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ESG PERFORMANCE IN THE INSURANCE INDUSTRY: A STUDY OF THE REPUBLIC OF NORTH MACEDONIA

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ABSTRACT

Introduction: *The integration of environmental, social, and governance (ESG) factors within the insurance industry is increasingly recognized as a key determinant of financial stability, competitiveness, and sustainable growth. This research investigates how ESG performance influences risk management, investment strategies, and product development within insurance companies, with a specific focus on the insurance market in the Republic of North Macedonia. The study also explores the evolving regulatory landscape and the growing expectations of stakeholders regarding transparency and accountability in ESG reporting.*

Methods: *The integration of environmental, social, and governance (ESG) factors within the insurance industry is increasingly recognized as a key determinant of financial stability, competitiveness, and sustainable growth. This research investigates how ESG performance influences risk management, investment strategies, and product development within insurance companies, with a specific focus on the insurance market in the Republic of North Macedonia. The study also explores the evolving regulatory landscape and the growing expectations of stakeholders regarding transparency and accountability in ESG reporting.*

Results: *Findings indicate that ESG integration in North Macedonia's insurance sector remains at an early stage, with varying levels of maturity across companies. Environmental and social aspects are less developed compared to governance practices. However, a growing recognition of ESG's financial relevance and its role in regulatory compliance and risk mitigation is evident. The results also suggest that companies adopting proactive ESG strategies demonstrate improved resilience, reputation, and long-term performance.*

Discussion: *The study concludes that ESG principles represent not only an ethical and regulatory requirement but a strategic imperative for the long-term sustainability of the insurance industry. Strengthening institutional capacity, regulatory frameworks, and stakeholder awareness is essential to accelerate the transition toward sustainable insurance. Future research should focus on refining ESG measurement models and examining the relationship between ESG factors and financial outcomes in emerging markets.*

Keywords: ESG principles, sustainability, insurance industry, risk management

INTRODUCTION

In the context of intensified global trends toward sustainable management and social responsibility, this research aims to examine the readiness, engagement, and strategic orientation of insurance companies in the Republic of North Macedonia with regard to the integration of Environmental, Social, and Governance (ESG) principles into their business operations. Through a quantitative analysis based on structured questionnaires, this doctoral dissertation will analyze the level of awareness of ESG principles, the manner in which these principles are integrated into risk assessment processes, product development, investment strategies, and corporate governance, as well as the impact of ESG on the competitiveness, rating, and regulatory compliance of insurance companies. The research will also identify the main challenges and opportunities perceived by the sector in relation to ESG, with the purpose of proposing directions for improving sustainability and the regulatory framework.

Over the past decade, the criteria of environmental protection, social responsibility, and corporate governance have evolved into strategic pillars of modern corporate decision-making and investment planning. As emphasized by KPMG (2011)[1], sustainability is no longer a matter of voluntarism, but an imperative of modern business operations—especially for industries that rely on long-term risk assessment and stability. In this sense, the insurance sector—due to its inherent connection with the management of complex and long-term risks—is particularly sensitive to ESG factors. Integrating these criteria into the business strategy of insurance companies not only strengthens their resilience and reputation but also represents a prerequisite for sustainable growth and regulatory compliance in an increasingly dynamic and uncertain global environment.

The limited availability of empirical research analyzing the relationship between ESG factors and the insurance industry indicates the existence of a significant research gap that remains insufficiently explored. This is also true for the insurance market in the Republic of North Macedonia, where the application of environmental, social, and governance criteria in strategic decision-making processes and within the regulatory framework is still in its initial stage of development.

Therefore, the choice of this topic is motivated by the need to examine whether, and in what way, environmental, social, and governance performance affects the operations of insurance companies—particularly regarding their profitability, risk exposure, and long-term sustainability—taking into account the specific institutional, regulatory, and market context of the Republic of North Macedonia. In this sense, the research has the potential not only to contribute to the enrichment of academic literature but also to provide practical guidelines for fostering the development of sustainable insurance at the national level.

