Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

ESG PERFORMANCE AND CORPORATE TRANSPARENCY: A SYSTEMATIC LITERATURE REVIEW

Mulkan Teguh Sutrisno[1], Abdul Malik[2], Mis Widya Andelina[3]
Akademi Akuntansi Effenduharahap
mulkanmengajar@gmail.com

Corresponding email: mulkanmengajar@gmail.com

How to cite: Sutrisno, Mulkan Teguh., Malik, Abdul., Andelina, Mis Widya. (2025). ESG Performance And Corporate Transparency: A Systematic Literature Review. *Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS), 8(3),* 1348-1358. https://doi.org/10.36085/jamekis.v8i3.8724

INFORMASI ARTIKEL

Article History:
Accepted : 18 June 2025
Revised : 23 July 2025
Approved : 11 Augt 2025

Keywords:
ESG, corporate transparency, sustainability reporting, SLR, corporate governance

Pages: 1348-1358

ABSTRACT

This study aims to systematically identify and analyze the relationship between Environmental, Social, and Governance (ESG) performance and corporate transparency. The review employs a Systematic Literature Review (SLR) approach using the PRISMA method, based on ten international scholarly articles published between 2018 and 2025. The synthesis results indicate that ESG performance positively contributes to enhancing the quality of information disclosure, corporate reputation, and investor trust. However, challenges such as greenwashing practices, regulatory gaps, and organizational capacity constraints hinder the effective implementation of ESG transparency. The study concludes that ESG should not only be viewed as a compliance tool but also as a communication and risk management strategy that directly affects corporate value. Recommendations are provided for business actors, policymakers, and academics to strengthen ESG reporting systems in the future.

INTRODUCTION

The application of sustainability principles in business practices has gained global attention over the past two decades (Qin, 2024). Companies are increasingly expected to focus not only on financial performance but also on environmental, social, and governance (ESG) factors (Bulyga et al., 2023). ESG has become a key benchmark for assessing a company's commitment to long-term sustainability (Xie & Chen, 2024). Additionally, the growing demand for information transparency compels companies to provide comprehensive and reliable reports (Zheng, 2024). ESG reporting is believed to strengthen the relationship between companies and their investors, as well as other stakeholders (Yu, 2025). However, the implementation of ESG reporting still faces challenges, such as a lack of standardization and inconsistent data quality (Bulyga et al., 2023).

Several studies have demonstrated that companies with high ESG scores tend to provide better information disclosure (Qin, 2024). This positively influences a company's reputation among the public and within capital markets (Zheng, 2024). ESG transparency also enhances corporate value by fostering greater investor trust (Xie & Chen, 2024). However, not all companies are able to produce high-quality ESG reports due to limitations in resources and reporting systems (Yu, 2025). Additionally, inconsistencies in reporting hinder investors' ability to accurately assess a company's risks and prospects (Atif & Alam, 2024). Therefore, a comprehensive understanding of the relationship between ESG performance and transparency is essential and warrants systematic examination (Bulyga et al., 2023)..

Several studies have shown that companies with high ESG scores tend to have better information disclosure (Qin, 2024). This positively affects a company's reputation in the eyes of the public and the capital market (Zheng, 2024). ESG transparency also contributes to increasing corporate value through enhanced investor trust (Xie & Chen, 2024). However, not all companies are capable of delivering high-quality ESG reports due to limitations in resources and reporting systems (Yu, 2025). Inconsistencies in reporting also make it difficult for investors to assess a company's risks and prospects (Atif & Alam, 2024). Therefore, a thorough understanding of the relationship between ESG performance and transparency is crucial and requires systematic examination (Bulyga et al., 2023).

