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IMPACT OF ESG PERFORMANCE ON THE QUALITY OF CSR REPORTING*

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Received 11 March 2025; accepted 25 June 2025; published 30 September 2025

Abstract. The research aims to analyze the role of the three pillars of sustainability, namely social, environmental and governance (ESG), in the quality of corporate social responsibility (CSR) reporting and how sustainability reporting increases the perceived importance of transparency, relevance and consistency of CSR communication. The research methodology consists of applying a questionnaire on a sample of 141 respondents, employees of companies in Romania, whose answers were analyzed by a multiple linear regression model. The results indicate that all three ESG dimensions have a positive impact and contribute to the improvement of CSR quality, with the most marginal effect being the environmental dimension ($\beta = 0.294$, $p < 0.01$), followed by the social dimension ($\beta = 0.275$, $p < 0.01$) and governance ($\beta = 0.189$, $p < 0.05$). The model explains about 49.7% of the variance in the quality of reporting ($R^2 = 0.497$), and statistical validity tests confirm the robustness of the estimates. The study's novelty lies in highlighting the impact of each ESG dimension on CSR quality in the context of Romanian firms, where research is limited, providing an empirical framework adapted to the specific Romanian legal and cultural context. The research results emphasize the importance of the balanced integration of environmental, social and governance practices in communication policies to meet stakeholder expectations and increase the transparency, quality and credibility of corporate reporting.

Keywords: ESG reporting; CSR; corporate governance; sustainability; transparency; quality

Reference to this paper should be made as follows: Cojocaru (Bărbieru), A.-C., Mihaila, A., Melega, A., Cojocaru, V. 2025. Impact of ESG performance on the quality of CSR reporting. *Entrepreneurship and Sustainability Issues*, 13(1), 131-142. <http://doi.org/10.9770/m4435725994>

JEL Classifications: M14, M41, Q56, G34

1. Introduction

Globalization and increasing stakeholder pressure on companies to act responsibly have highlighted the need for sustainability reporting and disclosure. Sustainability reporting is a tool that contributes to enhancing corporate transparency and accountability, being a link between the firm-investors-society and, in general, between all stakeholders (Sabauri & Kvatashidze, 2023). Thus, the concept of ESG (environment (E), social (S) and governance (G)) has become a standard framework for assessing firms' corporate sustainability performance and for integrating sustainability principles into decision-making processes. In this sense, Corporate Social Responsibility (CSR) statements are the main channel through which companies communicate their commitments and actions in these three areas. At the same time, emphasizing the role of sustainability reporting

* This work was supported by a mobility project of the Romanian Ministry of Research, Innovation and Digitalization, CNCS-UEFISCDI, project number PN-IV-P2-2.2-MC-2024-0700, within PNCDI IV.

also comes in the context of the introduction of the EU Corporate Sustainability Reporting Directive, which superseded the Non-Financial Reporting Directive (NFRD), being transposed into the national legislation of EU member countries and gradually applied from 2024, with the implementation of the directive to be completed in 2028 (Melega & Boghean, 2024).

In terms of transparency, coherence, relevance and accessibility of information, the quality of CSR reporting is a key determinant of corporate reputation, stakeholder trust and potential for attracting investment. However, despite the growing importance of sustainability reporting, how the different dimensions of ESG performance contribute to the quality of CSR reporting is still not fully explored.

The relationship between the quality of corporate reporting and ESG performance has been extensively analyzed in the literature. Some researchers argue that firms that implement well-informed governance, environmental protection and social responsibility policies tend to adopt reporting practices that are more transparent, consistent and relevant to stakeholders. For example, according to a study by Imperiale et al. (2023), who analyzed firms in the utilities sector, there is a significant, though sometimes non-linear, relationship between the quality of sustainability reporting and ESG scores, especially in industries exposed to reputational risks.

Similarly, recent research shows that ESG performance positively affects the application of green accounting and transparency in CSR disclosures, improving the image of firms and contributing to more effective environmental management (Darsono et al., 2024). Another study confirmed that a CSR committee and board characteristics can directly influence ESG scores and reporting quality, emphasizing the importance of corporate governance in this process (Amara & Ahmadi, 2022). Moreover, according to Khichi (2024), applying digital technologies and artificial intelligence in reporting processes improves the quality of reported data and reduces uncertainties in the accuracy and consistency of information.

