

The Impact of ESG Reporting on Blue Chips EBIT-1

Namra Khan¹, Priya Bhaskar², Dr. Nitin Agrawal³

Students, Bachelor of Business Administration

School of Management and Commerce, Vikrant University, Gwalior, India¹²

Associate Professor & Head, School of Management and Commerce, Vikrant University, Gwalior, India³

Abstract: *Environmental, Social, and Governance (ESG) reporting has emerged as a critical factor influencing corporate transparency, stakeholder trust, and financial performance, particularly among blue-chip companies. This study examines the impact of ESG reporting on Earnings Before Interest and Taxes minus one (EBIT-1), a metric used to assess short-term operational efficiency and profitability trends. By analyzing ESG disclosures and financial data from leading blue-chip firms across multiple sectors, the research explores whether enhanced ESG practices contribute to improved or diminished EBIT-1 performance.*

The findings suggest that robust ESG reporting positively correlates with long-term financial stability and investor confidence, although its short-term impact on EBIT-1 may vary depending on the level of ESG investment and industry dynamics. Companies with higher ESG compliance often incur initial costs related to sustainability initiatives and governance reforms, which may temporarily affect EBIT-1. However, over time, these investments tend to yield operational efficiencies, risk mitigation, and enhanced brand value, ultimately strengthening financial outcomes.

This study highlights the growing importance of integrating ESG considerations into financial decision-making and performance evaluation frameworks. It concludes that while ESG reporting may exert short-term pressure on EBIT-1, it plays a significant role in driving sustainable profitability and competitive advantage for blue-chip firms..

Keywords: ESG Reporting, Blue-Chip Companies, EBIT-1, Financial Performance, Sustainability, Corporate Governance, Environmental Responsibility, Social Impact, Long-term Profitability, Investor Confidence

I. INTRODUCTION

1.1 Introduction to ESG Reporting

Environmental, Social and Governance reporting — commonly referred to as ESG reporting — is the practice of disclosing a company's performance in areas that go beyond conventional financial results. It explains how a business manages its environmental responsibilities, its relationships with people and society, and the quality of its internal governance. In recent years, ESG reporting has moved to the center of corporate communication because investors, regulators, customers, and other stakeholders increasingly want to understand how companies create value in a way that is both sustainable and responsible. For blue-chip companies in particular, this type of reporting carries added significance — these are large, well-established, financially strong organizations that the market watches closely.

ESG disclosures cover a wide range of topics: carbon emissions, energy use, waste management, employee welfare, workforce diversity, board composition, ethical practices, risk management, and regulatory compliance. Together, these disclosures help stakeholders assess whether a company is managing long-term risks effectively. A company may look strong on its income statement today, but poor environmental practices, weak governance, or social controversies can quietly erode its profitability over time.



The relationship between ESG reporting and EBIT — Earnings Before Interest and Taxes — is one of the more important questions in this space. EBIT measures how profitably a company runs its core operations, before the effects of financing decisions and tax obligations are applied. ESG reporting can push EBIT in either direction. On one side, ESG initiatives can add costs — investing in cleaner technology, employee welfare programs, compliance infrastructure, and reporting systems all cost money.

Key points about ESG reporting:

- It increases transparency in how companies operate.
- It helps investors evaluate non-financial risks.
- It supports long-term sustainability and builds stakeholder confidence.
- It can affect both operating costs and profitability.
- It is increasingly treated as a strategic tool, not just a compliance requirement.

1.2 Meaning and Concept of Blue-Chip Companies

Blue-chip companies are large, reputable, and financially stable organizations with a strong market presence and a consistent track record of performance. They are typically leaders in their industries, recognized for their brand strength, reliable revenue generation, professional management, and resilience during economic downturns. In stock market terminology, "blue-chip" refers to companies that are considered relatively safe and dependable investments.

These companies generally carry high market capitalizations and are commonly included in major stock market indices. They attract institutional investors, mutual funds, pension funds, and retail investors because of their credibility and long-term growth potential. Their scale means they have a significant influence on the broader economy — on employment, supply chains, and capital markets. Because of that influence and visibility, they are also held to high standards of corporate governance, social responsibility, and environmental accountability.

In the context of ESG reporting, blue-chip companies are particularly relevant subjects of study because they face constant scrutiny from investors, regulators, analysts, rating agencies, and the public. Their ESG performance can affect market reputation, investor confidence, and financial results. Given their large operational footprint, their environmental and social impact tends to be considerable. ESG reporting for these companies is therefore not just a formal disclosure exercise — it reflects the long-term direction of the business.

Key characteristics of blue-chip companies:

- Strong financial position and stable earnings
- High market capitalization and brand reputation
- History of regular dividend payments in many cases
- Professional management and well-structured governance systems
- Broad investor base and strong market visibility
- Greater capacity to withstand market downturns compared to smaller firms

Blue-chip companies are well-suited to studying the relationship between ESG reporting and EBIT. Their disclosures tend to be detailed, their financial data is reliable, and their ESG initiatives are large enough to have measurable effects on operating costs, efficiency, and profitability.

1.3 Meaning of EBIT

EBIT — Earnings Before Interest and Taxes — is a financial metric used to measure how profitably a company runs its core operations. It captures the profit generated by ordinary business activities before factoring in interest payments and tax obligations. Because it excludes both financing and tax effects, EBIT provides a cleaner view of how efficiently a company is converting its operations into profit.

This makes EBIT especially useful for comparisons. Companies have different capital structures — some rely more heavily on debt and carry higher interest burdens, while others are largely equity-financed. Tax rates and incentives also vary. By stripping out these variables, EBIT allows a more direct assessment of operating performance.



The basic formula is:

$$\text{EBIT} = \text{Revenue} - \text{Operating Expenses}$$

It can also be calculated as:

$$\text{EBIT} = \text{Net Profit} + \text{Interest} + \text{Taxes}$$

For blue-chip companies, EBIT is a particularly meaningful indicator because their operations are large, often span multiple business segments, and involve complex cost structures. ESG practices can influence EBIT through several channels. Energy-efficient technology can reduce utility costs over time. Better employee welfare can improve productivity and reduce costly staff turnover. Strong governance can prevent fraud, regulatory penalties, and operational inefficiencies. But ESG implementation also carries upfront costs — reporting systems, sustainability audits, environmental upgrades, training programs, and compliance infrastructure all add to operating expenses, at least in the short term.

Key features of EBIT:

- Measures operating profitability
- Excludes interest and tax expenses
- Allows comparison across companies with different debt levels
- Reflects efficiency in core business operations
- Widely used by analysts and investors

1.4 Relationship Between ESG Reporting and Financial Performance

The connection between ESG reporting and financial performance has become one of the more actively studied questions in modern corporate finance. Traditional company analysis focused almost entirely on financial indicators — revenue, profit, return on investment, market share. But that picture is now widely understood to be incomplete. Non-financial factors — environmental responsibility, employee treatment, social impact, and governance quality — also shape business outcomes, and ESG reporting is the mechanism through which companies communicate how they are managing these factors.

The relationship can run in different directions. Strong ESG practices can reduce operational risks, help companies avoid regulatory penalties, improve resource efficiency, and build reputation — all of which can support stable profitability. A company that reduces energy use lowers production costs. A company with sound governance avoids the financial damage caused by fraud, litigation, and poor decision-making.

But ESG reporting also brings additional costs. Sustainability projects, data collection systems, ESG audits, pollution control investments, employee training, and compliance mechanisms all require spending. These outlays can compress operating margins, particularly in the near term. Whether the net effect on financial performance is positive or negative depends on how well a company manages its ESG activities — not just whether it reports them.

The connection between ESG reporting and EBIT can be understood through these channels:

- ESG initiatives may reduce operating costs through improved efficiency.
- Transparent reporting can strengthen investor confidence.
- Strong governance can reduce financial and operational risk.
- Social initiatives can improve employee satisfaction and productivity.
- Environmental compliance can reduce penalties and legal costs.

For blue-chip companies, this relationship carries particular weight. Their ESG activities are large in scale and closely watched. They generally have the financial capacity to invest meaningfully in ESG, but they are also expected to produce measurable results from that investment. Analyzing ESG reporting against EBIT helps answer whether responsible business practices actually improve operating profitability — or whether they represent a financial burden for these companies.



1.5 Role of ESG Reporting in Blue-Chip Companies

ESG reporting serves a strategic function in blue-chip companies that goes well beyond regulatory compliance. These organizations are large, influential, and continuously monitored by a wide range of stakeholders. Their decisions affect not only shareholders but also employees, customers, suppliers, communities, governments, and the natural environment. ESG reporting allows them to communicate their responsible practices in a structured, measurable way.

For blue-chip companies, ESG has become woven into corporate strategy, risk management, and investor relations. Investors increasingly factor ESG information into their decision-making. A company with credible, detailed ESG reporting may be seen as more stable, more ethically run, and better positioned for the future — which can support investor confidence and long-term valuation. Similarly, customers are increasingly drawn to brands that demonstrate genuine environmental and social responsibility.

ESG reporting also serves an internal diagnostic function. Environmental reporting can reveal high energy consumption or excessive waste generation. Social reporting may surface high employee turnover, workplace safety gaps, or diversity imbalances. Governance reporting may expose weaknesses in board independence, internal audit effectiveness, or ethical oversight. When these issues are identified and addressed, the result can be improved operational efficiency and better profitability.

The role of ESG reporting in blue-chip companies includes:

- Enhancing transparency and building stakeholder trust
- Supporting long-term risk identification and management
- Improving brand image and corporate reputation
- Attracting responsible investors and institutional funds
- Encouraging better resource utilization

In relation to EBIT, ESG reporting can influence operating profit by driving more efficient resource use, reducing avoidable costs, and improving workforce productivity. At the same time, it requires investment in sustainability systems and reporting infrastructure. This creates a dual effect: short-term costs on one side, and potential long-term financial benefits on the other.