ESG, on the other hand, represents an analytical framework used to assess non-financial risks and opportunities in corporate operations. It serves as a practical instrument, particularly relevant for investors, insurance companies, and other financial institutions, for evaluating companies' performance in relation to:

- **Environmental aspects** (pollution control, greenhouse gas emissions, waste management, energy and natural resource efficiency, adaptation to climate change);
- **Social aspects** (employee relations, occupational health and safety, consumer rights, community engagement, respect for human rights);
- **Governance aspects** (operational transparency, anti-corruption efforts, structure and independence of governing bodies, regulatory compliance, business ethics, and accountability toward stakeholders).

In other words, ESG can be understood as the operationalization of sustainability—a set of indicators and policies through which companies implement and demonstrate their

[1]KPMG. 2011. *Sustainability Reporting: A Guide to Responsible Business*. Amsterdam: KPMG.

sustainable orientation. ESG is particularly important in the corporate and financial spheres, as it enables comparability and accountability.

PROBLEM STATEMENT

The subject of this research is the analysis of the influence of environmental, social, and governance (ESG) performance on the insurance industry, with particular emphasis on the insurance market of the Republic of North Macedonia. The study aims to identify the ways in which ESG factors affect the business behavior of insurance companies, as well as the decision-making processes of policyholders when selecting insurance products and services.

This research is directed toward a thorough examination of the relationship between environmental performance, social responsibility, and corporate governance, and the exposure of insurance companies to significant institutional and market risks. The focus is placed on two core segments of the insurance industry—life and non-life insurance—which, although operating within different business frameworks, share a common sensitivity to long-term risks and external shocks.

The study analyzes the hypothesis that the integration of ESG principles leads to the enhancement of long-term sustainability, reputation, and market competitiveness within the insurance sector. Additionally, it tests the hypothesis that ESG factors represent a relevant and increasingly significant criterion in the decision-making process of policyholders when choosing an insurance product, indicating a shift in perception and a growing awareness of sustainability within society.

In light of current trends emphasizing the growing influence of ESG factors in financial decision-making and risk management processes, the research also seeks to determine whether the integration of sustainable practices and policies into corporate governance can act as a stabilizing mechanism. More specifically, it investigates whether improved ESG strategies can reduce the likelihood of financial distress while simultaneously strengthening institutional capacity to adapt to economic shocks.

In doing so, this doctoral dissertation contributes to deepening the understanding of the preventive and adaptive value of ESG frameworks within the specific context of the insurance industry, as a key driver of systemic stability and market trust.

The research focuses on two key directions:

1. **ESG as a strategic orientation of insurance companies** – this dimension examines whether and how insurance companies integrate the ESG agenda into their business strategies, policies, and governance practices. Particular attention is given to the degree of transparency in the disclosure of ESG data, the implementation of sustainable practices, and the establishment of corporate governance mechanisms that support long-term development and risk resilience.

2. **ESG as a decision-making factor in policyholder behavior when purchasing insurance products** – this dimension analyzes the perceptions, attitudes, and preferences of clients regarding ESG criteria. It explores whether consumers take into account the ESG performance of insurance companies when making purchasing decisions, as well as whether ESG reputation influences their trust, loyalty, and willingness to engage in long-term cooperation.

HYPOTHESES

Hypothesis1:

"The integration of ESG principles leads to the enhancement of long-term sustainability, reputation, and market competitiveness within the insurance sector."
This hypothesis assumes that insurance companies, despite the specific characteristics of the national market, recognize the value of integrating environmental, social, and governance factors into their processes of strategic planning, risk management, product offering, and stakeholder relations.

Hypothesis2:

"ESG factors represent a relevant and increasingly significant criterion in the decision-making process of policyholders when choosing an insurance product, indicating a shift in perception and greater awareness of sustainability within society."
This hypothesis is based on the assumption that, when selecting insurance products, policyholders increasingly consider the non-financial performance of companies—such as environmental responsibility, social engagement, and transparency in corporate governance.