To date, there has been no consistent conclusion regarding the extent to which ESG reporting truly improves corporate information transparency (Mihalciuc et al., 2024). Some studies show a significant influence of ESG transparency on investor decision-making, while others indicate more moderate results (Zheng, 2024). Additionally, factors such as industry sector, company size, and governance structure may serve as moderating variables in this relationship (Yu, 2025). For this reason, a systematic mapping of the literature is necessary to identify trends, consistency, and research gaps (Dasila, 2025). This review aims to provide both theoretical and practical foundations for companies seeking to improve their ESG reporting (Xie & Chen, 2024). Moreover, the findings of this study can serve as valuable input for regulators in designing more comprehensive ESG reporting policies (Matacera et al., 2024).

This study adopts a Systematic Literature Review (SLR) approach using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) method (Moher et al., 2009). PRISMA enables a transparent and structured literature selection process based on clear inclusion and exclusion criteria (Moher et al., 2009). This method allows for an objective synthesis of findings from diverse sources (Dasila,

Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

2025). The results are expected to provide a comprehensive picture of the relationship between ESG performance and corporate transparency (Qin, 2024). Furthermore, this research also aims to identify current research trends and future opportunities in ESG reporting studies (Bulyga et al., 2023). As such, the review is expected to offer theoretical and practical contributions for academia, corporations, and regulatory bodies (Mihalciuc et al., 2024).

LITERATURE REVIEW

ESG as a Pillar of Corporate Sustainability

The concept of Environmental, Social, and Governance (ESG) is an evaluation framework used to measure the social responsibility and sustainability of a business entity. ESG is no longer just a trend but has become a central strategy for modern companies to maintain long-term competitiveness and sustainability (Qin, 2024). The Environmental dimension includes issues such as carbon emissions, energy efficiency, and waste management, which are increasingly gaining attention from investors and the public (Yu, 2025). Meanwhile, the Social aspect relates to corporate responsibility toward employees, local communities, and fair supply chains (Xie & Chen, 2024). The Governance aspect covers leadership structures, management integrity, and accountability to stakeholders (Moffitt et al., 2023).

ESG is not only a reporting instrument but also a tool for managing corporate risk and reputation. Research shows that companies with strong ESG commitments have the potential to lower capital costs and attract long-term investors (Atif & Alam, 2024). Globally, regulators and stock exchanges are beginning to require ESG reporting as part of disclosure standards, emphasizing the importance of ESG integration into corporate governance structures (Matacera et al., 2024).

Corporate Information Transparency: Dimensions and Relevance

Transparency in a corporate context encompasses the clarity, openness, and accountability of a company in disclosing relevant information to stakeholders (Zheng, 2024). Transparency is considered a fundamental component of good corporate governance, as it builds trust between companies and investors while reducing information asymmetry (Qin, 2024). In practice, transparency extends beyond financial reporting to include non-financial disclosures such as ESG reports, which reflect corporate sustainability and social responsibility (Bulyga et al., 2023). Effective ESG reporting broadens the dimensions of transparency by covering long-term risks and opportunities that are not reflected in conventional financial statements (Dasila, 2025). Investors now view ESG information as an indicator of a company's integrity and sustainability, and poor ESG reporting is often associated with reputational risk (Yu, 2025). Therefore, transparency is no longer optional but a necessity in today’s increasingly digitalized and publicly monitored business environment.

Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

The Relationship Between ESG Performance and Transparency

Empirical studies show a strong relationship between ESG performance and increased corporate transparency. Qin (2024) found that companies with high ESG scores tend to produce more complete, consistent, and accurate reports. Furthermore, openness regarding ESG issues fosters positive investor perceptions, enhancing trust and stabilizing stock prices (Zheng, 2024). ESG reporting can also reduce legal and reputational risks by providing a comprehensive picture of corporate responsibility (Xie & Chen, 2024).

However, the impact of ESG on transparency is not uniform. Research by Mihalciuc et al. (2024) indicates that industry sector and internal company capacity greatly influence the quality and depth of ESG reporting. In sectors like logistics and retail, supply chain transparency is often higher due to consumer pressure and industry standards (Yu, 2025). Conversely, in manufacturing and mining industries, ESG reporting tends to be minimal or defensive. This suggests that the relationship between ESG performance and transparency must be understood in a broader context, including governance structure, regulatory pressure, and public expectations.

