The Impact of Sustainability Disclosure on Financial Performance: Strategic Communication for Enhancing Transparency in Thai Listed Companies

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Abstract

This research examines the relationship between sustainability report disclosure and the financial performance listed companies. The study is based on secondary data collected from sustainability reports and financial information of 504 listed companies over the year 2024. All data used are historical and reflect actual disclosures made during that fiscal year. The variables are measured through the level of sustainability disclosure and financial performance, using return on equity (ROE) as a key indicator. Control variables include company size, company age, financial risk, and corporate governance. The analysis is conducted using multiple regression.

The findings indicate that sustainability reporting disclosure does not significantly influence return on equity (ROE) ($B = 0.00$, $p = 0.90$). This result contradicts the research hypothesis, which anticipated a positive relationship. One possible explanation may be related to limitations in the dataset, the short time frame of analysis, and characteristics of the Thai capital market. Prior studies have suggested that the benefits of sustainability reporting may be realized over a longer horizon or under conditions of higher investor awareness and regulatory enforcement.

Therefore, while corporate governance, company size, and financial risk were included as control variables, their findings are not central to the research question and are not discussed in depth, as these relationships have been well established in past literature. Additionally, model suitability analysis reveals an F-value of 5.81, which is statistically significant ($p < 0.01$), indicating that the regression equation is reliable. The model's Durbin-Watson value of 2.07 falls within the acceptable range, suggesting no issues with autocorrelation of residuals.

The academic contribution of this study lies in highlighting the limited short-term financial effect of sustainability disclosure in the Thai context. It suggests the need for enhancing report quality, regulatory frameworks, and investor awareness to strengthen the role of sustainability reporting. These insights could contribute to the development of capital markets and improve the quality and credibility of sustainability disclosures among listed firms.

Keywords: 1) Sustainability Report 2) ESG disclosure 3) financial performance

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Introduction

Today's challenges make sustainable business practices a key concern for businesses around the world. Businesses must adapt their point to meet stakeholder expectations. This includes investors, customers, regulators, society and the environment. Therefore, effective organizational communication is an important tool that helps build understanding and trust among stakeholders, especially in environmental, social and governance issues (Environmental, Social, and Governance: ESG). Organizations that can clearly communicate and disclose their sustainability goals and performance tend to have greater ability and competitive advantage and can build stable relationships with stakeholders that are sustainable in the long term (Kantasuwan and Bencharongkij, 2018, pp. 280-293).

However, beyond sustainability report disclosure, the core of sustainable business practices lies in actual operational strategies that reflect responsibility and long-term value creation. In the context of emerging markets like Thailand, ESG disclosure has traditionally been voluntary and guided by recommendations from regulators such as the Securities and Exchange Commission (SEC). Therefore, the level of disclosure reflects not only communication efforts, but more importantly, the extent and success of sustainability activities undertaken by the organization.

To empirically evaluate this sustainability disclosure, this study uses the information disclosure score based on the Global Reporting Initiative (GRI) 4.1 framework as the independent variable. This framework provides a structured and internationally recognized guideline for sustainability reporting, covering a wide range of economic, environmental, and social indicators. The GRI 4.1-based disclosure score captures the comprehensiveness and depth of ESG-related information communicated by organizations, allowing for cross-sectional comparison. It is considered suitable because it offers ordinal-level measurement, which aligns with the regression analysis techniques applied in this study.

One of the important tools used to communicate and reflect responsibility for organizational sustainability is the sustainability report. The report presents information on the organization's strategies, approaches and results in the areas of environment, society and governance. This sustainability report helps stakeholders objectively assess an organization's transparency and responsibility. However, disclosing sustainability information not only complies with the requirements of regulatory agencies or international standards such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) or the Task Force on Climate-related Financial Disclosures (TCFD), but may also have a direct impact on an organization's financial performance.

Sustainability reports play an important role in providing transparent and verifiable information. This allows stakeholders to clearly evaluate the organization's performance. Disclosing ESG information in a well-structured manner can help strengthen trust, reduce financial costs, and increase opportunities to access funding sources that prioritize sustainability (Office of the Securities and Exchange Commission, 2022).