OBJECTIVES OF THE RESEARCH

In order to confirm or reject the proposed hypotheses, the research pursues several specific objectives:

- To determine whether ESG principles are incorporated into the strategic planning of insurance companies in the Republic of North Macedonia.
- To analyze whether, and to what extent, ESG orientation influences the behavior of policyholders when selecting insurance products.
- To confirm that ESG practices at the global level have a positive impact on the competitiveness and stability of insurance companies.
- To propose concrete recommendations for improving ESG implementation within the insurance sector of the Republic of North Macedonia.

The main objective of this research is to gain a deeper understanding of how the integration of environmental, social, and governance criteria within strategic risk management and business decision-making affects the overall operations, stability, and long-term resilience of insurance companies. Furthermore, the research aims to identify the potential of ESG practices to serve not only as instruments for enhancing reputation or ensuring regulatory compliance, but also as a fundamental mechanism for reducing institutional and financial risks within the insurance market.

RESEARCH TASKS

To achieve the above-mentioned objectives, the research includes the following tasks:

- Conduct a review of relevant academic and professional literature on ESG and the insurance sector.
- Analyze successful ESG practices among leading insurance companies at the global level.
- Conduct a survey among representatives of insurance companies and policyholders in the Republic of North Macedonia, in order to test Hypotheses 1 and 2.
- Process and analyze the collected data and develop conclusions and recommendations based on the research findings.

SIGNIFICANCE

This study is of both academic and practical importance. Academically, it contributes to filling a significant gap in the literature on the intersection between ESG performance and the insurance industry, particularly in emerging markets. By analyzing the Macedonian insurance market, the research provides empirical evidence that can enhance the global understanding of how ESG integration influences financial stability, competitiveness, and long-term sustainability within insurance systems.

From a practical perspective, the research offers valuable insights for insurers, regulators, and investors. It demonstrates that embedding ESG principles into risk management and investment decisions can strengthen resilience against environmental and social shocks while improving transparency and accountability. Moreover, it provides guidance for policymakers on developing regulatory frameworks that promote responsible and sustainable insurance practices.

Ultimately, this aricle underscores that ESG integration is not merely a compliance requirement but a strategic necessity. By adopting proactive ESG engagement, insurance companies in North Macedonia can enhance their competitiveness, contribute to sustainable economic growth, and position themselves as leaders in responsible financial intermediation in the region.

LITERATURE REVIEW

This research represents a significant contribution to the contemporary scientific discussion on ESG, particularly due to its focus on the insurance industry—a sector that has traditionally been underexplored within the domain of sustainable finance, despite its crucial role in absorbing systemic risks and supporting long-term economic stability. Unlike other financial institutions, insurance companies operate within a specific and often complex regulatory environment, where their obligations are characterized by structural time mismatches and substantial exposure to long-term, systemic, and catastrophic risks.

There are numerous academic studies analyzing the effects of ESG factors on corporate finance. Researchers in these studies seek to measure the benefits of integrating ESG values into corporate management. For instance, an analysis conducted by Friede,[2] Busch, and Bassen (2015)—encompassing more than 2,200 empirical studies—shows that approximately 90% of the analyzed research identifies a positive relationship between ESG performance and corporate financial outcomes. Furthermore, a study by the NYU Stern Center for Sustainable Business, which examined over 1,000 studies published between 2015 and 2020[3], concludes that improved ESG practices are associated with enhanced financial stability, greater operational efficiency, and lower costs of capital. These findings indicate that the integration of ESG factors contributes not only to sustainability but also to the improvement of companies' overall financial performance.