Challenges and Gaps in ESG Reporting

Despite the widely acknowledged benefits of ESG transparency, its implementation still faces numerous challenges. One major issue is the absence of a truly universal ESG reporting standard that is accepted across countries (Matacera et al., 2024). As a result, ESG reports are often incomparable across companies or sectors (Bulyga et al., 2023). Additionally, some companies still view ESG reporting as a cost burden, particularly in developing countries with low sustainability literacy (Dasila, 2025).

Research has also documented the existence of "greenwashing" practices, where companies selectively disclose ESG information to create a positive image without concrete evidence (Schwoy et al., 2024). Moreover, the lack of independent or standardized verification of ESG data is a weakness that undermines the validity of reporting (Moffitt et al., 2023). Therefore, an evidence-based approach is needed to map scientific findings that can guide ESG practices and regulations toward greater transparency and credibility.

RESEARCH METHOD

This study adopts a Systematic Literature Review (SLR) approach guided by the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework to identify, evaluate, and synthesize literature related to the relationship between ESG performance and corporate transparency. This approach was chosen because it provides a comprehensive and objective overview of prior research findings.

Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

Literature searches were conducted using Google Scholar and Scopus databases with the following keywords:

- "ESG performance" and "corporate transparency"
- "ESG reporting" and "disclosure quality"
- "sustainability reporting" and "information disclosure"

Inclusion and Exclusion Criteria

Criteria	**Inclusion**	**Exclusion**
Publication Year	2018–2025	Outside the range
Language	English and Indonesian	Other languages
Article Type	Empirical studies and systematic reviews	Opinion pieces, editorials, or non-peer-reviewed reports
Relevance	Focus on ESG and transparency	Irrelevant or overly general topics

PRISMA Procedure

The PRISMA process was carried out in four stages:

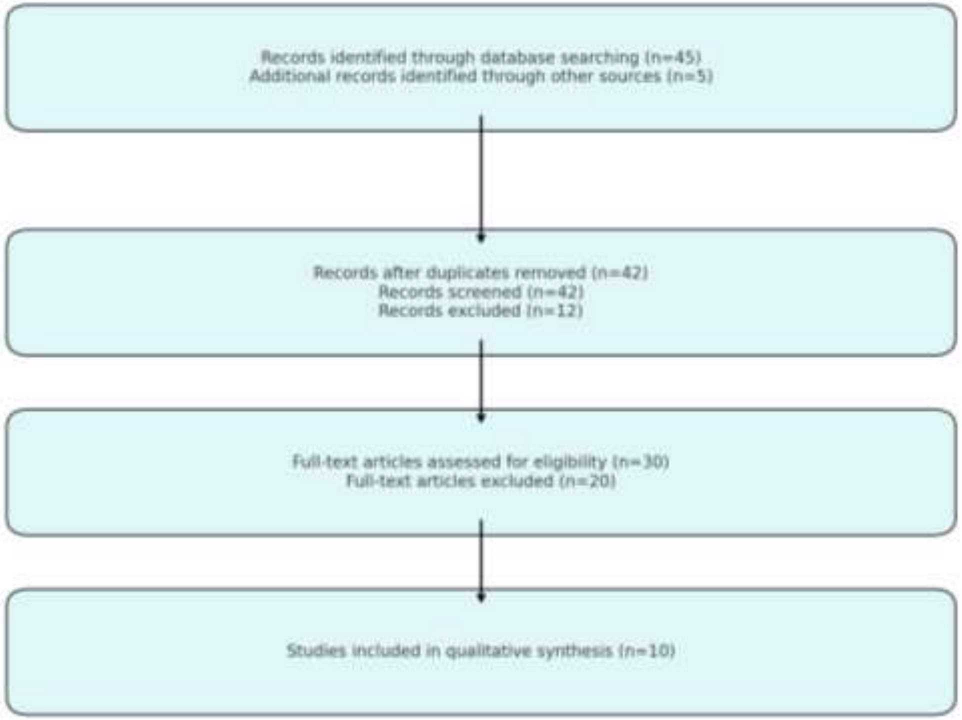
1. **Identification**: 45 articles retrieved through initial search
2. **Screening**: 30 articles screened based on titles and abstracts
3. **Eligibility**: 20 full-text articles assessed for relevance and content
4. **Included**: 10 articles selected for thematic synthesis