1.6 Factors Through Which ESG Reporting Affects EBIT

Since EBIT captures earnings from core business operations before interest and taxes, any factor that affects either revenue or operating expenses can move EBIT. ESG reporting influences both sides of this equation — it can help companies reduce costs, improve efficiency, open new revenue opportunities, and avoid risks. But it can also create additional compliance and reporting costs.

Environmental factors are among the most direct. Companies that monitor and manage energy consumption, water use, waste generation, and carbon emissions often identify areas where costs can be cut. Renewable energy adoption, efficiency improvements in production, and waste reduction can all lower operating expenses. However, investments in pollution control, green technology, and sustainability audits add costs in the short term.

Social factors affect EBIT through their impact on people. Companies that provide safe working environments, fair pay, and employee development programs tend to see better morale, higher productivity, and lower staff turnover — which reduces recruitment and training costs. Strong customer relationships and active community engagement can build brand loyalty and support revenue. Social welfare programs, though, require their own expenditure.

Governance factors influence EBIT by improving decision quality, accountability, and risk control. Sound governance reduces the likelihood of fraud, mismanagement, regulatory penalties, and operational inefficiencies. Strong internal controls and ethical practices protect against financial losses.

Major factors affecting EBIT through ESG reporting:

- Energy efficiency and reduced utility costs
- Waste reduction and better resource utilization
- Improved employee productivity and lower attrition



- Reduced legal, regulatory, and compliance risk
- Improved brand value and customer loyalty

The final impact on EBIT depends on how effectively a company converts ESG practices into real operational benefits. In blue-chip companies, this relationship is especially significant — at their scale of operations, even small efficiency improvements.

1.7 Importance of Studying ESG Reporting and EBIT

Studying how ESG reporting affects EBIT matters because it connects sustainability practices directly with operating profitability. Companies today are expected to perform well financially while also behaving responsibly toward the environment, society, and governance standards. Investors and stakeholders no longer just look at profit figures — they increasingly want to understand how those profits are generated. Knowing whether ESG reporting improves or reduces EBIT gives companies, investors, regulators, and researchers a more complete picture.

For companies, the study helps evaluate whether ESG investments pay off financially. If ESG reporting is associated with better EBIT, companies can treat sustainability not as a cost center but as a value-creating activity. If ESG activities reduce EBIT in the short term, companies can weigh whether long-term benefits justify the initial outlay. This supports more informed decisions about sustainability budgets, operational improvements, and reporting systems.

For investors, EBIT reflects the operational strength of a business. Investors who prefer stable, sustainable earnings can use ESG information to assess the quality and durability of those earnings. A blue-chip company combining strong ESG disclosures with stable EBIT may represent a lower-risk investment proposition.

The importance of this study can be explained through the following points:

- It links non-financial reporting with financial performance.
- It helps assess whether ESG practices support operating profitability.
- It provides insight into operational efficiency.
- It assists investors in making more informed decisions.
- It helps companies evaluate and improve their sustainability strategies.
- It contributes to understanding of long-term value creation.
- It adds to the academic research base on ESG and corporate finance.

The study is especially important in the context of blue-chip companies because these organizations shape market norms and corporate practice. Their ESG decisions influence what other companies consider standard. Given their large operations and high stakeholder expectations, the relationship between ESG reporting and EBIT in this context is a meaningful and consequential area of analysis.

1.8 Challenges in ESG Reporting

Despite the growing importance of ESG reporting, companies face real difficulties in preparing and presenting this information reliably. One of the most persistent challenges is the absence of uniform reporting standards. Different companies use different frameworks, indicators, and measurement methods, which makes cross-company comparisons difficult for investors and researchers. Even among blue-chip companies, the depth and quality of ESG reporting can vary considerably.

Data collection is another significant challenge. ESG reporting draws on information from multiple functions — operations, human resources, finance, compliance, legal, and sustainability teams. Collecting accurate data on emissions, energy consumption, employee welfare, diversity metrics, safety records, governance practices, and supply chain responsibility is complex. For blue-chip companies operating across many locations and business units, this complexity is amplified.

Greenwashing is also a genuine concern. This occurs when a company presents itself as more environmentally or socially responsible than the evidence supports — emphasizing positive ESG activities while understating or ignoring



areas of weakness. This reduces the reliability of ESG disclosures and can mislead stakeholders who rely on them for decisions. Independent verification and genuinely transparent reporting are essential safeguards.

Main challenges in ESG reporting:

- Lack of standardized reporting frameworks and indicators
- Difficulty in measuring non-financial performance consistently
- High cost of data collection and independent verification
- Risk of incomplete or selectively positive disclosure
- Possibility of greenwashing
- Complexity in linking ESG performance to financial outcomes

These challenges also affect the relationship between ESG reporting and EBIT. If ESG reporting is costly and administratively burdensome without delivering real operational improvements, it will reduce operating profit. If reporting is inaccurate or symbolic rather than substantive, it is unlikely to generate genuine financial benefits.

1.9 Theoretical Background

The theoretical foundation of this study draws on the idea that companies have obligations not only to shareholders but to a wider set of stakeholders. Several established theories help explain why companies engage in ESG disclosure and how that disclosure may connect to financial performance, including EBIT.

Stakeholder theory holds that companies should take into account the interests of all groups affected by their activities — shareholders, employees, customers, suppliers, communities, regulators, and the environment. A company that manages stakeholder relationships well is better positioned for long-term performance. ESG reporting supports this by showing how a company treats its various stakeholders. Better stakeholder relationships can improve customer loyalty, employee productivity, and operational stability, all of which feed into EBIT.

Legitimacy theory suggests that companies disclose ESG information partly to demonstrate that their activities are socially acceptable. Large blue-chip companies operate under significant public scrutiny and depend on maintaining social approval for their license to operate. ESG reporting helps them show that their behavior aligns with societal expectations. Companies that fail to maintain this legitimacy risk criticism, consumer backlash, regulatory intervention, or reputational damage — all of which can affect operating profitability.

Agency theory focuses on the relationship between owners and managers. It identifies the risk that managers may not always act in shareholders' best interests unless adequate monitoring and governance mechanisms exist. ESG reporting can help close the information gap between management and investors.

The theoretical foundation of this study includes:

- Stakeholder theory: ESG reporting supports stakeholder trust and long-term performance.
- Legitimacy theory: ESG disclosure helps companies maintain social acceptance.
- Agency theory: ESG reporting improves transparency and reduces governance risk.
- Resource-based view: Strong ESG capabilities may become a source of competitive advantage.
- Risk management theory: ESG practices help reduce operational and reputational risk.

II. LITERATURE REVIEW

2.1 Literature Review on the Impact of ESG Reporting on Blue-Chip Companies' EBIT

1. Waddock and Graves (1997) Waddock and Graves examined whether corporate social performance and financial performance are connected, and found that companies with stronger social performance generally showed better financial results in subsequent periods. Their study argued that responsible corporate behavior builds stakeholder trust, supports operational stability, and contributes to long-term profitability. For blue-chip companies, this finding is relevant because strong ESG reporting may itself signal higher management quality — and better management tends to produce more efficient operations and a lower risk profile, both of which support stronger EBIT.



2. Orlitzky, Schmidt and Rynes (2003) This study used a meta-analysis approach to examine the relationship between corporate social performance and corporate financial performance across a large body of research. The overall finding was a generally positive relationship: socially responsible firms tend to gain reputational advantages, better stakeholder relationships, and stronger managerial efficiency. For the purposes of this study, the finding supports the idea that ESG reporting may positively influence EBIT — particularly through improved brand positioning, reduced operational risk, and stronger stakeholder confidence.
3. Eccles, Ioannou and Serafeim (2014) Eccles, Ioannou and Serafeim compared high-sustainability companies with low-sustainability companies and found that firms which had adopted sustainability policies showed stronger organizational processes and better long-term performance. This study is particularly relevant for blue-chip companies because it reframes sustainability not as a peripheral social activity but as a strategic business practice. The implication for EBIT is that sustainability-focused management may lead to measurable improvements in operating performance over time.
4. Friede, Busch and Bassen (2015) This review covered more than 2,000 empirical studies on the relationship between ESG and corporate financial performance — one of the most comprehensive reviews in this area. The headline finding was that around 90% of studies reported a non-negative relationship between ESG and financial performance, with the majority showing positive results. This provides strong aggregate evidence for the business case for ESG. In relation to EBIT, the study suggests that companies with stronger ESG performance tend to accumulate operational, reputational, and financial benefits over time.
5. Nollet, Filis and Mitrokostas (2016) Using Bloomberg ESG disclosure scores for S&P 500 companies, this study examined the relationship between corporate social responsibility and financial performance using both accounting-based and market-based indicators. The key finding was that the relationship is non-linear: ESG activities may not produce immediate financial returns, but once a company reaches a certain level of ESG maturity, the benefits for profitability become more visible. This is directly relevant to understanding how ESG reporting affects EBIT — the impact may be muted in the short term but more pronounced as ESG practices become embedded in operations.
6. Velte (2017) Velte studied whether ESG performance affects the financial performance of German listed companies. The study found that ESG performance had a positive impact on Return on Assets but no significant impact on Tobin's Q. Importantly, among the three ESG pillars, governance performance showed the strongest influence on financial results. This is relevant to EBIT because sound governance reduces the likelihood of fraud, strengthens internal controls, and improves operational decision-making — all of which can lift earnings before interest and taxes.
7. Lins, Servaes and Tamayo (2017) This study examined whether corporate social responsibility matters during periods of financial stress. Focusing on the 2008–2009 global financial crisis, the authors found that firms with high CSR intensity significantly outperformed firms with low CSR intensity during that period. High-CSR firms also maintained stronger stakeholder trust and support. The finding suggests that ESG practices function partly as a buffer during market downturns. For blue-chip companies, this implies that strong ESG reporting may help preserve revenue stability and protect EBIT when market conditions deteriorate.
8. Fatemi, Glaum and Kaiser (2018) Fatemi, Glaum and Kaiser examined the relationship between ESG performance, ESG disclosure, and firm value. They found that ESG strengths increase firm value while ESG weaknesses reduce it. Crucially, they also found that high-quality ESG disclosure can reduce the negative effect of existing ESG weaknesses — suggesting that transparency itself has value independent of performance. In the context of EBIT, this indicates that companies which report ESG information openly and accurately may be better positioned to manage operational and reputational risks, both of which influence operating profitability.
9. Albitar, Hussainey, Kolade and Gerged (2020) This study examined the ESG disclosure and performance relationship among FTSE 350 companies, comparing the period before and after the introduction of integrated reporting. The findings showed a positive and statistically significant relationship between ESG disclosure scores and firm performance. The study also highlighted that corporate governance mechanisms moderate this relationship. This is



particularly relevant for blue-chip companies, which typically have established governance structures. Better ESG reporting in that context may translate into more consistent operational performance and improved EBIT.