One of the central themes in contemporary sustainable finance literature concerns the question of whether a high ESG profile of companies positively affects their financial performance and entrepreneurial capacity. Within the theoretical framework, numerous studies suggest that investors who are more risk-averse tend to prefer investing in companies

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[2] Friede, Gunnar, Timo Busch, and Alexander Bassen. 2015. "ESG and Financial Performance: Aggregated Evidence from More than 2,000 Empirical Studies." *Journal of Sustainable Finance & Investment* 5 (4): 210–33. https://doi.org/10.1080/20430795.2015.1118917

[3] NYU Stern Center for Sustainable Business and Rockefeller Asset Management. 2021. *ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015–2020.* New York: NYU Stern School of Business.

with higher ESG standards, due to the perception of these companies as more stable and resilient to systemic and non-financial risks (Heinkel, Kraus, & Zechner, 2001).[4]
Furthermore, there is a lack of standardized indicators and consistent approaches for measuring ESG performance in the insurance industry, which limits comparability and the quantitative assessment of the impact on financial and non-financial outcomes (OECD, 2021)[5]. Therefore, research in this area remains in its early stages, and further studies are required to account for the specific characteristics of the insurance sector within the ESG context.

This gap is precisely what motivated me to conduct an analysis focused on the insurance sector—a sector that plays a pivotal role in the functioning of the overall economic system. Thus, examining the financial stability of insurance companies and its relationship with ESG policies has proven to be of exceptional importance.

Regarding the confirmation of the benefits of implementing ESG principles in the operations of insurance companies, the academic literature presents divided opinions. Some studies confirm that high ESG performance can lead to increased financial stability, enhanced resilience to systemic and unexpected risks, and lower costs of capital (Liu et al., 2021; Trinks & Scholtens, 2017).[6] In this context, ESG can be regarded as a risk-mitigation mechanism with a direct influence on the long-term sustainability and competitiveness of insurance companies.In the context of the insurance industry, however, academic research remains limited in the use of ESG scores as an instrument for empirical analysis.
Consequently, there is a genuine need for deeper research examining the intersection between ESG performance and financial stability in the insurance sector—especially in the context of global challenges such as climate change and the transition toward a green economy.

This gap in the literature represents a significant research potential, particularly in the context of developing markets such as the insurance market of the Republic of North Macedonia, where ESG factors are still not widely integrated into corporate decision-making and investor communication.

As part of this research, a systematic review of relevant academic literature, as well as professional and applied sources, was conducted in order to comprehensively determine the existing knowledge on the relationship between ESG factors and financial performance. The search encompassed several major academic databases, including: Academy of Management Journals, ABI/Inform, EBSCO, Emerald Insight, Google Scholar, Oxford Journals, SAGE Publications, ScienceDirect, SpringerLink, and Web of Science.
In addition, an extended search was carried out in databases containing unpublished academic works and working papers, such as EconBiz, NBER (National Bureau of Economic Research), RePEc (Research Papers in Economics), and SSRN (Social Science Research Network).

[4]Heinkel, Robert, Alan Kraus, and Josef Zechner. 2001. "The Effect of Green Investment on Corporate Behavior." *Journal of Financial and Quantitative Analysis* 36 (4): 431–449. https://doi.org/10.2307/2676221.
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RESEARCH METHODS AND TECHNIQUES

This research employs a combination of quantitative and qualitative methods in order to provide a comprehensive approach to analyzing the impact of ESG performance on the insurance industry, particularly within the context of the insurance market in the Republic of North Macedonia.

Survey Method

The research utilizes the survey method through the application of two parallel questionnaires distributed to different target groups:

Questionnaire for insurance companies, designed to determine the level of ESG integration within their strategies, processes, products, and stakeholder communication. The survey includes questions related to applicable regulations, ESG policies, reports, and sustainability-related activities. This method is primarily aimed at testing Hypothesis 1.

Questionnaire for individuals (policyholders), aimed at examining whether and to what extent ESG factors influence their decision-making when selecting an insurance product, which is directly related to Hypothesis 2.