However, little research in the literature has analyzed the role or contribution of each ESG dimension on the quality of CSR reporting, especially in the context of emerging economies, where the level of disclosure of sustainability information is relatively low. In countries such as Romania, where regulations and practices in corporate sustainability reporting are still maturing, an empirical analysis of how the ESG pillars influence the quality of CSR communication is needed. Gense et al. (2024) argue that the lack of a robust standardization framework and the uneven application of ESG principles across firms of different sizes emphasize the need for contextualized and country-specific research.

In this vein, the research aims to analyze the influence of ESG indicators on the quality of CSR reports in Romanian firms. The study is based on the hypothesis that each ESG dimension has a positive impact and contributes to improving the quality of corporate sustainability reporting, a hypothesis based on the literature. In other words, this paper aims to highlight the role of each ESG dimension on the quality of reporting and how they can improve the content of CSR communications to better respond to stakeholders' needs and expectations.

2. Literature Review

Corporate social responsibility (CSR) and corporate sustainability reporting are key elements contributing to assessing firm performance, going beyond the economic sphere alone. The introduction and consolidation of the ESG concept and the new EU Directive on corporate sustainability reporting have redefined the criteria by which firms are judged by stakeholders, investors and regulators, emphasizing transparency, ethics and sustainability principles. The literature confirms that firms implementing ESG practices produce higher-quality sustainability reports, thus increasing stakeholder trust, organizational transparency, and legitimacy (Darsono et al., 2024; Imperiale et al., 2023). According to researchers, increased ESG performance contributes to improved CSR reporting. Firms with good ESG performance produce more transparent, reliable and detailed sustainability reports (Tohang et al., 2024; Wang et al., 2025). The relationship between ESG performance and CSR reporting is further substantiated by signalling theory, according to which reliable ESG behaviour sends signals of corporate integrity to stakeholders (Yavuz et al., 2025).

According to studies in the literature, the three pillars of ESG (environmental, social and governance) influence CSR reporting, each in specific and complementary ways. Some researchers often consider corporate governance the determining factor in corporate sustainability reporting. According to Melega and Boghean (2024), corporate governance refers to the set of principles, rules and actions of a firm by which the enterprise is managed to promote transparency and accountability to increase stakeholder trust and achieve sustainable development goals. Hamza and Jarboui (2024) and Al-Sanasleh et al. (2025) argue that corporate governance practices, such as board independence, dedicated social responsibility committees, and ethical oversight, significantly influence the quality of CSR reporting disclosures. Moreover, effective governance structures, CSR committees and ethical compliance mechanisms contribute to enhancing the clarity and reliability of sustainability reporting (Monteiro et al., 2024; Aldogan Eklund & Pinheiro, 2024), helping to reduce the risks of greenwashing and increase trust and satisfy the information needs of stakeholders. For example, Monteiro et al. (2024) show that the presence of a CSR committee is associated with greater stakeholder engagement and more detailed reporting, while Aldogan Eklund and Pinheiro (2024) highlight that the consistent application of ethical rules in corporate governance contributes to the standardization and verifiability of ESG information. In this respect, corporate governance, on the one hand, supports ethical decision-making processes. Still, on the other hand, it also plays a key role in integrating ESG aspects into the firm's overall development strategy, which is directly reflected in the quality and relevance of sustainability reporting.

Social responsibility plays a key role in strengthening the relationships between the firm and its stakeholders, directly influencing the content and quality of sustainability reports. Abu Afifa et al. (2025) and Paleni et al. (2024) argue that the social dimension of ESG drives companies to adopt human-centred communication that reflects values such as equity, inclusion, health and safety at work. In this context, reports emphasize social engagement initiatives, such as corporate volunteering, support for education and partnerships with NGOs, which contribute to increasing the social legitimacy side of the firm. Moreover, ESG-oriented firms are delivering economic performance and integrating social goals such as workforce diversity, inclusion of vulnerable groups, and support for local communities into their development strategies (Maji & Tiwari, 2025). Such firms develop mechanisms to listen to stakeholders actively, use social performance indicators, and constantly monitor the impact of their activities on the well-being of their employees and the communities in which they operate. The result is CSR reporting that is more solid, contextualized and aligned with the real needs of society, which contributes to increasing the value of the information and, implicitly, its quality.