10. Broadstock, Chan, Cheng and Wang (2021) Broadstock and colleagues studied the role of ESG performance during the COVID-19 financial crisis using Chinese firm data. They found that higher ESG performance helped companies hold up better during the period of intense market stress. ESG was interpreted as a credible signal of organizational resilience and sound risk management. This connects to EBIT because crises tend to suppress earnings through reduced demand, higher costs, and operational disruption. Companies with strong ESG reporting appeared better placed to sustain stakeholder confidence and weather those pressures.

11. Kim and Li (2021) Kim and Li found that ESG components generally have a positive association with corporate financial performance, but with an important qualification: the benefit is more pronounced when companies treat ESG as part of core business strategy rather than as a compliance obligation. When sustainability practices are genuinely embedded in operations, they can improve reputation, reduce risk, and support long-term value creation. For blue-chip companies, this suggests that ESG reporting is most likely to support EBIT when it is linked to real operational improvements rather than symbolic disclosure.

12. Aydoğmuş, Gülay and Ergun (2022) This study found that ESG combined scores, as well as individual environmental, social, and governance scores, each showed positive and statistically significant relationships with firm profitability. This result directly supports the view that ESG performance can improve financial outcomes. In the context of EBIT, better ESG performance may reduce operating costs, enhance productivity, and strengthen brand value — all of which can contribute to higher operating earnings.

13. Li, Feng, Pan and Sohail (2022) Li and colleagues studied ESG performance and stock price behavior during the COVID-19 crisis. They found that stronger ESG performance was significantly associated with higher cumulative abnormal returns during the crisis period. While the study focused on market returns rather than operating profitability directly, the underlying finding is still relevant: ESG-strong companies maintained greater market confidence during a period of uncertainty. For blue-chip companies, this kind of confidence can indirectly support operational stability and, by extension, EBIT.

14. Firmansyah, Husna and Putri (2023) This study examined listed Saudi Arabian companies and found that ESG disclosure can influence company performance, but that the effect varies depending on which ESG pillar is examined and on company-specific characteristics. The finding is a useful reminder that ESG reporting does not operate uniformly. For blue-chip companies, the impact on EBIT may depend heavily on whether ESG reporting is backed by genuine operational improvements, strong governance, and effective cost management — rather than disclosure for its own sake.

15. Khandelwal, Sharma and Jain (2023) Khandelwal, Sharma and Jain studied ESG disclosure and firm performance from an asset-pricing perspective and found a counterintuitive result: firms with higher ESG disclosure sometimes earned lower returns compared to firms with lower disclosure. This suggests that market reactions to ESG reporting can be mixed and are not uniformly positive. Applied to EBIT, this finding is a useful caution — ESG reporting does not automatically translate into better financial results. In the short term, companies may absorb higher costs from ESG compliance, audit activities, and reporting infrastructure, which can weigh on operating earnings before any operational benefits materialize.

16. Freeman (1984)

Freeman introduced stakeholder theory and explained that companies should not focus only on shareholders but should also consider the interests of employees, customers, suppliers, government, society and the environment. The study suggested that long-term business success depends on how effectively a company manages stakeholder relationships. In relation to ESG reporting, this theory is important because ESG disclosure helps companies communicate their responsibility toward different stakeholder groups. For blue-chip companies, strong stakeholder relationships may improve brand value, investor trust and operating stability, which can indirectly support EBIT.



17. Jensen and Meckling (1976)

Jensen and Meckling developed agency theory and explained the relationship between owners and managers of a company. Their study found that conflicts may arise when managers do not always act in the best interest of shareholders. Strong governance systems can reduce agency problems and improve transparency. This finding is relevant to ESG reporting because governance disclosure helps investors understand how companies are managed and controlled. For blue-chip companies, better governance reporting may reduce mismanagement, improve decision-making and support operating profitability.

18. Suchman (1995)

Suchman studied legitimacy theory and explained how organizations try to gain and maintain social acceptance. The study found that companies disclose information to show that their actions are suitable and acceptable according to social expectations. ESG reporting supports legitimacy by showing that companies are environmentally responsible, socially aware and properly governed. For blue-chip companies, legitimacy is very important because they are highly visible in the market. Maintaining legitimacy can reduce reputational risk and protect EBIT from negative stakeholder reactions.

19. Porter and Kramer (2006)

Porter and Kramer examined the relationship between corporate social responsibility and competitive advantage. Their study found that CSR can create business value when it is connected with company strategy. They argued that social responsibility should not be treated only as a cost or charity activity. Instead, it can improve competitiveness when linked with operations, supply chain and market positioning. This finding is relevant because ESG reporting can support EBIT if ESG practices improve efficiency, reduce cost, strengthen brand image and create long-term business value.

20. Elkington (1997)

Elkington introduced the concept of the triple bottom line, which focuses on three dimensions: people, planet and profit. The study emphasized that companies should measure success not only through financial profit but also through social and environmental performance. This concept is closely related to ESG reporting because ESG disclosure covers environmental, social and governance dimensions. For blue-chip companies, the triple bottom line approach helps balance profitability with responsibility. It suggests that long-term EBIT can be supported when companies manage financial and non-financial performance together.

21. McWilliams and Siegel (2000)

McWilliams and Siegel studied the relationship between corporate social responsibility and financial performance. Their study found that the relationship between CSR and financial performance can be affected by research and development, firm size and industry characteristics. They argued that earlier studies may have produced mixed results because important control variables were missing. This finding is important for the present study because the impact of ESG reporting on EBIT may differ across companies and industries. ESG reporting may not affect all blue-chip companies in the same way.

22. Dhaliwal, Li, Tsang and Yang (2011)

Dhaliwal and others examined voluntary non-financial disclosure and the cost of equity capital. Their study found that companies initiating CSR disclosure experienced a reduction in cost of equity capital, especially when they had strong CSR performance. The study suggested that non-financial disclosure reduces information asymmetry and improves investor confidence. In relation to EBIT, this finding is useful because better investor confidence can strengthen company reputation and financial stability. Blue-chip companies with strong ESG reporting may attract long-term investors and improve market credibility.

23. Cheng, Ioannou and Serafeim (2014)

Cheng, Ioannou and Serafeim studied corporate social responsibility and access to finance. Their study found that firms with better CSR performance had better access to finance because they faced lower capital constraints. The authors explained that strong stakeholder engagement and transparent reporting reduce agency problems and improve trust.



This finding supports the importance of ESG reporting for blue-chip companies because better ESG disclosure can improve financial flexibility. Although EBIT excludes interest costs, better access to finance can support operational investment and long-term profitability.

24. Khan, Serafeim and Yoon (2016)

Khan, Serafeim and Yoon examined corporate sustainability and the financial importance of material ESG issues. Their study found that firms performing well on material sustainability issues had better future financial performance than firms focusing on immaterial sustainability issues. This finding is highly relevant because it shows that not all ESG activities have the same financial impact. For blue-chip companies, ESG reporting should focus on material issues that directly affect operations, cost, risk and revenue. Material ESG reporting may therefore have a stronger effect on EBIT.

25. Giese, Lee, Melas, Nagy and Nishikawa (2019)

Giese and others studied the foundations of ESG investing and explained how ESG affects valuation, risk and performance. Their study found that ESG can influence financial performance through cash flow, company-specific risk and cost of capital channels. The authors suggested that strong ESG companies may have better risk management and more stable profitability. This finding is useful for the present study because EBIT is closely related to operating cash flow and business risk. Blue-chip companies with better ESG reporting may achieve more stable operating earnings over time.

26. Jo and Harjoto (2011)

Jo and Harjoto examined the relationship between corporate governance, corporate social responsibility and firm value. Their study found that CSR engagement is positively associated with firm value, especially when supported by strong corporate governance mechanisms. The study suggested that governance quality plays an important role in ensuring that CSR activities are not only symbolic but also connected with real company performance. This finding is relevant to ESG reporting because governance is one of the main pillars of ESG. For blue-chip companies, strong governance reporting can improve accountability, reduce agency problems and support better operating decisions. This may have a positive effect on EBIT by reducing inefficiency, fraud, compliance issues and management-related risks.

27. Flammer (2015)

Flammer studied whether corporate social responsibility leads to superior financial performance using a regression discontinuity approach. The study found that companies adopting CSR proposals experienced improvements in financial performance and labour productivity. The research suggested that CSR can create value when it is properly implemented and supported by stakeholders. This finding is useful for the present study because ESG reporting may improve employee motivation, stakeholder confidence and operational efficiency. In blue-chip companies, better employee productivity and stronger stakeholder support can help improve operating profitability. Therefore, ESG reporting may contribute positively to EBIT in the long run, even if it creates some short-term implementation costs.

