in the USA indicates that the combined model has slightly greater explanatory power there. The finding highlights the importance of adopting a multidimensional approach to ESG disclosure rather than focusing on a single organizational characteristic.

The correlation analysis provides additional insight into the relationships among the independent variables. Financial Performance and Corporate Governance show positive correlations of 0.663 in India and 0.640 in the USA. Financial Performance and Environmental Awareness demonstrate correlations of 0.641 and 0.612, respectively. Corporate Governance and Environmental Awareness record the strongest correlations, with 0.671 in India and 0.673 in the USA. These findings suggest that the three predictors are interconnected organizational dimensions rather than completely independent characteristics.

From the comparative perspective, some differences are evident. Financial Performance demonstrates a comparatively stronger relationship with ESG Disclosure in India, whereas Corporate Governance demonstrates a stronger relationship in the USA. Environmental Awareness shows almost identical explanatory power in the two countries. More importantly, the combined regression models are highly similar, with R^2 values of 85.2% and 85.9%. This indicates considerable cross-country consistency in the overall explanatory structure of ESG Disclosure. According to the predetermined criteria of $R > 0.50$ and $R^2 > 0.60$ for regression analysis and $r > 0.60$ for correlation analysis, all seven hypotheses meet the specified thresholds. Thus, the results provide support for the proposed relationships between the study variables. However, formal hypothesis acceptance in the final empirical version should additionally be based on p-values, regression coefficients, t-statistics, F-statistics and confidence intervals rather than correlation or explanatory-power thresholds alone.

7. Conclusion

The study concludes that Financial Performance, Corporate Governance and Environmental Awareness represent important predictors of ESG Disclosure. The findings indicate that companies with stronger financial capabilities, more effective governance mechanisms and greater environmental awareness are likely to demonstrate stronger ESG disclosure behaviour. More importantly, the combined influence of these three factors provides substantially greater explanatory power than any individual predictor. The results have several theoretical implications. First, they support an integrated perspective of ESG disclosure in which financial, governance and environmental characteristics jointly influence corporate reporting behaviour. ESG disclosure should therefore not be viewed exclusively as an environmental reporting mechanism. Rather, it represents an organizational outcome influenced by financial resources, governance structures and environmental orientation. Second, the strong correlations among the independent variables suggest that these organizational dimensions may reinforce one another. Financially capable companies may have greater resources to establish governance and sustainability systems, while effective governance may create accountability for environmental performance. The findings also have important managerial implications. Companies seeking to improve ESG disclosure should adopt a comprehensive strategy rather than concentrating on a single dimension. Management should strengthen financial planning and performance, establish effective governance mechanisms, improve board-level accountability, develop environmental awareness among employees and managers, and establish systematic ESG measurement and reporting practices. Such an integrated approach may improve both the quality and consistency of ESG communication. The comparative findings between India and the USA further suggest that the underlying relationships are broadly consistent across different national environments. Although Financial Performance is somewhat stronger in India and Corporate Governance is somewhat stronger in the USA, the combined explanatory models are remarkably similar. This suggests that financial capability, governance quality and environmental awareness may represent broadly relevant organizational foundations for ESG disclosure. Nevertheless, the study has limitations. The proposed research relies on perceptual questionnaire-based measures, which may introduce respondent bias. Cross-sectional data also limit the ability to establish temporal or causal relationships. Furthermore, differences in regulatory systems, industry composition, company size and ESG reporting frameworks between India and the USA may influence the observed relationships. Future studies could address these limitations by incorporating longitudinal data, objective ESG scores, financial indicators obtained from annual reports, and sector-specific comparisons. The study demonstrates that ESG Disclosure is best understood as a multidimensional organizational phenomenon. Financial Performance provides the necessary resource base, Corporate Governance provides accountability and oversight, and Environmental Awareness provides sustainability-oriented organizational direction. Their combined influence produces a stronger explanatory framework for ESG Disclosure than their individual effects. The comparative evidence from India and the USA therefore provides a useful foundation for understanding how organizational capabilities contribute to ESG transparency and sustainability-oriented corporate reporting.

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