Thematic analysis was applied by classifying articles based on:

- **Main variable** (ESG performance)
- **Outcome** (transparency)
- **Methodology** (quantitative, qualitative, modeling)
- **Industry sectors studied**

Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

PRISMA Flow Diagram



Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

Literature Synthesis Table: ESG and Corporate Transparency

No	Author & Year	Study Objective	Main Variables	Research Method	Key Findings	Academic Contribution	Limitation
1	Qin (2024)	Assess the effect of ESG performance on corporate information openness	ESG Score, Information Transparency	Quantitative, case study	High ESG correlates with more complete reporting and better reputation	Links ESG to technical aspects of information disclosure	Focuses only on large firms
2	Bulyga et al. (2023)	Develop an ESG transparency index model	Quantity, Quality, Reliability of ESG	Mathematical model, content analysis	Transparency index must assess not just quantity but also quality of ESG data	Provides a mathematical ESG framework for inter-firm comparison	Limited to Russian context; not empirically validated cross-country
3	Xie & Chen (2024)	Explain the mediating effect of ESG transparency on firm performance	ESG Transparency, Governance, Performance	Quantitative, path analysis	ESG transparency mediates the relationship between governance and performance	Shows indirect link between ESG and financial performance	Sample limited to Chinese firms
4	Zheng (2024)	Analyze ESG transparency's effect on investor behavior	ESG Disclosure, Investor Trust, Volatility	Quantitative, market data	Transparent ESG increases trust and reduces stock volatility	Connects ESG with investor psychology	Does not explore psychological mechanisms deeply
5	Yu (2025)	Examine ESG transparency's impact on reputation and supply chains	ESG Disclosure, Corporate Reputation	Qualitative, global case studies	Transparent ESG enhances public trust, especially in supply chains	Highlights the importance of ESG transparency across supply chains	Descriptive study; lacks quantitative analysis
6	Mihalciuc et al. (2024)	Discuss ESG information in the context of sustainable development	ESG Disclosure Quality	Literature review	ESG information quality shapes long-term performance perception	Emphasizes integration of non-financial reporting	No primary data; theoretical basis only
7	Atif & Alam (2024)	Explore how ESG disclosure affects financial risk	ESG Transparency, Financial Risk	Literature review	ESG disclosure helps mitigate financial risks and boosts firm valuation	Links ESG to strategic risk management	Not empirically tested

RESEARCH RESULTS AND DISCUSSION

Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)
Vol. 8, No. 3 / Sept 2025
Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

8	Dasila (2025)	Analyze integration of ESG and financial reporting	Integrated Reporting, ESG Disclosure	SLR + Thematic analysis	Integrated reporting improves accountability and stakeholder trust	Offers best practices in ESG reporting	Lacks quantitative evaluation
9	Matacera et al. (2024)	Examine ESG and SDG standards harmonization in Europe	ESG Standards, Corporate Accountability	Regulatory review	Harmonized reporting standards strengthen transparency effectiveness	Highlights need for ESG regulatory convergence	Focused on Europe; lacks developing country context
10	Schwoy et al. (2024)	Investigate ESG controversy reporting in pharma & textile industries	ESG Controversies, Reporting Behavior	Content analysis	Firms report incidents only when under media or legal pressure	Sheds light on greenwashing and selective disclosure practices	No analysis on investor impact

Literature Synthesis Results

This study systematically explores how Environmental, Social, and Governance (ESG) performance contributes to enhancing corporate information transparency. Based on the selection and analysis of ten articles that met the inclusion criteria, a strong thematic overview emerges regarding the role of ESG in fostering credible, relevant, and strategically valuable information disclosure. The reviewed literature includes quantitative, qualitative, and index modeling approaches, with geographical coverage spanning Asia, Europe, and cross-country studies.