2.3 Thematic and Chronological Review of Literature

The literature on ESG reporting and financial performance has built up gradually. Early work focused primarily on corporate social responsibility and its connection to profitability. Over time, attention shifted to ESG reporting practices, ESG disclosure scores, sustainability performance, and their specific effects on firm value, risk, and operating results. For this study, this body of work matters because it helps explain the mechanisms through which ESG reporting may influence the EBIT of blue-chip companies.

Early Studies on CSR and Financial Performance

The earliest strand of this literature asked whether responsible corporate behavior and financial performance move together. Waddock and Graves (1997) found that companies with stronger social performance generally achieved better financial results in subsequent periods, attributing this to improved stakeholder trust and greater business stability. Orlitzky, Schmidt and Rynes (2003) reached a similar conclusion through their large-scale meta-analysis, finding a



positive association between corporate social performance and corporate financial performance, mediated by reputational advantages and stronger stakeholder relationships.

These early studies matter because they established that social and ethical behavior is not separate from business performance — responsible practices can actually contribute to profitability, stability, and competitive strength.

Studies on Sustainability and Long-Term Performance

Later research moved from broad CSR concepts toward more specific sustainability-focused practices. Eccles, Ioannou and Serafeim (2014) compared companies that had adopted sustainability policies against those that had not, finding that high-sustainability firms showed stronger organizational systems and better long-term performance. The implication was that sustainability can become a strategic business practice rather than simply a social responsibility exercise.

Friede, Busch and Bassen (2015) synthesized more than 2,000 empirical studies on ESG and corporate financial performance. The headline finding — that around 90% of studies reported a non-negative relationship between ESG and financial results — provides some of the strongest aggregate evidence for the business case for ESG. It indicated that ESG activities are rarely harmful to financial performance and frequently contribute positively.

For blue-chip companies specifically, these findings suggest that large organizations with sufficient resources to implement sustainability properly may see improvements in operating efficiency, waste reduction, and brand strength — all of which can positively affect EBIT.

Studies on ESG Disclosure and Profitability

A more recent group of studies focused specifically on the relationship between ESG disclosure and operating profitability. Nollet, Filis and Mitrokostas (2016) used Bloomberg ESG disclosure scores for S&P 500 companies and found that the relationship between CSR and financial performance is non-linear — ESG activities may not produce immediate profitability gains, but benefits tend to emerge once ESG practices reach a certain level of maturity.

Velte (2017) examined German listed companies and found that ESG performance had a positive effect on Return on Assets, with governance performance emerging as the strongest driver of financial results among the three ESG pillars. This is directly relevant to EBIT: sound governance improves internal controls, reduces the risk of fraud or inefficiency, and supports better operating decisions — all factors that feed into operating earnings.

Fatemi, Glaum and Kaiser (2018) added another dimension by showing that ESG strengths increase firm value, while ESG weaknesses reduce it, and that high-quality ESG disclosure can partially offset the negative effect of existing weaknesses. In other words, transparency itself carries financial value.

Studies on ESG During Crisis Periods

Several studies examined whether ESG performance provides a buffer during financial or economic stress. Lins, Servaes and Tamayo (2017) studied the 2008–2009 global financial crisis and found that companies with high CSR intensity significantly outperformed those with low CSR intensity, largely because CSR had built the trust and social capital that helped firms hold up under pressure.

Broadstock, Chan, Cheng and Wang (2021) conducted a similar analysis using Chinese firm data during the COVID-19 crisis, finding that ESG performance served as a credible signal of resilience and helped companies weather market-wide financial stress. Li, Feng, Pan and Sohail (2022) reached comparable conclusions, showing that stronger ESG performance was associated with better cumulative market returns during the same crisis period.

2.4 Research Gap

The literature reviewed above covers considerable ground, but several important gaps remain. Most notably, relatively few studies examine ESG reporting in direct relation to EBIT — and even fewer focus specifically on blue-chip companies.



The first gap is the predominant use of broad financial indicators. Existing studies typically use Return on Assets, Return on Equity, stock returns, market value, or Tobin's Q as their measures of financial performance. These are useful indicators, but they do not isolate the effect of ESG reporting on operating profitability. EBIT is more precise for this purpose because it captures earnings from core operations before financing and tax effects distort the picture. A dedicated study of ESG reporting and EBIT is therefore needed.

The second gap is the lack of focus on blue-chip companies as a distinct group. Much of the existing research pools together companies from different sectors, sizes, and financial profiles. Blue-chip companies have characteristics that set them apart — they are large, reputable, financially stable, and subject to particularly close market scrutiny. Their ESG reporting practices tend to be more developed, and their financial performance is tracked more rigorously. The effect of ESG reporting on blue-chip companies may differ meaningfully from its effect on smaller or mid-sized firms, yet the literature rarely treats them separately.

The third gap concerns the distinction between ESG performance and ESG reporting. ESG performance refers to what companies actually do in environmental, social, and governance terms. ESG reporting refers to how they disclose and communicate those activities to stakeholders. A company may have substantive ESG practices but communicate them poorly, or conversely, may report extensively without corresponding operational substance. The effect of reporting quality on EBIT — as distinct from ESG performance quality — needs more direct examination.

The fourth gap is the unresolved question of timing. Some studies find that ESG improves profitability, while others suggest it creates short-term cost pressure. The literature does not fully clarify whether ESG reporting improves EBIT in the near term or only after an extended period of implementation maturity.

Main research gaps identified:

- Limited studies directly examine the relationship between ESG reporting and EBIT.
- Most research uses broad financial indicators rather than operating profitability measures.
- Blue-chip companies are rarely studied as a distinct category.
- Existing research tends to focus on ESG performance rather than ESG reporting quality.
- The short-term cost impact of ESG reporting on EBIT is not fully understood.
- Which ESG pillar has the greatest effect on EBIT has not been clearly established.
- Sector-specific and firm-size differences are often not adequately accounted for.
- The connection between ESG reporting and operating efficiency needs deeper analysis.

This study is designed to address these gaps by focusing specifically on how ESG reporting affects EBIT in blue-chip companies. The aim is to determine whether ESG reporting functions primarily as a cost burden or as a value-creating tool for large, reputable firms — and whether it supports operating profitability through transparency, governance quality, risk reduction, and resource efficiency.

III. RESEARCH METHODOLOGY

3.1 Meaning of Research and Methodology

Research is a systematic investigation of a specific problem or question, conducted to find useful information and reach a reasoned conclusion. It is not guesswork — it involves collecting, organizing, analyzing, and interpreting data in a disciplined way. In this study, research is carried out on the topic "The Impact of ESG Reporting on Blue-Chip Companies' EBIT," with the aim of understanding whether ESG disclosure has a positive, negative, or mixed effect on the operating profitability of blue-chip companies.

Methodology refers to the procedure the researcher follows to conduct the study — how data is gathered, which respondents are selected, what tools are used for analysis, and how findings are interpreted. A clear methodology gives the research structure and makes it more reliable. Without it, the study risks becoming unsystematic and difficult to follow.

In this project, both primary and secondary data are used. Primary data comes from a questionnaire survey of 50 respondents, covering 15 multiple-choice questions on ESG reporting, transparency, investor confidence, operating



costs, risk reduction, and EBIT. Secondary data is drawn from research papers, journals, books, company reports, ESG reports, and online sources.

The main elements of the methodology are:

- Selection of research topic
- Identification of the research problem
- Framing of research objectives
- Collection of primary and secondary data
- Preparation of the questionnaire
- Selection of sample size and respondents
- Tabulation and percentage analysis of responses

The methodology provides a clear path for completing the study. It connects the literature review, questionnaire responses, and final conclusions, and is designed to show how ESG reporting influences EBIT through factors such as cost control, governance quality, brand image, resource efficiency, and stakeholder confidence.

3.1.1 Meaning of Research

Research is a careful, systematic process of building knowledge — identifying a problem, gathering relevant information, examining the available facts, and drawing conclusions. It follows defined steps: selecting a topic, identifying the problem, reviewing existing literature, collecting data, analyzing it, and interpreting the results. A good research study is objective, logical, and grounded in reliable evidence rather than personal opinion.

In this study, research is used to examine the impact of ESG reporting on the EBIT of blue-chip companies. ESG reporting refers to corporate disclosure of environmental, social, and governance practices. EBIT — Earnings Before Interest and Taxes — measures how much a company earns from its core operations before interest and tax obligations are factored in. The research asks whether ESG reporting supports EBIT through efficiency improvements and stakeholder trust, or whether it reduces EBIT by adding to operating costs.

The study is descriptive in nature. It describes respondent opinions about ESG reporting and its effects on EBIT, using a questionnaire survey of 50 respondents. Responses are analyzed through tables, percentages, and interpretations. This approach converts general perceptions into organized, interpretable information — helping determine whether respondents view ESG reporting as a value-creating practice for blue-chip companies or primarily as a short-term cost burden.

Main characteristics of research as applied in this study:

- It is a systematic, step-by-step process
- It is grounded in facts and evidence, not guesswork
- It focuses on a specific problem
- It uses proper methods for data collection and analysis
- It involves interpretation of results
- It supports decision-making and deepens understanding of a subject
- It may be qualitative, quantitative, or both

3.2 Objectives of Study

The objectives define what the researcher aims to achieve and keep the project focused on its central purpose. Without clear objectives, a research study can easily become too broad or lose direction. In this project, the objectives are framed around understanding ESG reporting and its effect on the EBIT of blue-chip companies.

Blue-chip companies are large, reputable, and financially strong organizations that carry high market visibility. Because they are closely watched by investors, regulators, customers, and the public, their ESG reporting practices matter considerably. The study's main objective is to determine whether ESG reporting has a positive, negative, or mixed



impact on EBIT — the operating profitability measure selected because it captures earnings from core business activities before financing and tax effects.

ESG reporting may help EBIT by improving resource efficiency, reducing waste, strengthening governance, and enhancing brand image. But it may also suppress EBIT in the short term through costs associated with compliance, audits, employee welfare programs, environmental investment, and reporting infrastructure. The objectives are designed to examine both sides.