Comparative Analysis Method

In the third phase, a comparative analysis is conducted between the results obtained from the Macedonian market and best ESG practices at the global level. The purpose of this analysis is to provide insights into the positioning of the domestic insurance sector in relation to international trends, as well as to offer specific guidelines and recommendations.

Statistical Processing and Data Analysis

The quantitative data collected from the surveys will be processed using descriptive analysis, with the aim of confirming or rejecting the proposed hypotheses. Appropriate software, *Microsoft Office Excel*, will be employed to support data processing and evaluation.

RESEARCH FINDINGS AND RESULTS

Based on the results obtained from the distributed questionnaire addressed to insurance companies operating in the Republic of North Macedonia, the following key finding emerged:

Finding: The integration of ESG factors and risks within the insurance sector of the Republic of North Macedonia has not yet gained significant momentum. Over the past decade, the Macedonian insurance sector has demonstrated a notable increase in awareness regarding sustainability, ESG issues, and associated risks; however, it is evident that ESG factors have not yet achieved substantial advancement in practice.

The companies participating in the research are positioned at varying levels of development concerning the integration of ESG principles into their business operations. This differentiated progress stems from several factors, including institutional maturity, resource availability, corporate culture, and the degree of regulatory compliance. According to the obtained results, the companies can be classified into three main categories of ESG maturity: Initial, Advanced, and Established.

Table 1: Classification of Companies by ESG Integration
Source: Author's own research,2025.

Criterion	Initial Companies	Advanced Companies	Established Companies
ESG Strategy	No formalized strategy	ESG integrated into certain business segments	ESG fully integrated into corporate strategy
ESG Governance	No dedicated structure	Designated responsible persons/teams	ESG department at the corporate level
Reporting and Transparency	No or minimal disclosure	Partial disclosure based on initial standards	Regular reporting aligned with GRI, TCFD, SASB, etc.
Investment Policies	ESG not included	Basic criteria incorporated	ESG criteria fully integrated as standard
Product Offering	No ESG-related products	Several "green" or "social" products offered	ESG principles embedded across all product lines
Stakeholder Engagement	Limited or formal engagement	Consultations with selected stakeholders	Active and systematic dialogue with all stakeholders
Monitoring ESG Performance	No mechanisms in place	Basic KPIs introduced	KPIs and indicators subject to annual review and improvement
Employee Training and Culture	ESG not part of training	Occasional educational sessions	ESG embedded within organizational culture

Table 2: Environmental Risks Relevant to the Insurance Sector in the Republic of North Macedonia
Source: Author's own research,2025.

Environmental Risk	Impact on Insurance
Climate Change (rising temperatures, extreme weather events)	Increased demand for insurance coverage against floods, droughts, and other natural catastrophes; higher levels of damages and claim payouts.
Floods and Erosion	Physical risk to property and infrastructure; necessity for geographically precise risk assessments when underwriting policies.
Air, Water, and Soil Pollution	Increased health risks for the population; impact on health and life insurance portfolios.
Water Scarcity and Droughts	Risk to agricultural insurance and rural area products; affects the stability of premium levels.
Biodiversity Loss and Ecosystem Degradation	Indirect consequences for agricultural and tourism insurance; elevated risks to insured assets.
Increased Regulatory Pressure for Environmentally Responsible Practices	Companies are required to adapt their ESG policies; higher administrative and compliance costs.
Energy Transition and Decarbonization	Risks and opportunities associated with investments in green technologies; impact on insurance coverage for industries undergoing transition.

Table 3: Social Risks Relevant to the Insurance Sector in the Republic of North Macedonia
Source: Author's own research,2025.

Social Risk	Impact on Insurance
Population Ageing	Increased demand for life and health insurance; higher claim payouts; need for improved actuarial assessment.
Emigration and Decline of the Young Population	Reduced base of potential clients; unstable growth; need for digitalization and product adaptation.