Environmental indicators, i.e. those aimed at reducing carbon emissions, efficiency, effectiveness and economy in the use of resources, and eco-innovation, have a clear impact on increasing the relevance and quality of CSR reporting. Environmental responsibility practices indicate the commitment adopted by firms to sustainability and environmental protection, leading to more rigorous and results-oriented reporting and impact. According to Zhang and Liu (2023), ESG performance is a driver of green innovation, contributing to improved human capital and reduced financial constraints, outcomes reflected in more relevant and consistent reporting. Some research highlights that ESG performance is influenced by decreasing carbon intensity, and the implementation of green credit contributes to this effect by supporting green innovation and sustainable practices (Kong et al., 2024; Xie et al., 2024). Other studies show that ESG reporting facilitates green innovation in industry and helps align corporate strategies with national and international environmental goals (Yang et al., 2024; Rauf et al., 2024). Also, integrating digital technologies and artificial intelligence into carbon accounting improves the accuracy and transparency of environmental reporting, reducing the risk of greenwashing and facilitating compliance with international regulations (Ogunyemi et al., 2023). Also, Cai and Hao (2025) argue that ESG performance has positive effects not only on exports and financial performance but also on environmental responsibility by reducing emissions and increasing resource efficiency. Environmental performance, on the one hand, reflects the operational sustainability of firms. On the other hand, it improves the quality and credibility of CSR reporting, especially in sectors with high environmental footprints.

Although there is a plethora of studies that have examined the role of integrating ESG criteria into sustainability reporting, most of them have focused on developed economies or highly globalized emerging regions. Although a member state of the European Union and subject to recent regulations such as the CSRD Directive, Romania remains underexplored from the perspective of scientific research on the quality of ESG reporting. Despite recent progress, corporate sustainability reporting in Romania is still characterized by a low degree of

standardization, a reliance on voluntary initiatives and an uneven understanding of sustainability concepts at the firm management level (Ogrean, 2017; Frecea, 2016). Recent studies highlight that the Romanian banking sector and listed companies are showing a growing interest in sustainability. However, implementing ESG principles is uneven and often driven by external pressures such as EU regulations or investor requirements (Tudorache, 2024; Vasiu, 2023). In this context, analyzing how the three pillars of ESG influence the quality of social responsibility reporting in Romania is not only timely but also necessary to understand the ability of local firms to respond to the new European requirements, as well as to identify the institutional and cultural factors that condition the success of this process.

In this vein, studies consistently point to a direct and positive link between ESG dimensions and the quality of CSR reporting. However, although the general trend is clear, the studies do not provide firm conclusions on the relative weight or impact of each ESG pillar. Thus, as found in the literature, the research hypothesis is:

H1: Dimensions of ESG (Environmental, Social and Governance) positively influence the quality of CSR (Corporate Social Responsibility) reporting.

In practical terms, this hypothesis aims to address existing gaps in the literature, focusing on the distinct contribution of each ESG component to the perception of CSR quality, especially in less explored regional contexts such as Romania.

3. Methodology

Quantitative research was used using a structured questionnaire to test the hypothesis and achieve the research goal, namely, to identify and analyze the influence of ESG dimensions on the quality of CSR reporting in the context of Romanian firms. The questionnaire was structured in 7 sections, which focused on (1) general data about the sample, i.e. about the company and the respondent; (2) the company's involvement in social actions; (3) the company's involvement in environmental actions; (4) governance actions in the company; and (6) organizational values. A total of 41 questions were asked regarding companies' experience in the CSR reporting field and the ESG measures implemented within the companies.

Data collection was conducted online between February and April 2025 by distributing the questionnaire (Google Forms) to companies in Romania. The questionnaire was distributed to companies via email and social networks like Facebook and LinkedIn. The online distribution was chosen because it offers greater accessibility and coverage. Still, we recognize that this method may limit the generalizability of the results due to the sample being non-probabilistic.

Following the questionnaire distribution, 141 responses were collected from respondents working in various firms with different specificities, of which 24 were in trade, 14 were in manufacturing, and 103 were in services. Of the 141 respondents, the majority (55) work in medium-sized and 39 in small firms. According to the European Commission, company size has been classified into micro companies (up to 10 employees), small companies (between 10 and 49 employees), medium-sized companies (between 50 and 249 employees) and large companies (more than 250 employees).

Respondents are active in both the public and private sectors, covering 22 domains of activity stipulated in the Classification of Activities in the National Economy (NACE) of Romania. Subsequently, these fields of activity were grouped into three samples: production, services and trade.