The major objectives of the study are:

- To understand the concept and importance of ESG reporting
- To study the meaning and relevance of blue-chip companies
- To understand EBIT as a measure of operating profitability
- To examine the relationship between ESG reporting and EBIT
- To analyze whether ESG reporting improves transparency
- To study the impact of ESG reporting on investor confidence
- To examine whether ESG activities increase short-term operating costs
- To understand whether ESG reporting reduces long-term business risk
- To identify which ESG factor has the highest impact on EBIT

These objectives connect the literature review to the questionnaire and to the final interpretation of results. They ensure that both the benefits and the cost-related limitations of ESG reporting are examined in a balanced and structured way.

3.3 Research Problem

The research problem is the specific question the study investigates. It is the foundation on which objectives, research design, questionnaire, and analysis are all built. In this study, the research problem is: does ESG reporting have an impact on the EBIT of blue-chip companies?

This question matters because companies are now expected to do more than generate profit — they are expected to disclose how they manage environmental issues, social responsibilities, and governance practices. Blue-chip companies face particularly high expectations in this regard, given their size, reputation, and the degree to which they are monitored by investors and the public. But the core question remains whether ESG reporting actually improves financial performance or primarily adds to business expenses.

EBIT is the appropriate financial indicator here because it captures operating profitability. ESG activities can affect both sides of the operating equation. Environmental initiatives may cut energy and waste costs. Social initiatives can improve employee productivity. Governance improvements can reduce fraud and mismanagement. These effects could improve EBIT. At the same time, ESG reporting demands investment in systems, audits, sustainability projects, and compliance activities — all of which can reduce EBIT in the near term.

The research problem is further complicated by mixed evidence in the literature. Many studies find a positive relationship between ESG and financial performance; others identify short-term cost pressures. This study uses both a literature review and questionnaire-based primary data to examine the question from a respondent perception perspective.

The key questions framing the research problem:

- Does ESG reporting improve the EBIT of blue-chip companies?
- Does ESG reporting increase short-term operating costs?
- Does ESG disclosure improve transparency and accountability?
- Can ESG reporting strengthen investor confidence?
- Which ESG factor affects EBIT the most?
- Does ESG reporting help reduce long-term business risk?
- What challenges do companies face in ESG reporting?



3.3.1 Research Design

A descriptive research design has been adopted for this study. This choice is appropriate because the aim is to describe and explain respondent opinions about ESG reporting and its perceived effect on EBIT — not to conduct experiments or directly manipulate any variables. The study collects structured responses and presents them through tables, percentages, and interpretations.

The study uses a survey method. A questionnaire of 15 multiple-choice questions was developed to cover areas including ESG awareness, the importance of ESG disclosure, transparency, investor confidence, operating cost, long-term risk reduction, brand image, resource efficiency, employee productivity, and overall EBIT impact. Responses from 50 respondents were tabulated and converted into frequencies and percentages. Bar graphs can be prepared using MS Word for visual presentation.

Key features of the research design:

- Descriptive research design
- Survey method for data collection
- Structured questionnaire as the primary instrument
- 15 multiple-choice questions
- Sample size of 50 respondents
- Frequency and percentage analysis
- Results presented in tables with bar graphs
- Interpretation supported by survey responses and literature

This design suits the perception-based nature of the study. It allows the researcher to assess whether respondents believe ESG reporting has a positive, negative, or mixed effect on EBIT, and to compare across different factors — governance quality, environmental practices, social initiatives, cost pressure, and investor confidence.

3.3.2 Sampling Design

Since collecting data from every person associated with this topic is not feasible, the study uses a sample of 50 respondents. The population is broadly defined as people with basic knowledge of business, companies, or financial reporting — including students, investors, finance learners, employees, and professionals. Each respondent completed the 15-question multiple-choice questionnaire, with responses then counted and converted into percentages.

Convenience sampling was used to select respondents. This means individuals were chosen based on their availability and willingness to participate — a practical approach commonly used in student research that conserves time and resources. It is well-suited to studies based on general perception rather than highly technical, company-level financial data.

The sampling design at a glance:

- Population: Individuals with basic knowledge of business, companies, or financial reporting
- Sample size: 50 respondents
- Sampling method: Convenience sampling
- Research area: Respondents accessible to the researcher
- Data collection tool: Structured questionnaire
- Question type: Multiple-choice questions
- Analysis method: Frequency and percentage analysis
- Presentation: Tables and bar graphs

Convenience sampling has limitations — it may not perfectly represent the broader population. But for a study focused on general perceptions about ESG reporting and EBIT, it is an acceptable and practical approach. The sample provides sufficient information to identify whether respondents believe ESG reporting improves profitability or primarily creates short-term cost pressure.



3.3.3 Data Collection

Data collection provides the raw material on which the analysis depends. In this study, both primary and secondary data were used to build a more complete picture.

Primary data was gathered through the 15-question structured questionnaire, which covered ESG awareness, the importance of ESG reporting, transparency, investor confidence, short-term cost, risk reduction, brand image, resource efficiency, employee productivity, and overall EBIT impact. The questionnaire was distributed to 50 respondents. Responses were recorded, organized into tables, and converted into percentages.

Secondary data was drawn from books, academic journals, research papers, company annual reports, ESG reports, sustainability reports, and online sources. Secondary data supported the literature review, provided theoretical grounding for the topic, helped identify the research gap, and guided the design of the questionnaire.

The data collection process followed these steps:

- Identifying the information required for the study
- Preparing the structured questionnaire
- Selecting 50 respondents
- Collecting responses in multiple-choice format
- Recording and organizing the responses
- Arranging data in tabular form
- Calculating frequency and percentage values
- Interpreting results in relation to the research objectives
- Using secondary sources to provide literature support

The questionnaire method was chosen because it is straightforward, economical, and produces responses that are easy to compare and analyze. The multiple-choice format makes tabulation efficient and supports visual presentation through bar graphs.

3.3.4 Limitations of Study

Every research study has boundaries that affect how broadly its findings can be applied. The following limitations apply to this study and should be kept in mind when reading its conclusions.

The first limitation is sample size. With only 50 respondents, the study is suitable for an academic project but cannot claim to represent the full range of investor, employee, or professional perspectives. A larger sample would produce more statistically robust findings.

The second limitation is the sampling method. Convenience sampling selects respondents based on availability, which can introduce bias. The group surveyed may not accurately reflect the wider population of stakeholders with views on ESG reporting.

The third limitation is the perception-based nature of the data. The questionnaire captures opinions rather than actual company financial figures. The study therefore reflects how respondents perceive the impact of ESG reporting on EBIT, not a statistically tested financial relationship drawn from multi-year company data.

The major limitations of the study:

- Sample size limited to 50 respondents
- Convenience sampling may introduce respondent bias
- Study is based on perception, not observed financial data
- Actual EBIT data from companies is not deeply analyzed
- Time available for the research is limited
- Some respondents may have limited familiarity with ESG reporting
- ESG impact can differ significantly across industries
- The study focuses specifically on blue-chip companies
- Advanced statistical tools are not used



Despite these constraints, the study provides a useful starting point for understanding how ESG reporting is perceived in relation to EBIT. It highlights key themes — transparency, investor confidence, cost pressure, governance quality, and risk reduction — that carry value for students, researchers, and companies alike.

IV. DATA ANALYSIS

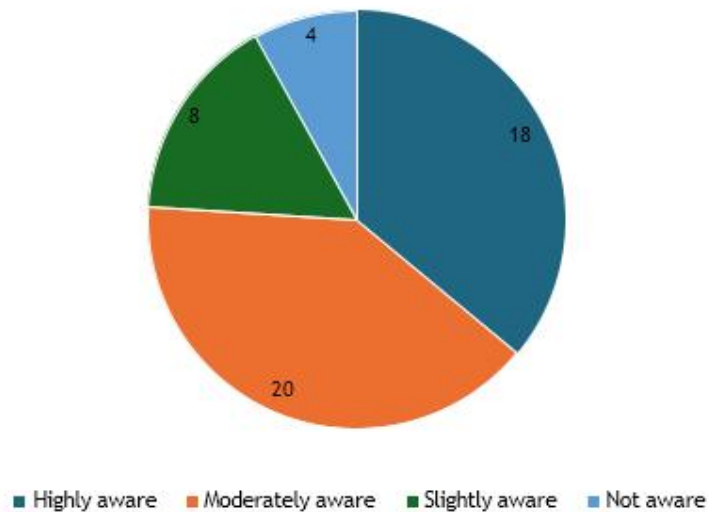
1. Are you aware of ESG reporting?

Options

Highly aware

Moderately aware Slightly aware

Not aware



Interpretation

The survey shows that 40% of respondents are moderately aware of ESG reporting, while 36% are highly aware. This means most respondents have knowledge about ESG reporting. Only 8% of respondents are not aware. Therefore, it can be interpreted that ESG reporting is becoming a familiar concept among people connected with blue-chip companies.

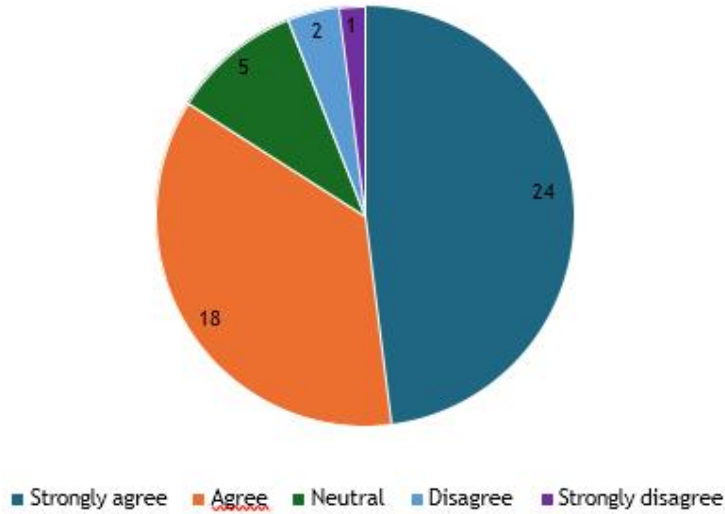
2. Do you think ESG reporting is important for blue-chip companies?