A review of several studies has found that good and effective disclosure of environmental, social, and governance (ESG) information increase market value, create better returns and reduce financial costs. Therefore, investors and stakeholders often value organizations that have transparency and good governance.

In particular, studies have suggested that while the implementation of sustainability practices in developing countries or emerging markets may initially create financial burdens, such practices tend to yield positive long-term effects on firm value. These effects are often more prominently reflected in firm valuation metrics—such as market value or Tobin's Q—rather than traditional financial performance indicators like ROE. However, as regulatory expectations and investor awareness increase, disclosure of ESG-related performance may begin to influence internal performance measures such as return on equity (ROE), especially when such disclosures indicate successful execution of sustainability report disclosure.

This study does not hypothesize a direct effect of control variables on the dependent variable, as per standard modeling practices. However, if significant relationships are identified in the results, these will be discussed in the interpretation and discussion sections accordingly.

The influence of ESG disclosures on financial performance depend on many factors. This includes the nature of the industry and the organization's communication practices. This requires additional studies in different contexts (Netarasuwan, Tangeakjid and Inya, 2022, pp. 1-26).

As for the Stock Exchange of Thailand (SET), many listed companies are beginning to realize the importance of disclosing ESG information and adjusting their approaches to be in line with regulatory agency requirements. However, the level of transparency and sustainability report disclosure vary from organization to organization. Some organizations are able to attract investors' attention very effectively. On the other hand, some organizations still lack clarity and continuity in communicating their sustainability report, raising the question of how ESG disclosure—particularly disclosure that reflects operational achievement—affects the organization's financial performance measured by ROE, and what factors may enhance or constrain this relationship.

Literature Review

1. Organizational Communication Theory

Organizational communication theory focuses on the study of approaches and processes that organizations use to communicate both internally and externally. To promote cooperation, understanding and effective operations within the organization as well as creating and maintaining good relationships between the organization and external stakeholders such as customers, investors and consumers. Communication within the organization plays an important role in building trust and transparency. This helps to strengthen the image of the organization. In addition, effective internal communication directly affects employee cooperation, human resource management and long-term organizational competitiveness (Schnackenberg and Tomlinson, 2016).

In a study on the disclosure of corporate sustainability information in the Stock Exchange of Thailand, organizational communication theory helps understand how organizations communicate information about their environmental, social, and governance (ESG) responsibilities.

The disclosure of these information is not only a mechanism to reflect the transparency of the organization but also helps build confidence from stakeholder groups, especially investors who value companies that have socially and environmentally responsible business practices. Clearly structured and reliable corporate communications can help increase the organization's value in the eyes of stakeholders. This is because investors and consumers tend to value organizations that have business practices that are consistent with sustainable development principles (Katz and Kahn, 2015, pp. 152–168).

Past studies (e.g. Dhaliwal, et al., 2011; Rezaee and Tuo, 2017) provide empirical evidence that organizations with strong sustainability communication and disclosure practices tend to enjoy greater market valuation and stakeholder trust. These studies confirm the role of organizational communication in enhancing ESG disclosure practices, which are often materialized through sustainability reports.

Moreover, organizational communication theory explains the role of corporate communication that focuses on building and maintaining stable relationships between the organization and its stakeholder groups. By effective relationship management, organizations will be able to build trust and loyalty from customers, shareholders, and stakeholders. In today's highly competitive business environment, clear and effective communication is not only a tool to support business goals but it is also an important element that helps organizations grow and maintain long-term sustainability (Tourish and Hargie, 2004).

2. Disclosure Theory

Disclosure theory focuses on clear and transparent disclosure of information from organizations so that stakeholders such as consumers, communities, and investors have access to important information about the organization's operations, including financial and ESG data. Disclosure helps reduce risks and uncertainties from information gaps that may affect decision-making, allowing stakeholders to make better-informed decisions.

The disclosure of transparent information not only helps build trust between the organization and its stakeholders but also helps the organization to operate sustainably and be responsible to society and the environment (Gray, Kouhy and Lavers, 1995, pp. 47–77).