Data analysis was performed using the SPSS statistical program to identify the impact of independent variables on the quality of the reports. To determine these influences, the questions asked in the questionnaire were categorized according to their affiliation to classic and extended ESG indicators, according to the data presented in the table below and appendix.

Table 1. Description of variables and how they are formed

Variable code	Full name	Variable type	Description/Dimension ESG	Number of items	Measurement scale
Q _R	Reporting Quality Index	Dependent	CSR reporting quality	6	Nominal
E	Environmental Indicator	Independent	Environmental (E)	7	Nominal
S	Social Indicator	Independent	Social (S)	10	Nominal
G	Governance Indicator	Independent	Governance (G)	6	Nominal
D	Firm Size	Control/descriptive	Demographic	1	Ratio
V	Tenure in firm	Control/descriptive	Demographic	1	Ratio

Source: developed by the authors

To prepare the data for the multiple linear regression model, each set of items in the questionnaire was aggregated into a composite indicator. The Q_R reporting quality index consists of 6 items (see Annex), which measure the consistency, relevance and accessibility of the information in the CSR reports. The index was computed as the arithmetic mean of the respondents' answers (Likert scale 1-5) as follows:

$$Q_{Ri} = \frac{1}{6} \sum_{j=1}^6 Q_{Ritemij} \quad (1)$$

In the same way, the environmental indicator (E) was formed based on the arithmetic mean of the answers to 7 items on environmental policies and practices $E_i = \frac{1}{7} \sum_{j=1}^7 E_{itemij}$, and the social indicator (S) was calculated by the mean of the answers to 10 items on social responsibility, as follows: $S_i = \frac{1}{10} \sum_{j=1}^{10} S_{itemij}$. The governance indicator (G) was constructed based on the average of the responses to 6 items related to governance structures $G_i = \frac{1}{6} \sum_{j=1}^6 G_{itemij}$. The reliability of the composite scales was tested using Cronbach's Alpha coefficient. The assumptions of multicollinearity and normality of errors were also tested to validate the application of the regression model. To ensure the comparability of coefficients in multiple linear regression, all composite variables were standardized (Z-score). The following multiple linear regression model was then applied:

$$Q_R = \beta_0 + \beta_1 E + \beta_2 S + \beta_3 G + \beta_4 D + \beta_5 V + \varepsilon \quad (2)$$

Multiple linear regression was selected as the data analysis method because most of the variables included in the analysis are continuous or ordinal. At the same time, multiple linear regression is a tool that estimates the simultaneous influence of several predictors on a single dependent variable, in our case, the reporting quality. Linear regression also allows us to test hypotheses of a direct and quantifiable relationship between each ESG pillar and the level of detail and consistency of CSR reporting. Linear regression is commonly used in the literature in similar studies. For example, Siminică et al. (2020) applied multiple regression to analyze the impact of non-financial reporting on stock prices in Romanian and Bulgarian companies, showing a positive correlation between reporting detail and investor confidence. Also, Bogeanu-Popa and Man (2023) used regression to assess the link between integrated reporting, including ESG components, and the financial performance of Romanian banks. In a broader framework, Gabr and ElBannan (2024) apply linear regressions to analyze the effects of ESG scores on carbon emissions and financial performance in emerging economies.

At the same time, in addition to theoretical validation, multiple linear regression provides high interpretability on the estimated coefficients and allows for efficient testing of the hypothesis regarding the distinct influence of each ESG dimension on the quality of CSR reporting. At the same time, multiple linear regression was applied as it allows for controlling demographic variables such as respondents' positions, levels of education, and seniority in the firm.

4. Results and Discussions

The analysis was structured in two steps to study the influence of ESG dimensions on the quality of CSR reporting in Romanian firms: assessing the bivariate correlations between variables through the Pearson coefficient and testing causality relationships through a multiple linear regression model.

The Pearson correlation matrix presents an overview of the relationships between the dependent variable, the quality of sustainability reporting, and the independent variables, represented by the social (S,) environmental (E), governance (G), company size (D) and age (V).