Options Strongly agree Agree

Neutral Disagree

Strongly disagree





Interpretation

The result shows that 48% of respondents strongly agree and 36% agree that ESG reporting is important for blue-chip companies. This means a large majority supports ESG disclosure. It indicates that stakeholders expect large and reputed companies to disclose their environmental, social and governance practices clearly.

3. ESG reporting improves transparency in company operations.

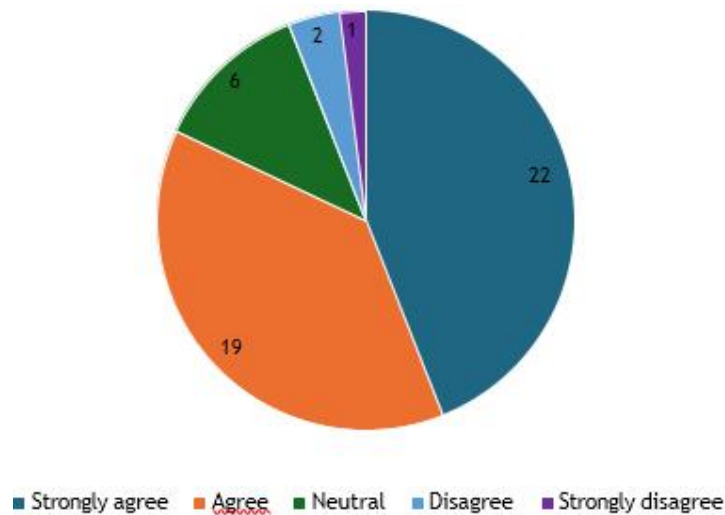
Options

Strongly agree

Agree

Neutral Disagree

Strongly disagree



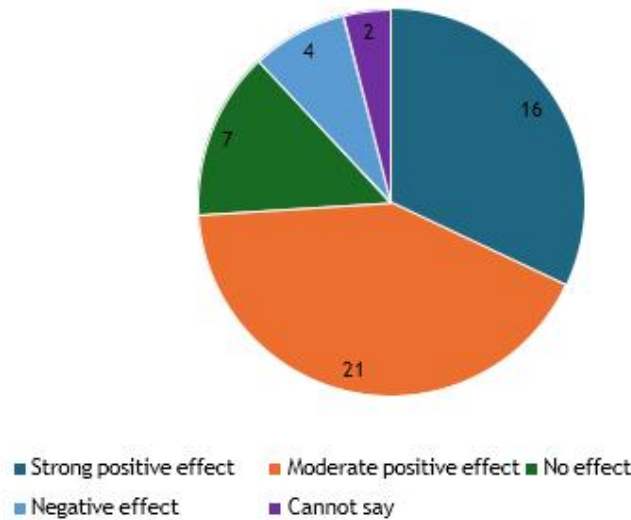
Interpretation

The survey result shows that 82% of respondents either strongly agree or agree that ESG reporting improves transparency. This means ESG disclosure helps stakeholders understand how companies manage environmental responsibility, social practices and governance systems. Hence, ESG reporting can be considered useful for improving corporate transparency.

4. Do you believe ESG reporting affects the EBIT of blue-chip companies?

Options

- Strong positive effect
- Moderate positive effect
- No effect
- Negative effect
- Cannot say



Interpretation

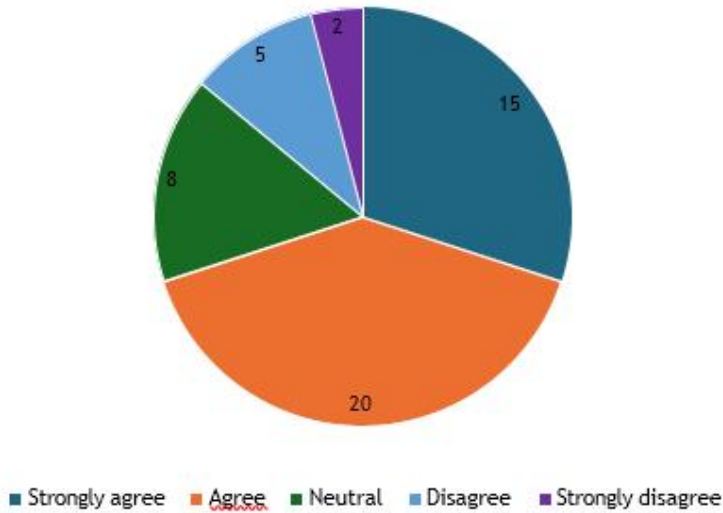
The result shows that 42% of respondents believe ESG reporting has a moderate positive effect on EBIT, while 32% believe it has a strong positive effect. This indicates that most respondents think ESG reporting can support operating profitability. However, a small portion believes it may have a negative effect due to additional ESG-related costs.

5. ESG activities increase the operating cost of companies in the short term.

Options

- Strongly agree
- Agree
- Neutral Disagree
- Strongly disagree



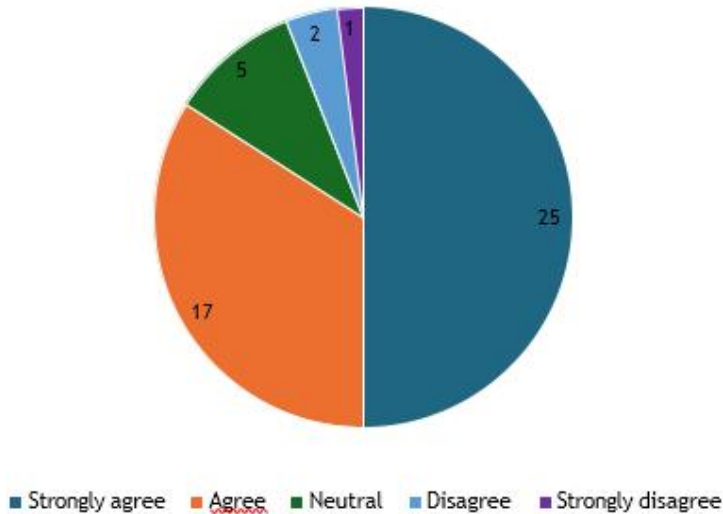


Interpretation

The survey shows that 70% of respondents agree or strongly agree that ESG activities increase operating costs in the short term. This may be due to spending on ESG audits, sustainability reporting, pollution control, employee welfare and compliance systems. Therefore, ESG may put some pressure on EBIT in the short run.

6. ESG reporting helps companies reduce long-term business risks.

- Options
- Strongly agree
- Agree
- Neutral Disagree
- Strongly disagree

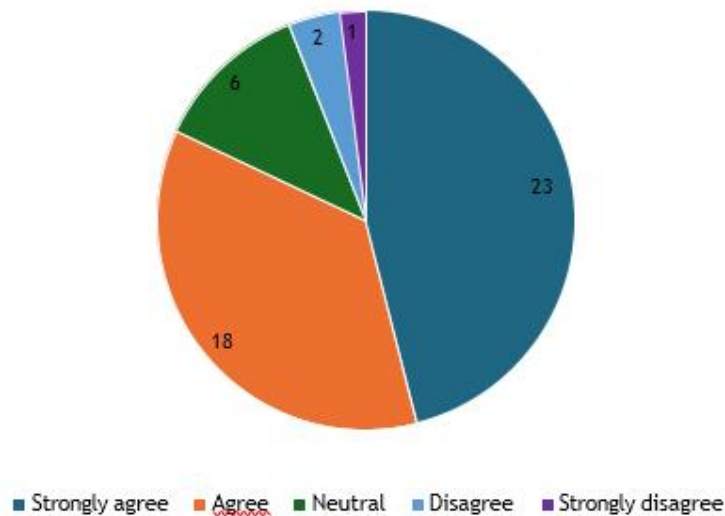


Interpretation

The result shows that 50% of respondents strongly agree and 34% agree that ESG reporting helps reduce long-term business risks. This means ESG reporting is viewed as useful for controlling environmental, legal, governance and reputational risks. Risk reduction can help blue-chip companies maintain stable EBIT in the long period.

7. ESG reporting improves investor confidence in blue-chip companies.

- Options
- Strongly agree
- Agree
- Neutral Disagree
- Strongly disagree



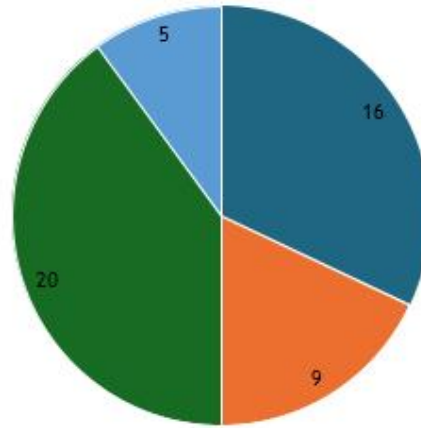
Interpretation

The survey shows that 82% of respondents believe ESG reporting improves investor confidence. This means investors may prefer companies that are transparent and responsible in their business practices. For blue-chip companies, strong ESG reporting can create trust and improve their image in the capital market.

8. Which ESG factor has the highest impact on EBIT?

- Options
- Environmental factors
- Social factors
- Governance factors
- All equally





■ Environmental factors ■ Social factors ■ Governance factors ■ All equally

Interpretation

The survey result shows that 40% of respondents believe governance factors have the highest impact on EBIT. This suggests that ethical management, internal control, board structure and compliance are considered very important for operating profitability. Environmental factors were selected by 32%, showing that cost savings through energy efficiency and waste reduction are also important.