Several empirical studies (e.g., Cormier and Magnan, 2015, p.xx; Fatemi, Glaum and Kaiser, 2018) show that higher ESG disclosure scores—especially those based on GRI frameworks—are associated with lower cost of capital and better firm reputation. These findings support the importance of disclosure theory in understanding the signaling effect of sustainability transparency.

In addition, disclosing clear and complete sustainability information helps build a positive image in the eyes of stakeholders and investors, which may lead to increasing company value in the long run. In terms of financial information disclosure or ESG, this disclosure helps investors assess the financial and sustainability impact of an organization's operations, which may have a direct impact on investment decisions.

In this study, the ESG disclosure score based on GRI 4.1 is used to capture the breadth and depth of sustainability information. GRI 4.1 offers a consistent ordinal-scale indicator suitable for cross-firm comparison and regression analysis, as it covers economic, environmental, and social aspects in a standardized format.

Disclosure theory is also important in studying the impact of sustainability report disclosure on financial performance. Published information on sustainability operations and environmental impact management and social responsibility can affect investor and stakeholder perceptions of an organization's transparency and stability.

The disclosure of these information not only helps build confidence in the organization but also affects the investment decisions of those involved. At the same time, it may also affect long-term financial performance because transparent business practices that are aware of sustainability are more likely to be supported by investors and help increase company value (Ioannou and Serafeim, 2017).

3. Performance Evaluation Theory

Performance evaluation theory focuses on evaluating and measuring the performance of an organization or agency by using indicators that can be clearly measured, such as income growth, managing costs, profits, and the ability to create long-term business value. There is also a quantitative evaluation of performance, such as using financial numbers or financial ratios, and qualitative aspects such as environmental and social impacts, and customer satisfaction assessment.

This theory will help the organization to check whether the business is operating according to the set goals or not and how operations can be improved to increase efficiency and sustainability in future business operations (Crema and Nosella, 2014).

Empirical research (e.g., Clarkson, et al., 2008; Khan, Serafeim and Yoon, 2016) confirms that high-quality ESG disclosure—especially when aligned with international standards—correlates with better financial performance indicators such as ROE and ROA. These findings align with performance evaluation theory, indicating that transparent ESG reporting reflects effective management that contributes to operational success.

In the same context of sustainability report disclosure, performance evaluation theory plays an important role in helping to assess the impact of ESG (Environmental, Social, Governance) disclosures. It can be verified that the company has taken social action, environmental and governance aspects appropriately. ESG is an important part in creating a good image and influencing investor decisions. Using this theory, companies can evaluate the extent to which sustainability disclosure practices affect financial performance and help create strategies to improve operations for long-term sustainable results (Epstein, 2018).

Methods

1. Research Methods

This research uses a quantitative research method (Quantitative Research Method), focusing on statistical data analysis using multiple regression analysis (Multiple Regression Analysis), to study the impact of corporate communication E regarding the disclosure of sustainability reports on the financial performance of companies listed on the Stock Exchange of Thailand (SET). In this study, the main variable is the disclosure of sustainability reports which is measured by the information disclosure score according to the GRI 4.1 standard framework (Kantasuwan and Bencharongkij, 2018, pp. 280-293). This reflects the company's level of transparency and commitment to social, environmental and corporate governance (ESG) responsibilities. The variable used to measure financial performance is Return on Equity (ROE), an important indicator for evaluating the efficiency of generating returns on a company's capital (Nittya, Sasiwimon and Paiboon, 2020, pp. 12-26). The control variables used in this study include firm size, firm age, financial risk, and industry type.

As mentioned above, this study used multiple regression analysis to test hypotheses about the relationship between the level of sustainability disclosure and financial performance of companies listed on the SET in 2024. The data used in the analysis was collected from sustainability reports and annual financial statements published in accordance with GRI (Global Reporting Initiative) standards, obtained from reliable public sources. This allows the analysis results to reflect clear relationships and contribute to the development of disclosure report and sustainability performance enhancement.

2. Research scope

Demographics: This research studies financial statements and sustainability reports of 503 companies listed on the SET in 2024, excluding financial institutions, companies under rehabilitation, REITs, and those with incomplete data.