Table 2. Pearson Correlations between Q_R and independent variables

	Q _R	E	S	G	D	V
Q _R	1.000	.604	.600	.531	.321	.102
E	.604	1.000	.610	.502	.227	-.015
S	.600	.610	1.000	.59	.206	-.058
G	.531	.502	.596	1.000	.252	.112
D	.321	.227	.206	.252	1.000	.444
V	.102	-.015	-.058	.112	.444	1.000
Note. All correlations are based on N = 141. * Correlation is significant at the 0.05 level (1-tailed). ** Correlation is significant at the 0.01 level (1-tailed).						

Source: developed by the authors

According to the data in Table 2, it can be observed that there are significant positive correlations between the dependent variable quality of sustainability reports and the analyzed independent variables, with a strong level of statistical significance ($p < 0.01$). The interpretation scales proposed by Obilor and Amadi (2018) were used to analyze the Pearson correlation results and rank the intensities of correlations. The E variable, represented by environmental indicators ($r = 0.604$), is associated with higher quality reporting, confirming the importance of environmental responsibility in generating quality reports. Zhang and Liu (2023) emphasize that ESG performance stimulates eco-innovation, which leads to more consistent and relevant reporting. Also, the implementation of green crediting and digital carbon accounting are mentioned as factors that improve the transparency of reporting (Xie et al., 2024; Ogunyemi et al., 2023).

At the same time, a significant but already moderate correlation is found between social indicators ($r = 0.600$) and the quality of CSR reporting, which is influenced by indicators such as energy reduction, resource consumption reduction, alternative energy sources, etc. Similar results are also supported by research by Abu Afifa et al. (2025) and Paleni et al. (2024), which show that the social ESG dimension promotes empathetic and, equity and inclusion-oriented reporting, enhancing the social legitimacy of the firm.

The influence of governance indicators (G) on the quality of CSR reporting is also confirmed, with a correlation of 0.531. This effect was also determined in the study by Gerwing et al. (2022), which found that governance measures improve transparency and credibility in reported information. The research conducted by Adel et al. (2019) emphasizes the importance of a sound governance framework and the implementation of effective governance measures to achieve high-quality reporting.

To sum up, the Pearson correlation matrix demonstrates the relevance of each ESG pillar in improving corporate reporting.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.705 ^a	.497	.478	.739328164746307	1.68
a. Predictors: (Constant), E, S, G, D, V					
b. Dependent Variable: Q _R					

Source: developed by the authors

According to the data presented in Table 3, the correlation ratio R value is 0.705, indicating the strong association between the independent variables of the model and the quality of CSR reports. At the same time, the determination ratio suggests that 49.7% of the variance in the quality of reports can be explained by the ESG factors included in the model. The reasonable value of the standard error of the estimation reveals moderate variability in the errors; thus, the generated forecasts are considered credible. As regards the autocorrelation of the residuals, the value of the Durbin-Watson statistic is within the recommended range of 1.5-2.5, which indicates the absence of autocorrelation and the assumption of independence of the errors.

Table 4. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.780	5	14.556	26.630	.000 ^b
	Residual	73.792	135	.547		
	Total	146.571	140			
a. Dependent Variable: Q _R						
b. Predictors: (Constant), E, S, G, D, V						

Source: developed by the authors

The results of the ANOVA analysis (Table 4) testing the overall validity of the regression model revealed that the model can be considered statistically significant, considering that the p-value is 0.000, i.e. a value below the significance threshold level of 0.005. The above findings are supported by the Fisher coefficient of 26.630, which suggests that at least one of the ESG measures contributes significantly to explaining the variance in the quality of CSR reporting.

Table 5. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.587	.342		1.713	.089	-.091	1.264
	E	.294	.073	.294	4.038	.000	.150	.438
	S	.275	.084	.275	3.294	.001	.110	.440
	G	.189	.092	.189	2.055	.041	.007	.371
	D	.136	.076	.137	1.791	.075	-.014	.287
	V	.058	.084	.057	0.689	.492	-.108	.224
a. Dependent Variable: Q _R								

Source: developed by the authors

Based on the unstandardized coefficients highlighted in Table 5, the equation of the multiple linear regression model was designed, which has the following structure:

$$Q_R = 0.587 + 0.294 * E + 0.275 * S + 0.189 * G + 0.136 * D + 0.058 * V \quad (3)$$

According to the regression model equation, the positive influence of all ESG factors can be emphasized, confirming their contribution to improving disclosures in corporate annual reports. At the same time, the ESG variables included in the model are significant at a significance level of up to 0.05.