9. ESG reporting helps reduce wastage and improve resource efficiency.

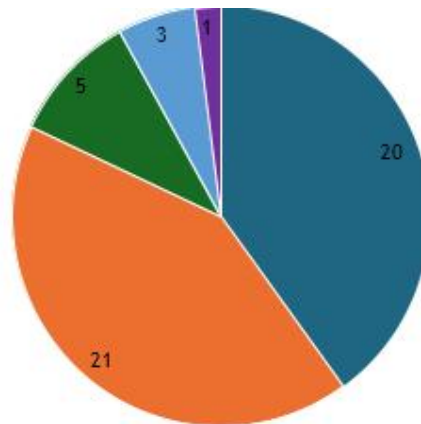
Options

Strongly agree

Agree

Neutral Disagree

Strongly disagree



■ Strongly agree ■ Agree ■ Neutral ■ Disagree ■ Strongly disagree



Interpretation

The result shows that 82% of respondents agree or strongly agree that ESG reporting helps reduce wastage and improve resource efficiency. This means companies may become more careful about energy use, water use, waste management and production efficiency. Better resource utilization can reduce operating costs and support EBIT.

10. Strong ESG reporting improves the brand image of blue-chip companies.

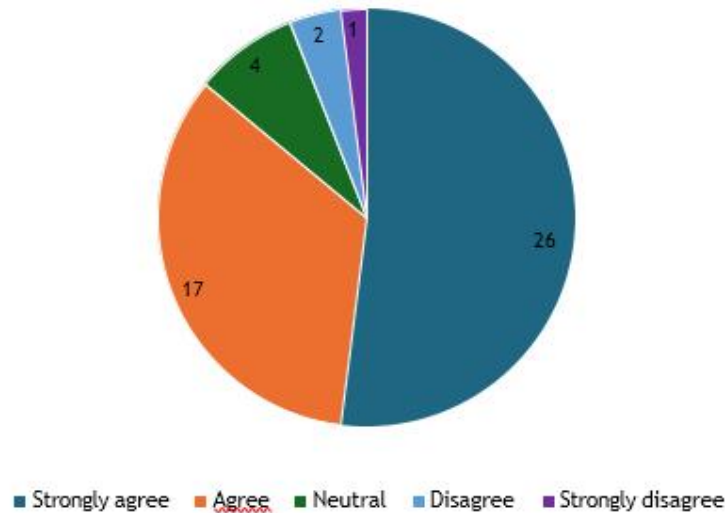
Options

Strongly agree

Agree

Neutral Disagree

Strongly disagree



Interpretation

The survey shows that 52% of respondents strongly agree and 34% agree that ESG reporting improves brand image. This indicates that companies with strong ESG reporting are seen as responsible and trustworthy. A better brand image can improve customer loyalty and market reputation, which may positively affect business performance and EBIT.

11. ESG compliance and reporting costs reduce EBIT in the short term.

Options

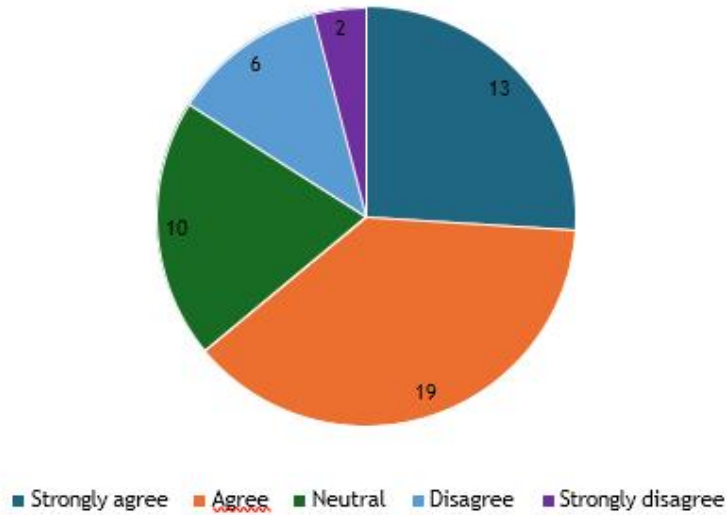
Strongly agree

Agree

Neutral Disagree

Strongly disagree





Interpretation

The result shows that 64% of respondents agree or strongly agree that ESG compliance and reporting costs may reduce EBIT in the short term. This means respondents understand that ESG reporting requires investment in data collection, audits, staff training and sustainability systems. However, these costs may later be balanced by efficiency and risk reduction benefits.

12. ESG reporting helps blue-chip companies attract long-term investors.

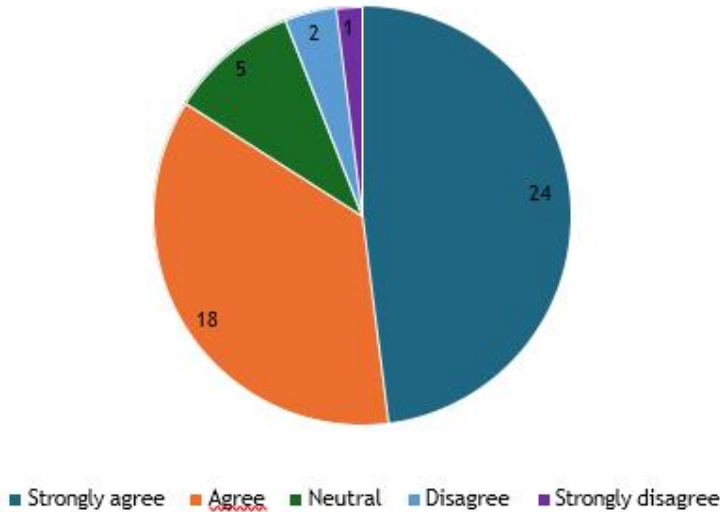
Options

Strongly agree

Agree

Neutral Disagree

Strongly disagree

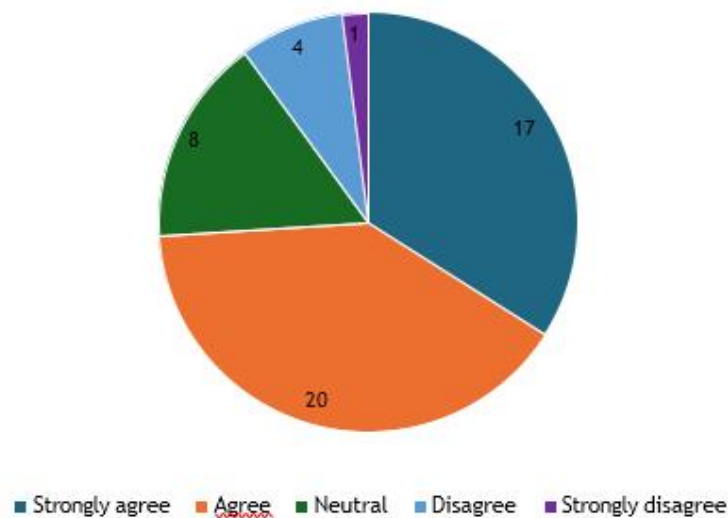


Interpretation

The result shows that 84% of respondents believe ESG reporting helps attract long-term investors. This means ESG reporting is considered a sign of responsible management and future stability. Long-term investors may prefer blue-chip companies that manage sustainability risks properly and disclose ESG information transparently.

13. ESG reporting improves employee productivity and workplace satisfaction.

- Options
- Strongly agree
- Agree
- Neutral Disagree
- Strongly disagree



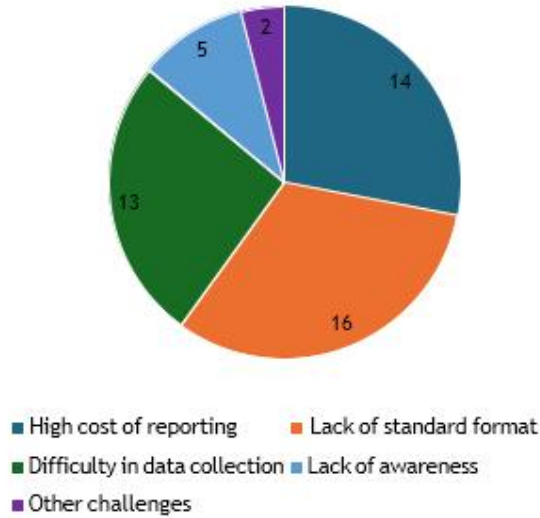
Interpretation

The survey result shows that 74% of respondents agree or strongly agree that ESG reporting improves employee productivity and workplace satisfaction. This indicates that social practices such as employee welfare, safety, diversity and training are important. Improved employee satisfaction can reduce attrition and improve productivity, which may support EBIT.

14. What is the main challenge in ESG reporting?

- Options
- High cost of reporting
- Lack of standard format
- Difficulty in data collection
- Lack of awareness
- Other challenges



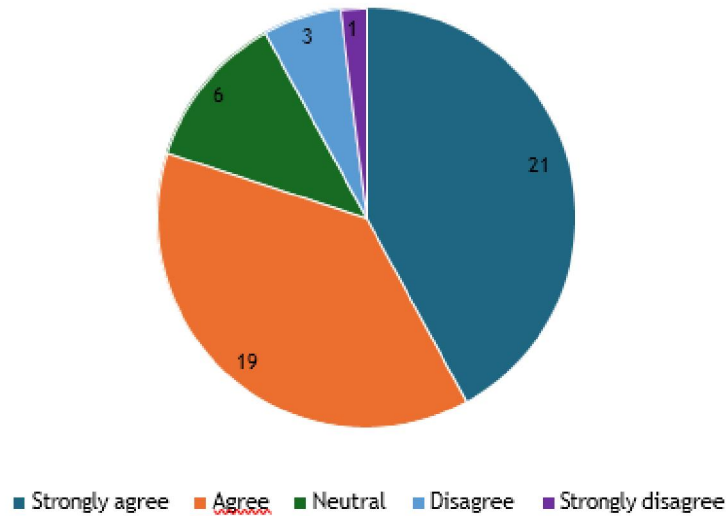


Interpretation

The survey shows that the main challenge in ESG reporting is lack of standard format, selected by 32% of respondents. High cost of reporting and difficulty in data collection are also major challenges. This means companies may face practical problems while preparing ESG reports. These challenges can affect the quality and comparability of ESG reporting.