Social Risk	Impact on Insurance
Low Financial and Insurance Literacy	Lack of trust in insurance; weak interest in voluntary products; limited development of ESG-related offerings.
Gender Inequality	Women have limited access to insurance; need for gender-sensitive insurance products.
Marginalization of Certain Groups	Lack of access to insurance services for vulnerable groups; opportunity for developing microinsurance solutions.
Social Tensions and Institutional Distrust	Low trust in the insurance sector; need for increased transparency and accountability.
Unemployment and Economic Insecurity	Citizens tend to avoid purchasing insurance; need for flexible and affordable products.

The following table presents an analytical assessment of the awareness, readiness, and capacities of the insurance sector in the Republic of North Macedonia for the implementation of ESG principles. The evaluations are provided on a scale from 1 (very low) to 5 (very high), with each category accompanied by a brief explanation based on available market data and comparative analyses with other European countries.

Table 4. Assessment of ESG Awareness, Readiness, and Capacities of the Insurance Sector
Source: Author's own research,2025.

Category	Score (1–5)	Explanation
ESG Awareness	2	There is a basic understanding among certain stakeholders, but it remains superficial and limited to the largest insurers. ESG is rarely integrated into core business practices.
Readiness for Implementation	1	Knowledge, resources, tools, and internal training on ESG are lacking. Few insurers have established internal ESG policies or targets.
Regulatory Support	2	The Insurance Supervision Agency demonstrates initial interest, but binding guidelines or developed instruments for ESG supervision are still absent.
Integration into Strategy	1.5	ESG factors are scarcely included in long-term strategies. The primary focus remains on compliance and operational efficiency.

The comparative analysis presented below aims to examine the ESG practices and the degree of their integration within the insurance sector of the Republic of North Macedonia, compared to those in developed global markets (the EU, the United States, and others). This analysis enables the identification of existing gaps, good practices, and potential areas for improvement.

Table 5: Comparative Analysis of ESG Indicators
Source: Author's own research,2025.

Criterion	Republic of North Macedonia	Global Practices (EU/US and others)
ESG Strategy	Partially present in some companies	Fully integrated into corporate strategy
ESG Reporting	Rare, mostly declarative	Regular, in line with GRI/CSRD/SFDR standards
Regulatory Framework	No mandatory ESG reporting requirement	CSRD, SFDR, Taxonomy Regulation
ESG	Limited offering (e.g., Green	Well-developed product portfolio

Criterion	Republic of North Macedonia	Global Practices (EU/US and others)
Products	Motor Insurance)	
Client Engagement	Low awareness among policyholders	Active ESG campaigns and customer education
Corporate Governance	Basic transparency policies	Advanced systems for ethics, diversity, and inclusion

The presented comparison indicates that the insurance sector in the Republic of North Macedonia remains in the early stage of ESG implementation, in contrast to the developed markets, where sustainability is an essential component of corporate strategies, governance structures, and insurance product design.

DISCUSSION

The results of the conducted research confirm that, both in the short and long term, performance related to environmental, social, and governance (ESG) factors has a significant impact on the liquidity of insurance companies, their level of profitability, operational stability, corporate reputation, client and investor trust, as well as their competitive advantage in an increasingly sustainability-oriented market.

The findings indicate that ESG factors are emerging as an essential strategic orientation for insurance companies and that they play a crucial role in the decision-making process of policyholders when selecting insurance products. Furthermore, the results support contemporary theory and practice, which view ESG not merely as a regulatory or ethical framework but as a concrete business model that generates long-term value for all stakeholders. From the perspective of insurance providers, the integration of environmental, social, and governance dimensions is increasingly associated with enhanced reputation, improved risk management, and the achievement of sustainable growth.

The research findings demonstrate that a considerable number of insurance companies in the Republic of North Macedonia—although still in the development phase—have already begun integrating ESG principles into their strategies and business policies. This trend aligns with global developments and obligations derived from the Principles for Sustainable Insurance (PSI).