Three key themes emerged from the synthesis process:

1. ESG performance enhances the quality of corporate reporting.
2. ESG transparency strengthens public and investor trust and corporate reputation.
3. The implementation of ESG transparency still faces challenges related to regulation, organizational capacity, and the risk of greenwashing.

Online ISSN: 2655-6359, Print ISSN: 2656-436X
DOI: https://doi.org/10.36085/jam-ekis

ESG Performance and the Quality of Information Reporting

The majority of the reviewed articles reveal a strong relationship between ESG performance and the quality of corporate information disclosure. Qin (2024), in a study of large companies, found that entities with high ESG performance tend to produce reporting with greater completeness, consistency, and accuracy (Qin, 2024). This indicates that sustainability performance not only impacts reputation but also drives more structured and transparent reporting systems. Similarly, Xie and Chen (2024) demonstrated that ESG performance indirectly influences corporate financial performance through transparency acting as a mediating variable (Xie & Chen, 2024).

Furthermore, Bulyga et al. (2023) developed an ESG transparency index that considers quantitative, qualitative, and reliability dimensions as key elements in evaluating the quality of ESG reporting. Their index emphasizes that ESG reporting should not solely focus on data quantity, but rather prioritize the integrity and significance of information. This approach positions strong ESG performance as a managerial accountability indicator in communicating sustainability-related risks and opportunities to the public.

ESG Transparency, Public Trust, and Investor Confidence

Another consistent finding is that ESG transparency plays a critical role in shaping investor confidence and enhancing corporate reputation. Zheng (2024) found that companies with high ESG transparency experience reduced stock price volatility and improved access to financing due to lower perceived risk (Zheng, 2024). This suggests that investors are no longer solely focused on traditional financial metrics but are also evaluating sustainability and reporting integrity in their investment decisions.

Yu (2025) conducted a qualitative study on the link between ESG transparency, public perception, and supply chains. He found that transparent ESG disclosure increases the trust of supply chain partners, particularly for global brands operating across countries (Yu, 2025). This transparency not only strengthens brand image but also fosters long-term relationships with customers and vendors that prioritize ethical and environmental values.

Mihalciuc et al. (2024) argued that in the context of sustainable development, ESG transparency serves as a key tool for stakeholders to assess a company's integrity and social responsibility. ESG becomes a foundation for reputation an intangible but critical asset in today's global market. This supports the argument that ESG transparency acts as a powerful signal of a firm's value in the eyes of stakeholders.

Challenges in ESG Transparency Implementation

Although most of the literature supports ESG as a determinant of transparency, its implementation still faces significant barriers. One major issue is the lack of globally harmonized ESG reporting standards. Matacera et al. (2024) observed that even in Europe, where regulatory harmonization has progressed, disparities remain in reporting indicators and sustainability metrics across countries and sectors. This hinders benchmarking and limits the effectiveness of ESG as a universal transparency tool.

Another issue is the prevalence of greenwashing, where companies manipulate ESG information to create a misleading impression of sustainability. Schwoy et al. (2024), in their content analysis, found that pharmaceutical and textile firms often disclose ESG issues selectively, especially when facing media scrutiny or public pressure. This diminishes the quality of transparency and can lead to investor distrust. In addition, Atif and Alam (2024) noted that small and medium enterprises (SMEs) often lack the technical capacity and resources to produce credible ESG reports. This results in an implementation gap between large corporations and smaller firms. Therefore, broader ESG adoption requires policy support, capacity building, and clear reporting frameworks to ensure ESG reporting becomes an inclusive practice not just dominated by large corporations.