Only companies that publicly disclose sustainability reports in accordance with GRI 4.1 are included.

Time Period: The study uses data only from the year 2024, based on GRI Version 4.1, to ensure that the data reflects the most current business context.

3. Hypothesis

H1: Sustainability Report Disclosure have a positive impact on financial performance.

H2: Total assets are related to financial performance.

H3: Firm age affects financial performance.

H4: Financial risk impacts financial performance.

H5: Industry Type influences financial performance.

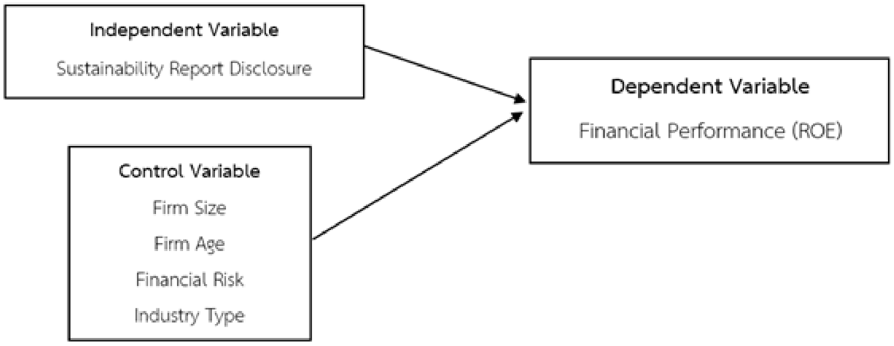

Figure 1 conceptual framework

4. Research Methodology

This research is quantitative research. Using descriptive data analysis and multiple regression analysis to study the relationship between sustainability disclosures and financial performance of companies on the Stock Exchange of Thailand.

5. Population

The population used in the study was companies listed on the Stock Exchange of Thailand. Which prepares a sustainability report according to GRI Version 4.1 standards and fully discloses annual financial statements.

6. Sample

The sample group in this study consists of 503 companies listed on the Stock Exchange of Thailand (SET) in the year 2024. These companies were selected based on the following criteria:

- They have complete and publicly available annual financial statements for the year 2024.
- They have prepared and published a sustainability report based on GRI Version 4.1.
- They are not in the financial sector, not undergoing business rehabilitation, and not REITs, due to differences in financial structure and reporting standards.
- The final sample included 503 companies after excluding firms with incomplete data from the initial 504. Categorical variables were converted to dummy variables, and all data were checked for consistency before analysis.

The sampling method used is purposive sampling, as the selection was made intentionally based on the availability and completeness of relevant data for the research objective. All data were obtained from public databases and verified sources.

7. Research Instrument

The instruments used in this study consist of two main components:

1. Sustainability reports: Collected using a Working Paper Checklist based on the GRI Version 4.1 framework, measuring the extent of ESG disclosure. Each item in the checklist reflects key indicators of environmental, social, and governance reporting.

2. Annual financial statements: Used to extract quantitative data related to the dependent and control variables. These include:

o Financial performance: Measured by Return on Equity (ROE)

o Firm size: Measured by the natural logarithm of total assets o Firm age: Measured by the number of years since company registration

o Financial risk: Measured by the debt-to-equity ratio

o Industry type: Classified as a dummy variable (1 = manufacturing, 0 = service and others)

8. Data Collection

The data collection process began with the retrieval of sustainability reports and annual financial statements of the 503 selected companies from reliable public databases. Emphasis was placed on the comprehensiveness and consistency of ESG-related disclosures. All data pertain to the year 2024.

Although this study uses data from only a single year, using a single-year dataset in this study offers an advantage in capturing the most recent disclosure behavior under the latest GRI framework, and avoids historical bias due to evolving reporting standards. It also helps address gaps in earlier studies that often-overlooked current corporate ESG practices post-COVID-19 and in the context of newer regulatory expectations. The limitation is acknowledged, and suggestions for longitudinal studies are discussed in the conclusion.

9. Data Analysis

The data were analyzed using both descriptive statistics and multiple regression analysis to investigate the relationship between variables. The model is illustrated in Figure 1: Conceptual Framework.

