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"SOCIAL AND GOVERNANCE DIMENSIONS OF ESG IN MULTINATIONAL AND LISTED CORPORATIONS: A GLOBAL-INDIAN COMPARATIVE ANALYSIS"

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Abstract :

*Environmental, Social, and Governance (ESG) frameworks have become a cornerstone of corporate sustainability and accountability worldwide. While the **Environmental pillar** has dominated academic research and regulatory debates, the **Social (S)** and **Governance (G)** dimensions remain underexplored, despite their critical role in shaping employee well-being, stakeholder trust, and corporate accountability. This paper investigates the integration of Social and Governance practices in multinational corporations (MNCs) and listed firms, with a focus on regulatory frameworks such as the **Corporate Sustainability Reporting Directive (CSRD)**, **Corporate Sustainability Due Diligence Directive (CSDDD)**, and India's **Business Responsibility and Sustainability Report (BRSR)**. The study highlights the fragmented nature of global ESG standards, identifies gaps in Social and Governance reporting, and proposes a framework for harmonizing disclosures with an emphasis on employee well-being and governance effectiveness.*

Introduction :

he rise of Environmental, Social, and Governance (ESG) as a global standard for corporate sustainability reflects growing demands from regulators, investors, and civil society for **responsible business conduct and transparent accountability mechanisms**. ESG frameworks are increasingly seen as more than just reporting tools; they are now strategic instruments that shape how corporations manage risks, engage with stakeholders, and secure long-term value creation. However, while **climate change, carbon reduction, and environmental performance** continue to dominate both academic discourse and corporate strategy, the **Social (S)** and **Governance (G)** aspects—covering issues such as employee well-being, mental health, diversity, equity and inclusion (DEI), board accountability, transparency, and anti-corruption—remain comparatively **less developed and inconsistently applied in both scholarship and practice** (Ketterling & Germany, 2025). This imbalance risks creating a situation where corporations appear environmentally responsible but neglect the social justice and ethical governance structures required for holistic sustainability.

Recent global developments underscore the urgency of strengthening Social and Governance (S&G) reporting. The **European Union's Corporate Sustainability Reporting Directive (CSRD)**, which came into effect in 2023, mandates **audited sustainability**

disclosures across all ESG pillars, ensuring that companies provide **verified, standardized, and comparable data** rather than relying on voluntary or narrative statements. Complementing this, the **Corporate Sustainability Due Diligence Directive (CSDDD)** obliges companies to identify, prevent, and mitigate human rights risks and environmental harms across their global supply chains, thereby extending accountability beyond corporate boundaries to contractors, subsidiaries, and third-party suppliers (Yang, 2025). These measures highlight a shift from ESG as a voluntary, reputation-driven exercise to a **binding regulatory requirement** embedded in corporate governance frameworks.

In the Indian context, a similar transformation is underway. The **Securities and Exchange Board of India (SEBI)** has introduced the **Business Responsibility and Sustainability Report (BRSR)**, which is now mandatory for the top 1,000 listed companies. This framework requires firms to report on a wide range of **social and governance indicators**, including employee well-being, labor rights, and board structures. Building further on this, SEBI has recently launched the **BRSR Core**, which extends ESG obligations to the **value chain**, requiring companies to disclose metrics from suppliers and customers accounting for at least 75% of procurement and sales value (Selvaraju, 2025). Unlike the European approach, which is primarily focused on disclosure and compliance, India's BRSR emphasizes **inclusivity, local development, and stakeholder engagement**, aligning corporate ESG responsibilities with national socio-economic goals.

Together, these developments point to an emerging global convergence where Social and Governance reporting are becoming as important as Environmental factors. However, the diversity in frameworks—ranging from the compliance-driven European Union directives to India's inclusion-focused BRSR—also illustrates the challenges multinational corporations face in **standardizing and implementing Social and Governance practices across jurisdictions**.

This paper aims to bridge the research gap by analyzing how Social and Governance dimensions are integrated into ESG across multinational and listed corporations, comparing global frameworks with Indian practices.

Literature Review :

1. ESG as a Regulatory Paradigm :

The shift from voluntary corporate social responsibility (CSR) to mandatory ESG disclosures has transformed corporate accountability. Mane (2023) highlights that regulations such as CSRD enforce **third-party audits** and structured disclosures, moving beyond narrative-based CSR reporting (Mane, 2023).

2. Global ESG Fragmentation :

Global ESG governance remains fragmented, with competing frameworks (GRI, SASB, CSRD, SFDR) leading to inconsistencies in corporate disclosures. Ketterling & Germany (2025) argue that ambiguities in ESG standards create **power asymmetries** between regulators, corporations, and investors, limiting accountability.

3. **Social Pillar: Employee Well-being and Human Rights :**

The "S" in ESG focuses on employee mental health, diversity, labor rights, and community engagement. Yet, O'Connor (2024) observes that **human rights integration into ESG** remains weak, with companies often prioritizing environmental issues over social risks (O'Connor, 2024).

