

THE ROLE OF CULTURAL FACTORS IN ESG REPORTING

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ABSTRACT

Environmental, social, and governance (ESG) reporting has evolved from a niche practice to a mainstream business priority across the globe. As companies integrate ESG considerations into corporate strategy and disclosure, cultural factors play a significant role in shaping how sustainability commitments are perceived and implemented. National values, norms, and management practices influence corporate sustainability behavior – for example, whether firms view ESG initiatives as ethical imperatives, compliance exercises, or strategic opportunities. This research examines the intersection of ESG reporting and cultural dimensions, focusing on how Hofstede's cultural dimensions (e.g. power distance, individualism vs. collectivism, uncertainty avoidance, etc.) impacts corporate transparency and sustainability practices. In an increasingly regulated ESG landscape, understanding cross-cultural differences is essential for enterprises operating in international environment to meet stakeholder demands and avoid greenwashing or miscommunication. The paper is devoted to the key ESG frameworks and regulations, identifies current sustainability reporting trends, and analyze how cultural dimensions influence ESG disclosure, culminating in conclusions and practical recommendations for organizations and policymakers.

Keywords: ESG reporting; cultural factors; sustainability reporting; Hofstede's dimensions

INTRODUCTION

Environmental, social, and governance (ESG) reporting has become an essential component of corporate strategy and a key mechanism for promoting global sustainability. Originally rooted in corporate social responsibility (CSR), ESG disclosure has evolved into a standardized framework for assessing how organizations manage environmental impacts, social responsibility, and governance structures [1].

The growing regulatory emphasis—reflected in frameworks such as the EU Corporate Sustainability Reporting Directive (CSRD), the Global Reporting Initiative (GRI), and the International Financial Reporting Standards Foundation (IFRS), Sustainability Disclosure Standards—demonstrates that ESG reporting is no longer a voluntary or reputational exercise but a crucial element of sustainable economic development [2].

The relevance of ESG to geosciences and sustainability is particularly evident in the environmental dimension of reporting. Environmental indicators—such as greenhouse gas emissions, energy and water use, waste management, and biodiversity protection—are grounded in geoscientific data and methodologies. Reliable ESG disclosure thus depends on accurate environmental measurements and a scientific understanding of the