• Independent Variable: Sustainability Disclosure (measured by ESG disclosure score based on GRI 4.1)

• Dependent Variable: Financial Performance (ROE)

• Control Variables: Firm Size (log of total assets), Firm Age (years), Financial Risk (debt-to-equity), Industry Type (dummy variable)

Statistical tools include:

• Mean and standard deviation for descriptive analysis

• p-values and R-squared for inferential analysis

• Durbin-Watson statistic to test for autocorrelation These tools help evaluate the predictive power of sustainability disclosure on firm performance while accounting for control variables.

10. Regression Equation

$$ROE = \beta 0 + \beta 1 \bullet SRD + \beta 2 \bullet SIZE + \beta 3 \bullet AGE + \beta 4 \bullet LEVERAGE + \beta 5 \bullet IND + \varepsilon$$

Explanation of Variables

• ROE (Return on Equity): The dependent variable representing financial performance. It measures a firm's ability to generate profit from shareholders' equity.

• SRD (Sustainability Report Disclosure): The independent variable, measured by the disclosure score based on the GRI 4.1 framework. It reflects the company's transparency and ESG reporting level.

• SIZE (Firm Size): A control variable, measured by the natural logarithm of total assets, used to control for differences in company scale.

• AGE (Firm Age): A control variable, measured by the number of years since the company was established, reflecting organizational maturity.

• LEVERAGE (Financial Risk): A control variable, calculated by the debt-to-equity ratio, indicating the firm's financial risk.

• IND (Industry Type): A control variable, operationalized as a dummy variable (e.g., 1 = manufacturing sector, 0 = service and others), controlling for differences across industries.

Table 1 Descriptive statistics table of variable data

	Mean	Std. Deviation	N
Profitability (ROE)	0.07	0.36	503
Sustainability Report Disclosure	41.19	8.97	503
Firm Size	9.89	0.69	503
Firm Age	37.63	17.53	503
Financial Risk (Leverage)	0.45	0.24	503
Industry Type	0.52	0.50	503

Results

1. Descriptive statistics of variable data

According to Table 1, the characteristics of various variables used to study the impact of sustainability report disclosure on the financial performance of companies listed on the Stock Exchange of Thailand are shown. The mean profitability value is 0.07 with a standard deviation of 0.36, indicating relatively high volatility in the company's performance. Sustainability report disclosure has the highest average at 41.19, with a standard deviation of 8.97, which shows the diversity in sustainability information disclosure among companies. Meanwhile, financial risk has a mean value of 0.45 and a standard deviation of 0.24, reflecting a relatively balanced distribution of data. Firm age has a mean of 37.63 and a standard deviation of 17.53, reflecting the wide range of ages of firms in the sample. Firm size has a mean of 9.89 and a standard deviation of 0.69, reflecting differences in organizational size. Meanwhile, the industry type has a mean value of 0.52 and a standard deviation of 0.50, indicating the distribution of data across industry groups. These data will help in analyzing the relationship between various variables and make it possible to clearly understand the nature of the company's operations in each aspect.

Table 2 Table of Pearson coefficients for each variable

	Profitability	Sustainability Report Disclosure	Firm Size	Firm Age	Financial Risk (Leverage)	Industry Type
Profitability	1.00	0.02	0.06	-0.05	-0.19	0.03
Sustainability Report Disclosure	0.02	1.00	0.13	0.08	-0.07	0.07
Firm Size	0.06	0.13	1.00	0.03	0.31	-0.10
Firm Age	-0.05	0.08	0.03	1.00	-0.01	0.03

	Profitability	Sustainability Report Disclosure	Firm Size	Firm Age	Financial Risk (Leverage)	Industry Type
Financial Risk (Leverage)	-0.19	-0.07	0.31	-0.01	1.00	-0.19
Industry Type	0.03	0.07	-0.10	0.03	-0.19	1.00

From the analysis of the Pearson's correlation coefficient shown in the table, it was found that profitability was related to the sustainability report disclosure score at 0.02, firm size at 0.06, firm age at -0.05, financial risk at -0.19, and industry type at 0.03. In terms of the sustainability report disclosure score, it is related to firm size at 0.13, firm age at 0.08, financial risk at -0.07, and industry type at 0.07. Firm size is related to firm age at 0.03, financial risk at 0.31, and industry type at -0.10. Firm age is slightly related to financial risk at -0.01 and industry type at 0.03. Financial risk is related to industry type at -0.19. The Pearson correlation coefficients in the table are all below 0.70 or above -0.70, indicating that the independent variables are weakly correlated with each other or not significantly correlated. Therefore, all variables can be included in the multiple regression analysis in the next step without concerns about multicollinearity.