4. Governance Pillar: Board Accountability and Transparency :

The governance dimension ensures that ESG commitments are enforced through strong boards, ethical practices, and anti-corruption mechanisms. Jain & Kurian (2025) argue that Indian firms increasingly face governance risks linked to climate, risk management, and ESG compliance (Jain & Kurian, 2025).

5. India's ESG Evolution :

India's ESG transition is unique. While global regulations emphasize environmental impacts, India's **BRSR** places significant weight on **inclusion and social development**, aiming to align corporate sustainability with national priorities (Selvaraju, 2025).

Research Methodology :

This paper adopts a **comparative qualitative review** approach, analyzing regulatory documents, corporate ESG disclosures, and secondary literature across global and Indian contexts. Sources include:

- EU directives (CSRD, CSDDD)
- SEBI's BRSR and BRSR Core guidelines
- ESG reporting practices of multinational and Indian firms as examined in prior studies (Kothari, 2024; Tikudave, 2024).

Findings and Discussion :

1. Global Trends :

- The **CSRD** emphasizes **disclosure and transparency** across all ESG pillars, requiring **audited reporting** and integration into management reports.
- The **CSDDD** mandates **human rights due diligence**, directly linking corporate governance with socil accountability.
- Despite these advances, global ESG remains fragmented, and Social and Governance reporting continues to lag behind Environmental metrics (Yang, 2025).

2. Indian Context :

- The **BRSR** represents a significant step in aligning Indian reporting with global frameworks, but emphasizes **social inclusion and local development** (Selvaraju, 2025

- Unlike CSRD, which is heavily compliance-driven, BRSR reflects India's development priorities, such as **labor rights, community welfare, and inclusive growth**.

3. Gaps in Social & Governance Reporting :

- **Employee well-being and mental health** are inconsistently reported across regions.
- Governance disclosures often focus on compliance (board independence, audits) but neglect **cultural and ethical accountability**.
- Both global and Indian firms risk **"purpose-washing"**—using ESG labels without measurable impact.

Conclusion :

Conclusion (Expanded) :

The Social and Governance pillars of Environmental, Social, and Governance (ESG) are critical for ensuring that corporations are not only environmentally responsible but also socially just and ethically governed. Unlike the Environmental pillar, which often receives the majority of academic and regulatory attention, the Social and Governance dimensions are more closely linked to the **human and ethical foundations** of organizations. These dimensions determine how companies treat their employees, engage with stakeholders, and manage internal governance structures such as boards, risk management systems, and ethical decision-making. Without strong Social and Governance practices, Environmental actions risk becoming superficial or unsustainable, as the cultural and ethical backbone required to support long-term transformation is weakened.

This paper finds that while global frameworks such as the **Corporate Sustainability Reporting Directive (CSRD)** and the **Corporate Sustainability Due Diligence Directive (CSDDD)** are advancing mandatory disclosure and due diligence in Europe, and India's **Business Responsibility and Sustainability Report (BRSR)** emphasizes social inclusion and local development, significant gaps remain in standardizing metrics for **employee well-being, mental health, workplace diversity, and governance accountability**. The lack of global alignment creates challenges for multinational corporations that operate across jurisdictions, as they face different definitions, measurement requirements, and levels of enforcement. Moreover, many companies still treat Social and Governance reporting as a compliance exercise rather than embedding it into their corporate strategy and culture.

Another important finding is that **employee well-being and mental health**—critical aspects of the Social pillar—are often either ignored or reported s uperficially. The COVID-19 pandemic highlighted the urgency of mental health support in workplaces, but reporting in this area remains fragmented, inconsistent, and difficult to compare across sectors and countries. Similarly, governance disclosures, while often present, focus heavily on structural elements such as the independence of boards or the presence of audit committees, while giving less attention to deeper cultural factors such as transparency, ethical leadership, and stakeholder voice.

Going forward, there is a need for a **Global-Indian ESG Social & Governance Framework** that brings together the best of both worlds: the compliance rigor and standardization of the European Union directives and the inclusivity and local relevance emphasized by Indian frameworks such as the BRSR. Such a framework would help companies move beyond box-ticking compliance toward **authentic integration of Social and Governance principles** into corporate decision-making. For investors, this would provide greater confidence in ESG ratings; for employees, it would foster trust and well-being; and for regulators, it would strengthen corporate accountability.

Ultimately, the future of ESG will depend on how well companies balance all three pillars. A narrow focus on environmental metrics without meaningful attention to Social and Governance risks undermining the legitimacy of ESG itself. By prioritizing employee well-being, stakeholder engagement, and ethical governance alongside climate action, corporations can achieve a form of sustainability that is **holistic, resilient, and truly aligned with the long-term interests of society and the planet**.

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