

Impact Assessment of ESG Practices on Financial Performance

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In recent years, there has been a growing interest in studying the relationship between ESG (Environmental, Social, and Governance) factors and business performance indicators such as ROA (Return on Assets) and ROE (Return on Equity).

This study employs a quantitative design to investigate the relationship between key sustainability factors and performance measures. Data were obtained from the financial database of Thomson Reuters, encompassing a total of 13,991 large companies. To analyze whether the main sustainability indicators influence the performance measures, the dependent variables chosen were ROA (Return on Assets) as an indicator of the efficiency in the use of company assets, and ROE (Return on Equity) to assess shareholder profitability. A multivariate regression model was performed to analyze the relationship between ESG factors and financial performance indicators because this model allows for the examination of multiple dependent variables simultaneously.

Index Terms—ESG, CSR, ROA, ROE