2. Multiple regression analysis

Table 3 Multiple regression analysis

	Coefficient		Standard coefficient	t	Sig.
	B	Std. Error	Beta		
Constant	-0.39	0.24		-1.64*	0.10
Sustainability Report Disclosure	0.00	0.00	-0.01	-0.27	0.79
Firm Size	0.07	0.02	0.13	2.79**	0.01
Fiem Age	0.00	0.00	-0.06	-1.33	0.19
Leverage	-0.34	0.07	-0.23	-4.83**	0.00
Industry Type	0.00	0.03	0.01	0.14	0.89
F- value			5.50**		
Adjusted R Square			0.04		
Durbin-watson			2.06		
R Square Change			0.05		

*p < .05 and **p < .01

The results of the multiple regression analysis from Table 3 show the relationship between sustainability report disclosur, measured by the sustainability report disclosure score, and the financial performance of the business, measured by return on equity (ROE). The control variables include firm size, firm age, financial risk, and industry type.

From the results of the analysis, it was found that the sustainability report disclosure score had no statistically significant influence on ROE (B = 0.00, p = 0.79). This reflects that the disclosure of sustainability information may not have a direct impact on financial performance in the short term, possibly because such disclosures primarily enhance non-financial value, such as reputation, stakeholder trust, or long-term risk reduction — which take time to manifest in financial metrics.

However, firm size has a positive relationship with ROE and is statistically significant (B = 0.07, p = 0.01). This indicates that larger entities tend to have better financial performance due to economies of scale and better resource allocation. Moreover, financial risk has a significant negative influence on ROE (B = -0.34, p = 0.00), reaffirming that companies with high leverage tend to have reduced profitability due to higher financial obligations.

Meanwhile, firm age (B = 0.00, p = 0.19) and industry type (B = 0.00, p = 0.89) do not have a statistically significant effect on ROE. The F-value is 5.50 and is statistically significant ($p < 0.01$), indicating that the overall regression equation is appropriate. The Durbin-Watson value of 2.06 falls within the acceptable range, suggesting no autocorrelation in residuals.

The analysis reveals that firm size and financial risk are key determinants of financial performance. However, sustainability disclosures may play a more critical role in the long term, especially when investor awareness, regulatory pressure, and integrated reporting practices mature — allowing such information to translate into improved access to capital, brand loyalty, and operational efficiencies over time.

Conclusion and Discussion

From the results of the multiple regression analysis discussed earlier, it was found that sustainability disclosures (ESG) did not show a significant relationship with the financial performance of the business. This finding does not support the initial research hypothesis, which expected that greater sustainability disclosures would positively influence financial performance. This unexpected result prompts the need to explore possible explanations rooted in theoretical and contextual factors. This is in line with the research of Siriasakul (2023) who found that ESG scores measured from environmental, social and governance criteria do not have a clear relationship with the financial performance of companies listed on the Stock Exchange of Thailand Index. The study suggests that although companies disclosing sustainability information are socially and environmentally acceptable, these disclosures do not have a direct or clear impact on financial performance, such as return on equity (ROE). According to the stakeholder theory, disclosures should help improve transparency and build stakeholder trust, potentially leading to better performance. However, in this study, the expected link was not observed, possibly due to limitations in how ESG disclosures are communicated or perceived in the Thai market.