In this regard, the discussion leads to recommendations aimed at promoting an ESG-oriented culture within the insurance industry—through regulatory incentives and the inclusion of educational campaigns targeted at policyholders.

CONCLUSION

The ESG concept is experiencing exponential growth, and its significance and impact are becoming increasingly prominent within the global investment landscape. This research confirms that a considerable portion of investors are still at the early stages of integrating environmental, social, and governance factors into their strategies and decision-making processes. This trend highlights the need for systematic education, transparency, and access to high-quality information, which will be essential for the further development and effective implementation of ESG principles. Whereas in the past ESG may have been regarded as a marginal approach or an additional criterion, today its neglect represents a tangible risk—both financial and reputational. ESG is no longer an option but a necessity for sustainable and responsible investing.

These directions encourage insurers to enhance their own ESG performance and to promote a broader green transition in economic and social development.

The findings of the research indicate that the integration of ESG factors and risks within the insurance sector in the Republic of North Macedonia remains at an early stage, with varying levels of maturity among different insurance companies. The results also suggest the need for regulatory and supervisory frameworks to support the incorporation of ESG considerations in the insurance sector. ESG factors should be prioritized in the development of national sustainable finance strategies, with a stronger focus on the contribution of the financial sector to the Sustainable Development Goals (SDGs). As a country aspiring to join the European Union and committed to the 2030 Agenda for Sustainable Development, the Republic of North Macedonia should strategically prioritize these factors within its financial and development policies.

FUTURE RESEARCH

In the future, further progress in ESG-related research is expected across several dimensions, including the following:

Strengthening the theoretical foundation of ESG research.

The theoretical underpinnings of ESG research are both centralized and diverse, predominantly based on *institutional theory* and *stakeholder theory*. At the same time, other studies have drawn from the *natural resource-based view*, *resource dependence theory*, *affect-as-information theory*, *place attachment theory*, *upper echelons theory*, *signaling theory*, *agency theory*, *attribution theory*, *transaction cost theory*, *system justification theory*, and *social identity theory*. However, to date, there is no unified and comprehensive theoretical framework that can systematically explain the internal mechanisms of corporate ESG practices. Hence, as ESG research continues to evolve and mature, further studies are needed to refine and consolidate its theoretical foundation.

Recent developments suggest that ESG research has gradually become more nuanced. In terms of content, it increasingly focuses on the interaction among different dimensions and on internal governance. Nevertheless, there remains room for further advancement. On the one hand, there is a noticeable lack of research addressing the interaction between the *environmental (E)* and *social (S)* dimensions. This may be attributed to the tendency of existing studies to classify the environmental dimension as part of the social one. Consequently, it is rarely examined as an independent component, which is particularly evident in the selection of ESG indices. From a sustainable development perspective, environmental issues are among the most critical concerns, as they form the foundation for the sustainable growth of both the economy and society. Therefore, future research should treat the *environmental (E)* dimension as distinct from the *social (S)* dimension. Furthermore, upcoming studies should aim to explore the relationship between the environmental (E) and social (S) dimensions, enrich the understanding of the interaction between the environmental (E) and governance (G) dimensions, and emphasize the significance and prominence of the environmental (E) aspect within the broader ESG framework.

On the other hand, the *governance (G)* dimension has been a central focus of ESG research, yet few studies have examined its relationship with economic outcomes. Although the factors influencing economic consequences are inherently multidimensional and complex, governance—as a core element of management—remains a key determinant of corporate performance. With the continuing development of the economy and society, governance (G) is becoming an increasingly vital driver of high-quality development. Future research should therefore further investigate the impact of the governance (G) dimension on the economic outcomes of ESG.

Finally, from the perspective of academic institutions, a comprehensive review of ESG research enables a clearer understanding of its context, summarizes the characteristics of previous studies in terms of trends and content, and highlights existing limitations. This analysis serves as a foundation for proposing several directions for future research and articulating a vision for the continued development of ESG scholarship.

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