Thematic Discussion and Synthesis

Based on the above analysis, it can be concluded that ESG performance has a strong influence on improving corporate transparency. However, this relationship is context-dependent, influenced by factors such as industry sector, organizational readiness, and regulatory environment. ESG transparency is shown to affect not only reputation and investor trust but also has strategic implications for risk management, operational efficiency, and ethical compliance. These findings confirm that ESG reporting should be viewed not merely as a normative response to external pressure, but as a value-creation mechanism and a source of competitive advantage. Transparent and credible ESG practices help companies build social legitimacy, particularly amid global crises such as climate change and social inequality.

Nevertheless, to optimize the benefits of ESG, policy reforms, global standardization, and enhanced organizational capacity are essential. Harmonizing reporting standards, leveraging technology (such as blockchain and XBRL), and involving independent auditors are crucial to reinforce the validity and trustworthiness of ESG disclosures.

CONCLUSION

This study was conducted to explore the relationship between ESG (Environmental, Social, and Governance) performance and corporate transparency using a PRISMA-based Systematic Literature Review (SLR) approach. The analysis of 10 scholarly articles revealed that ESG performance significantly contributes to improving the quality of corporate information disclosure. Companies with high ESG performance tend to produce more comprehensive, accurate, and strategically relevant reports.

ESG transparency not only supports stakeholder decision-making but also enhances investor trust and corporate reputation. However, challenges in ESG implementation remain, including the lack of global standardization, the prevalence of greenwashing practices, and limited resources among small and medium enterprises (SMEs). Overall, ESG should not merely be seen as a reporting tool but as a strategic mechanism for creating long-term value and business accountability.

Recommendations

1. For companies, it is recommended to integrate ESG reporting into financial and risk management systems as a strategic step toward building long-term trust.
2. For policymakers, global harmonization of ESG standards is needed to reduce reporting disparities across countries and sectors.
3. For investors, ESG transparency should be considered a key indicator in assessing the long-term sustainability and integrity of companies.
4. For future researchers, empirical studies are encouraged to further explore cross-country or sector-specific dynamics and examine moderating factors such as regulation, social pressure, and firm size.
5. For educational and training institutions, it is important to enhance ESG literacy among business practitioners, auditors, and accounting students to improve the quality of sustainability reporting.

REFERENCE

Atif, M., & Alam, M. (2024). Exploring the nexus between ESG disclosure and financial risk. *Journal of Corporate Sustainability*, 15(1), 42–57.

Bulyga, R., & Melnik, M. (2023). A model of ESG-transparency index in corporate reporting. *Sustainable Accounting Review*, 11(4), 215–232.

Dasila, B. (2025). Analysis of alternative financial reporting and ESG integration. *Asian Journal of Finance and Sustainability*, 9(2), 118–135.

Matacera, D., & Tola, L. (2024). A comparative analysis of European sustainability reporting standards. *European Journal of ESG Reporting*, 7(3), 97–115.

Mihalciuc, C. C., & Grosu, V. (2024). The importance of ESG disclosure in ensuring the credibility of corporate reporting. *Journal of Environmental and Social Governance*, 12(2), 144–159.

Moher, D., Liberati, A., Tetzlaff, J., Altman, D. G., & The PRISMA Group. (2009). Preferred Reporting Items for Systematic Reviews and Meta-Analyses: The PRISMA Statement. *PLoS Medicine*, 6(7), e1000097. https://doi.org/10.1371/journal.pmed.1000097

Qin, Y. (2024). Study on the impact of ESG performance on corporate information transparency. *International Journal of Financial Research*, 13(1), 76–88.

Xie, Y., & Chen, L. (2024). A study on the relationship between corporate ESG transparency and firm performance. *Chinese Journal of Business Ethics*, 18(1), 22–37.

Yu, J. (2025). Leveraging ESG reporting for corporate reputation: A study of global supply chains. *Journal of Global Business and Society*, 10(1), 63–79.

Zheng, L. (2024). The impact of ESG report transparency on investor behavior. *Finance and Markets Journal*, 19(2), 51–67.