Thus, if the E value (environmental indicator) increases by 1%, the quality of CSR reporting increases by 29.4%. Corporate practices that support the environment are considered to be effective measures in increasing the quality of CSR reports due to the diversity and completeness of the data published in the reports. Out of the 7 indicators included in the questionnaire, the reduction of energy and natural resources consumption had a significant impact, with more than 65% of the respondents expressing their agreement with implementing these measures in their companies. Other authors also identified a similar effect, with environmental indicators positively influencing the quality of corporate reports (Şeker & Şengür, 2021).

If the value of S (social indicator) increases by 1%, the quality of CSR increases by 27.5%. The obtained result demonstrates that applying social measures in the entity is a sure way to increase the quality of reporting, thus gaining benefits such as stakeholder interest and appreciation. Moreover, the presentation of qualitative ESG information improves the quality of sustainability reports and ensures a favourable positioning of the company in the group of those with outstanding reputations (Odriozola & Baraibar-Diez, 2017). In the work of Amran et al. (2014), similar conclusions are highlighted, with social responsibility practices being perceived as catalysts in generating high-quality reports.

If the G value (governance indicator) increases by 1%, the quality of CSR reporting increases by 18.9%. Indicators targeting corporate governance have the potential to improve the data included in sustainability reports by highlighting the quality of management and governance practices in place. Out of the total number of respondents, more than 60% confirmed the promotion of honesty and ethics in their company's operations, with this indicator having a substantial influence on the quality of the reports. Researchers Erin et al. (2021) reached similar conclusions, identifying a positive and relevant association between effective corporate governance and qualitative sustainability reporting in their study. Moreover, digital innovation, as a component of corporate governance strategies, is found to be an effective tool in managing the quality of ESG disclosures (Cui, 2025).

The control variables, represented by firm size and age, were insignificant in the context of the formulated regression model. Thus, it is possible to assume that small and large companies with extensive or less experience can present quality CSR reports.

Considering the results obtained, it is possible to confirm the research hypothesis that all ESG measures positively impact the quality of integrated reports. The obtained results align with the view of authors Lin et al. (2023), who consider ESG performance to be a relevant impact factor in publishing comprehensive and informative CSR reports, thus improving interaction with stakeholders. The results are also consistent with the research of Darsono et al. (2024) and Tohang et al. (2024), who emphasize that higher ESG performance positively correlates with more transparent and detailed CSR reporting. Also, research by Maji & Tiwari (2025) argues that integrating social aspects into corporate strategy impacts the legitimacy and transparency of CSR communication.

In conclusion, the statistical results confirm hypothesis H1: Dimensions of ESG (Environmental, Social and Governance) practices positively influence the quality of CSR (Corporate Social Responsibility) reporting. The dimensions of ESG reporting. The results align with the literature, highlighting that high ESG performance signals integrity and accountability, which contributes to increased organizational legitimacy.

Conclusions

The research aims to analyze the role of the three pillars of sustainability, namely social, environmental and governance (ESG), on the quality of corporate social responsibility (CSR) reporting and how sustainability reporting increases the perception of the importance of transparency, relevance and consistency of CSR communication. Based on a sample of 141 respondents and the application of a multiple linear regression model, the results confirmed the research hypothesis: all three ESG dimensions contribute positively and significantly to the quality of CSR communications.

The results show that the environmental dimension (E) has the highest marginal influence, followed by social indicators (S) and corporate governance measures (G), indicating that community involvement, managerial ethics and social equity are perceived as key factors for credible and relevant reporting. These results support the literature emphasizing the complementary role of the three ESG pillars in creating a coherent sustainability framework (Darsono et al., 2024; Monteiro et al., 2024; Monteiro et al., 2024; Zhang & Liu, 2023).

Thus, the study confirms the relevance of integrating the three ESG dimensions in enhancing the quality of CSR reporting and provides a useful empirical framework for understanding this phenomenon in the context of Romanian firms.

The study's novelty lies in highlighting the distinct contribution of each ESG dimension (environmental, social, governance) on the quality of CSR reporting in the specific context of Romanian firms. The research shows that although all ESG dimensions significantly improve the consistency and transparency of non-financial disclosures, the environmental dimension has the strongest effect on the quality of reporting. At the same time, from a methodological point of view, Cronbach's Alpha-validated composite indicators were integrated into the research, and standardized multiple linear regression was applied, thus providing a replicable framework for further research and informing corporate and regulatory policies.