In this case, sustainability disclosures may not have a significant financial impact in the short term or in certain industries. Additionally, many companies may treat ESG disclosure as a formality or compliance tool rather than integrating it into business strategy, reducing its perceived value. One possible explanation is that stakeholders may not yet fully integrate ESG information into their investment decisions, especially in emerging markets. One possible explanation for this result is the limitation of using only a single year of data, which may not be sufficient to capture long-term financial effects. Additionally, in emerging capital markets like Thailand, investor awareness and regulatory enforcement on ESG issues are still developing, which may reduce the visibility of sustainability efforts in financial returns.

From the researcher's perspective, the lack of significance may also stem from the general quality and consistency of sustainability disclosures in Thailand, which remain voluntary and vary considerably among firms. Furthermore, ESG practices might focus more on compliance or reputation rather than strategic value creation, weakening their link to short-term financial returns.

However, the results of this research are not consistent with the research of Jupiban (2017), which found that the size of the business is significantly related to the rate of return on total assets (ROA). Nattapat's study shows that larger companies tend to have better financial performance because they are able to leverage more resources, including access to better funding sources and the ability to manage costs well, resulting in creating higher returns from investing in assets.

Moreover, the research found that financial risk has a negative relationship with a company's financial performance. This is consistent with the research of Thepweerakul (2022), who found that financial risk has a negative impact on the performance of companies in the resource, energy, and public utilities industries. Chaiwat's research shows that when companies face high financial risks, such as the risk of excessive debt or uncertain interest rates, this results in the company's financial operations being unable to generate returns as expected. This financial risk reduces the ability to generate profits and increases the chance of losses.

However, the discussion on control variables has been kept concise to maintain focus on the main variable of interest, in line with the research objectives.

From a strategic sustainability communication perspective, the fact that sustainability disclosures do not significantly impact an entity's financial performance may reflect a lack of an effective strategy for communicating the value of sustainability information to stakeholders. Disclosed information may not yet be presented in a way that can inspire investor confidence, or there may not be a clear link with the business's performance. To address this, organizations should enhance the clarity, consistency, and strategic alignment of

ESG communication. Effective sustainability communication should focus on creating a narrative that demonstrates the positive impact of sustainability policies on economic and social value creation, including presenting information in an easy-to-understand and engaging format.

Practical Implications

The most relevant implication is that companies should consider aligning sustainability communication with long-term financial and non-financial value creation to build credibility and investor trust.

Contribution to academic literature

This study contributes to the academic literature by extending the understanding of how sustainability report disclosure, particularly in the context of emerging markets, relates to financial performance and stakeholder perception. Unlike previous studies that assume a direct and positive impact of ESG disclosure on financial outcomes, this research found no statistically significant relationship, highlighting the complexity of the link between disclosure and performance. By applying stakeholder theory and focusing on firms listed in the Thai capital market, the study offers new insights into the role of voluntary ESG disclosure and its limitations in markets where regulatory enforcement and stakeholder awareness are still developing. The findings provide a basis for future research to explore not only the quantity but also the quality and strategic relevance of sustainability disclosures in enhancing corporate value.

Suggestions

1. Develop an Effective Sustainability report disclosure: Listed companies should design communication strategies that effectively convey the value and real outcomes of sustainable business practices to stakeholders. This should be done through a systematic approach that aligns with the overall corporate strategy.

2. Enhance Transparency and Understanding of Sustainability Information: Companies should emphasize clear and reliable disclosure of information that demonstrates the tangible impacts of ESG practices. Tools such as benchmarking analysis or case studies of organizations that have successfully implemented sustainability initiatives can be utilized.

3. Establish a Link Between Sustainability Disclosure and Financial Performance: Companies should develop approaches to analyze and present information in a way that connects sustainability disclosures with financial performance. This may include using key performance indicators that illustrate the long-term benefits of sustainability policies on business outcomes.

4. Examine External Factors Affecting the Relationship Between Sustainability Disclosure and Financial Performance: Further research should be conducted to analyze the role of external factors, such as government policies, market trends, or investor behavior, that may influence this relationship.

5. Future studies should address the limitations of this study by using multi-year (panel) data to capture the long-term financial effects of sustainability disclosures. In addition,

research should explore how sustainability performance relates to other financial metrics such as ROA, ROCE, or earnings per share (EPS), which may provide broader insights into firm value and efficiency.

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