15. Overall, ESG reporting has a positive impact on EBIT of blue-chip companies.

- Options
- Strongly agree
- Agree
- Neutral Disagree
- Strongly disagree



Interpretation

The final result shows that 80% of respondents agree or strongly agree that ESG reporting has a positive impact on EBIT of blue-chip companies. This means most respondents believe ESG reporting supports operating profitability through transparency, governance, risk management, resource efficiency and brand reputation. However, some respondents also feel that ESG reporting may create short-term cost pressure.

V. FINDINGS AND CONCLUSION

5.1 Findings

This study examined whether ESG reporting has a positive, negative, or mixed impact on the operating profitability of blue-chip companies, drawing on both a literature review and primary data collected through a 15-question questionnaire survey of 50 respondents. The findings below are based on respondent opinions, literature support, and interpretation of survey results.

ESG reporting is widely recognized and considered important. A large share of respondents were either highly or moderately aware of ESG reporting, indicating that the concept has become familiar among people connected with business, finance, and investment. Respondents also broadly agreed that ESG reporting matters particularly for blue-chip companies — organizations that are large, reputable, and closely watched by the market. Stakeholders expect these companies to clearly disclose how they manage environmental responsibilities, social practices, and governance.

Transparency is a clear benefit. Most respondents agreed that ESG disclosure helps stakeholders understand how companies handle environmental responsibility, employee welfare, governance structure, and ethical conduct. This finding aligns with the literature, where multiple researchers have documented that ESG reporting reduces information gaps between companies and their stakeholders and strengthens accountability.

ESG reporting strengthens investor confidence. Respondents indicated that investors tend to favor companies that disclose ESG information honestly and consistently. Strong ESG disclosure signals that a company is responsible, forward-looking, and better equipped to manage long-term risks — qualities that matter especially for blue-chip companies, which attract institutional investors, mutual funds, and long-term shareholders.

Major findings of the study:

- ESG reporting is considered important for blue-chip companies
- ESG reporting improves transparency and accountability
- Strong ESG disclosure increases investor confidence
- Governance factors are viewed as the most important ESG element affecting EBIT
- ESG reporting helps reduce long-term business risks
- ESG reporting improves brand image and stakeholder trust
- ESG practices may increase short-term operating costs
- ESG reporting can improve resource efficiency and reduce wastage
- ESG-related social practices may improve employee productivity
- Lack of a standard reporting format is a major challenge in ESG reporting

Short-term cost pressure is a real concern. Many respondents acknowledged that ESG activities require spending on audits, compliance systems, sustainability reporting, environmental protection, employee welfare, and data collection. These costs can reduce EBIT in the near term. However, the majority also believed that ESG reporting delivers long-term benefits by reducing risks, improving operational efficiency, and strengthening brand reputation.

Taken together, the findings suggest that ESG reporting has a predominantly positive impact on the EBIT of blue-chip companies over the long run. While it can create short-term cost pressure, it supports operating profitability through better governance, lower risk exposure, greater efficiency, improved brand image, and stronger stakeholder confidence.



5.2 Conclusion

The study's central conclusion is that ESG reporting meaningfully influences the EBIT of blue-chip companies. ESG reporting has moved well beyond voluntary social responsibility — it is now embedded in corporate strategy, investor communication, and long-term business sustainability. Because blue-chip companies are large, financially strong, and highly visible, their ESG practices attract sustained attention from investors, regulators, customers, employees, and society at large. Credible ESG reporting helps these companies maintain trust, protect their reputation, and sustain long-term business stability.

The literature review found that most previous researchers identified a positive relationship between ESG reporting, sustainability practices, and financial performance. ESG reporting was consistently linked with improved transparency, reduced operational and reputational risk, stronger governance, and greater stakeholder confidence. At the same time, some studies noted that ESG implementation carries short-term costs. The survey results in this study reflect the same balance: respondents generally believe ESG reporting has a positive effect on EBIT, while also recognizing that implementation costs can weigh on operating earnings in the near term.

Because EBIT captures earnings from core operations before interest and taxes, it is directly affected by whatever ESG reporting does to operating activities. Environmental reporting can help companies control energy use, reduce waste, and improve resource efficiency. Social reporting can lift employee satisfaction, workplace safety, productivity, and customer trust. Governance reporting can strengthen internal controls, board accountability, and compliance — reducing the likelihood of fraud, penalties, and costly mismanagement. All of these effects can improve operating performance and support EBIT over time.

Summary of conclusions:

- ESG reporting increases transparency in blue-chip companies
- ESG disclosure improves investor and stakeholder confidence
- ESG practices can reduce operational, legal, and reputational risks
- ESG reporting can improve brand image and customer loyalty
- ESG initiatives may increase short-term operating costs
- Strong governance has a direct connection with operating profitability
- ESG reporting can support EBIT when implemented effectively
- Long-term benefits of ESG reporting are likely to outweigh short-term costs

An important qualification runs through the conclusion: the quality of ESG reporting matters as much as its existence. ESG disclosure done only for formal compliance or public image is unlikely to generate real financial benefit. But when ESG reporting is genuinely connected to operational improvements, cost discipline, governance quality, and risk management, it becomes a value-creating tool rather than a compliance expense. For blue-chip companies, this distinction is consequential — it determines whether ESG reporting is a strategic asset or merely an added cost on the income statement.

The overall conclusion is that ESG reporting has a positive impact on the EBIT of blue-chip companies, especially over the long term. In the short run, reporting and compliance costs may reduce operating earnings. Over time, however, ESG reporting can drive greater efficiency, lower risk, and stronger stakeholder confidence — supporting rather than eroding profitability. Blue-chip companies should therefore approach ESG reporting as a strategic investment, not simply as an additional business expense.

REFERENCES / BIBLIOGRAPHY

- [1]. Waddock, S. A., & Graves, S. B. (1997). The corporate social performance–financial performance link. *Strategic Management Journal*, 18(4), 303–319.
- [2]. Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24(3), 403–441.



- [3]. Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, 60(11), 2835–2857.
- [4]. Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, 5(4), 210–233.
- [5]. Nollet, J., Filis, G., & Mitrokostas, E. (2016). Corporate social responsibility and financial performance: A non-linear and disaggregated approach. *Economic Modelling*, 52, 400–407.
- [6]. Velte, P. (2017). Does ESG performance have an impact on financial performance? Evidence from Germany. *Journal of Global Responsibility*, 8(2), 169–178.
- [7]. Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance*, 72(4), 1785–1824.
- [8]. Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value: The moderating role of disclosure. *Global Finance Journal*, 38, 45–64.
- [9]. Albitar, K., Hussainey, K., Kolade, N., & Gerged, A. M. (2020). ESG disclosure and firm performance before and after IR: The moderating role of governance mechanisms. *International Journal of Accounting & Information Management*, 28(3), 429–444.
- [10]. Broadstock, D. C., Chan, K., Cheng, L. T. W., & Wang, X. (2021). The role of ESG performance during times of financial crisis: Evidence from COVID-19 in China. *Finance Research Letters*, 38, 101716.
- [11]. Kim, S., & Li, Z. (2021). Understanding the impact of ESG practices in corporate finance. *Sustainability*, 13(7), 3746.
- [12]. Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on firm value and profitability. *Borsa Istanbul Review*, 22(Supplement 2), S119–S127.
- [13]. Li, T. T., Feng, H., Pan, A., & Sohail, M. T. (2022). ESG performance and stock prices during the COVID-19 outbreak. *Humanities and Social Sciences Communications*, 9, 242.
- [14]. Firmansyah, A., Husna, M. C., & Putri, M. A. (2023). Corporate social responsibility disclosure, corporate governance disclosures, and firm performance in Saudi Arabia. *Cogent Business & Management*, 10(3), 2287923.
- [15]. Khandelwal, C., Sharma, P., & Jain, V. (2023). ESG disclosure and firm performance: An asset pricing perspective. *Risks*, 11(6), 112.
- [16]. Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman Publishing.
- [17]. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- [18]. Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610.
- [19]. Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92.
- [20]. Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 89(1/2), 62–77.
- [21]. Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Oxford: Capstone Publishing.
- [22]. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48.
- [23]. McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal*, 21(5), 603–609.
- [24]. Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48(2), 268–305.



- [25]. Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? Addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, 33(11), 1304–1320.
- [26]. Jo, H., & Harjoto, M. A. (2011). Corporate governance and firm value: The impact of corporate social responsibility. *Journal of Business Ethics*, 103(3), 351–383.
- [27]. Dhaliwal, D. S., Li, O. Z., Tsang, A., & Yang, Y. G. (2011). Voluntary nonfinancial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting. *The Accounting Review*, 86(1), 59–100.
- [28]. Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35(1), 1–23.
- [29]. Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate sustainability: First evidence on materiality. *The Accounting Review*, 91(6), 1697–1724.
- [30]. Giese, G., Lee, L. E., Melas, D., Nagy, Z., & Nishikawa, L. (2019). Foundations of ESG investing: How ESG affects equity valuation, risk, and performance. *The Journal of Portfolio Management*, 45(5), 69–83.
- [31]. Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures. *Accounting, Auditing & Accountability Journal*, 15(3), 282–311.
- [32]. Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure. *Accounting, Organizations and Society*, 33(4–5), 303–327.
- [33]. Krüger, P. (2015). Corporate goodness and shareholder wealth. *Journal of Financial Economics*, 115(2), 304–329.