The research's limitations are that the data were collected through an online questionnaire distributed through professional networks. This may introduce a selection bias, especially in favour of companies already familiar with ESG concepts. Also, the sample is non-probabilistic, which reduces the generalizability of the results to the entire Romanian economy. At the same time, another limitation is that the quality of CSR reporting was assessed based on respondents' subjective perceptions and not on external audits or objective indicators of actual reporting, which may influence the accuracy of the conclusions regarding the correlation between perceptions and actual practices.

The research can be taken further by extending the sample at the sectoral and regional levels to allow comparisons between industries with different environmental footprints. Objective indicators such as ESG scores, GRI audits, and databases such as Bloomberg ESG can also be used to validate correlations between stated perceptions and actual performance.

Annex

Composite variable	Items related to each composite variable
Q_R - Reporting Quality Index	The company communicates its CSR actions through its website.
	The company communicates its CSR actions through marketing campaigns.
	The company communicates its CSR actions through internal communication channels.
	The company uses CSR tools such as the Accountability 1000 AA1000 Stakeholder Engagement Standard (AA1000SES).
	The company uses CSR tools such as the international SA 8000 Social Accountability Standard.
	The company uses CSR tools such as EMAS (Eco-Management and Audit Scheme).
E - Environmental Indicator	Employees are encouraged to develop their skills/skills and long-term careers (through assessment procedures, training, etc.)
	Working hours can be customized according to employees' needs
	The firm offers employees the opportunity to work from home
	Employees are consulted on important issues concerning the firm's business
	The firm protects its employees through health, safety and relaxation programs
	The firm applies policies/measures to avoid discrimination (gender, ethnicity, nationality, etc.) at the recruitment stage and subsequently in day-to-day work
S - Social Indicator	The company ensures a balanced work climate for all employees
	The company tries to minimize the negative impact that some of its operations can have on the environment by reducing energy consumption
	The company seeks to minimize the negative environmental impact that some of its operations may have by reducing the consumption of natural resources
	The company seeks to minimize the negative environmental impact that some of its operations may have by reducing and recycling waste
	The company seeks to minimize the negative environmental impact that some of its operations may have by using alternative energy sources
	The company seeks to minimize the negative environmental impact that some of its operations may have by using renewable energy

Composite variable	Items related to each composite variable
	The firm seeks to minimize the negative environmental impacts that some of its operations may have on the environment through the use of transport alternatives with lower environmental impact
	The firm seeks to minimize the negative environmental impacts that some of its operations may have on the environment through qualitative and quantitative records/evidence of pollutant emissions
	The firm assesses the potential environmental impacts when designing/introducing new products and services
	The firm uses certified environmental management systems
	The firm carries out environmentally friendly production processes
G - Governance Indicator	The firm promotes honesty and ethics in all the transactions/contracts/partnerships it enters into
	The firm adheres to a set of ethical rules in terms of promotion/advertising
	The firm honours all its contractual obligations to suppliers and customers on time
	The firm periodically clearly defines a number of key values (which are at the core of the organizational culture) and a number of rules of conduct
	The firm communicates to employees, customers, suppliers, business partners the values that govern its business
	The firm communicates to employees, customers, suppliers, business partners the standards/rules that govern its activities
	The firm encourages/supports the development of an organizational culture that integrates CSR practices
	The firm regards knowledge as a value in itself for both employees and the organization
	The firm supports continuous learning by employees and groups as a distinct value of the organizational culture
	The firm supports innovation as a distinct value of the organizational culture
	The firm balances annually, through its strategy and proposed budget, the “good” of the organization with some social responsibilities that are explicitly accepted

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Funding: This work was supported by a mobility project of the Romanian Ministry of Research, Innovation and Digitalization, CNCS-UEFISCDI, project number PN-IV-P2-2.2-MC-2024-0700, within PNCDI IV.

Author Contributions: Conceptualization: A.C.C-B., A.M., A.M., V.C.; methodology: A.C.C-B., A.M., A.M., V.C; data analysis: A.C.C-B., A.M., A.M., V.C, writing—original draft preparation: A.C.C-B., A.M., A.M., V.C, writing; review and editing: A.C.C-B., A.M., A.M., V.C; visualization: A.C.C-B., A.M., A.M., V.C. All authors have read and agreed to the published version of the manuscript.

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