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Environmental, Social and Governance Disclosure and Its Impact on Firms' Financial Performance: Evidence from Pakistan

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Abstract

The aim of this paper is to examine the effect of environmental, social and governance (ESG) disclosure and its effect of corporate financial performance in Pakistan. The majority of the current research focused on developed nations while, little research has been done on developing economies. Pakistan is also among those countries where an understanding on the ESG disclosure impact on firm performance still need to be explored. A quantitative content analysis and secondary data were used for this study. The over population of the current research was 423 Pakistani non-financial firms registered on Pakistan Stock Exchange. But due to non-availability of data the sample was reduced to 284 firms. The study spans 10 years from 2014 to 2023. The result of the study showed that combined ESG disclosure score has a inverse impact on firm operational performance. But the separate ESG components that is environmental score, social score and governance score are found to have a positive effect on firms' operational performance. The current research has significant implications for investors, policy makers, regulatory bodies.

Keywords: Environmental, Social and Governance Disclosure, Firm Performance, Pakistan Stock Exchange

Introduction

In the last few decades, sustainability and the sustainability related to the business activities have gained much importance. It is evident that ESG has significant influence on all internal and external components, which involve people, consumers, society, staff, environment, and economy, at Kanwel & Awan, 2021; Zaahid *et al.*, 2020; Zaahid, Rehman, Ali, *et al.*, 2019. Global warming, dust foot printing and other ecological issues have been explored to a great extent during the last few decades in both academics and business sector (Wu & Ullah, 2020). As a response to ESG issues, organizations at present employ the concept of CSPs (Corporate Sustainability Practices). The globalisation process and the increasing complexity of the world have made today's business world a highly uncertain context, and their strategic management is at the right place and time to integrate ESG to face the new conditions resulting from a new market in a sustainable economy (Grigorescu, et al., 2020).

Currently, there is a continuous release of ESG reports from increasing businesses from all across the globe (Buallay, 2020).

Modern business and entrepreneurs are challenged not only with the efficiency of operations and management of their businesses but also the effect they have to the environment. According to Nalsson *et al.*, (2016), the SDGs, goal are objectives that the United Nations has established (UN) that indicate global problem to be reported on. All these goals are for organisations and individuals everywhere and must be achieved by 2030. They make organizations and companies act with the 17 goals which can be found in some corporations' and countries' ESG disclosures. ESG disclosure is seen as a crucial element of the economy by almost all the participants in the survey. This is evidenced by an increasing majority studies on how ESG performance affects other domains, specifically firms' performance, with the purpose of urging organizations' around the world start disclosing on ESG (Nelsson *et al.*, 2016).

In an effort to improve the reporting of ESG disclosures, a number of initiatives have been started. A relatively new and opulent program is the Global Reporting Initiative (GRI), which covers social, environmental, and governance management aspects of sustainability. The ESG disclosure standard, Disclosing the Environment Social Governance, is connected to this program. The ESG disclosure and the Global Reporting Initiative announced the formation of International Integrated Reporting Council (IIRC) 4 Committee in respect of the GRI initiative. ESG information is integrated into an integrated reporting system (IIRC Website, 2019). Businesses have made multiple attempts to report ESG information in an effort to restore the trust that the stock market and stakeholders had lost during previous financial crises (Pereez-Betres *et al.*, 2010).

In recent years one impartant developments that has occurred in the financial markets is the inclusion of sustainability reports by the stakeholders' and other investment analyst in the financing decision making. Now, companies require rules to enhance the ESG score (Javed, Shahzad, & Aslam, 2020 & Meiar & Cassar, 2018). However, while there are many emerging ESG practices, there are also some cases of corporate green washing. Such concerns push researchers to expand their perceptions about the impact of sustainability on the businesses results by acknowledging that more investment in sustainability projects is not enough to uplift the performance of firms (Hassan et al., 2021).

Corporate responsible or socially responsible businesses are those that extend beyond civil responsibilities ideal for aiding the society and the environment in which they

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are located. Companies are no longer focused on profit but are trying to bend towards adopting ESG standards. There are several aspects in reporting which are non-financial in nature and several areas that companies report to their stockholders which have not been reported in routine company reports (Bassen & Kovács, 2008). Many countries have enacted laws and regulations and require the disclosure of ESG information because they conclude the importance of this information for all the stakeholders. Whereas, the reporting on ESG issues is either un-mandatory and unregulated in many countries or necessary and regulated in other nations. This shows that how businesses world has begun to endeavor to put a lot of importance on sustainability reporting (Juniar *et al.*, 2014).

However, there is little literature on firm sustainability especially in developing countries which are mostly located in Asia (Zaahid, *et al.*, 2019). The outcome of the last study show that primarily focused on developed economies, whereas, researches that did not include developing nations due to distinct formal and lawful framework of these countries. Therefore, this is the reason that the sustainability problem is still in the budding phase of evolvement about which it is on the early level in Pakistan. In Pakistan, there have been initiatives to force companies to reveal sustainability reporting. In 2009, the Securities and Exchange Commission of Pakistan (SECP) issued the first CSR order, which all listed companies must follow. The 2013 publication of the "Corporate Social Responsibility Voluntary Guidelines" stipulates that the company is responsible for determining the extent to which it will integrate sustainability into its operations. As per SECP (2019), this policy requires the Board of Directors to adhere to environmental, social, and governance practices, report on the "2017 codes of corporate governance guidelines" and the "corporate social responsibility guidelines 2013 and any other regulatory framework" appropriately, and more. No rules exist regarding what should be revealed when following the course of these two initiatives.

Every social and environmental issue that Pakistan is currently facing has an impact on the overall performance of the company at the industrial level (Jamil *et al.*, 2020). In today's conditions, all the businesses have to regard ESG-related concerns for their enhanced development (Ahmad et al., 2021). It is for this reason that it is important to analyze the ESG activities in Pakistan for several reasons. First of all, the country has several issues and these are energy deficiency, financial and governmental instabilities, bribery and bad governance structure. So such issues effects within the overall nation, within the particular industry, and most significantly, on people's well-being. Such activities of the firms also affect people's

lives through developing substandard products, violation of people's human rights, and advancement of child labour. In addition, due to the improper disposal of waste products by most businesses water and environmental pollution are among the most severe problems mentioned (Ahsen et al., 2018; Tesnia, & Munam, 2019). Pakistan is an emerging economy with a structure of operation and management which is not comparable to that of the developed countries. Based on the fact that the rate of economic growth in Pakistan is slow, focusing on ESG could be one of the factors that could contribute to improved economic growth. However, the level of ESG awareness remains low in the country, and therefore, the fulfillment of sustainable criteria and ESG-related practices is not established yet. So therefore, the main aim of this research is to investigate the association among environmental, social, governance and its effect on firm operational performance in Pakistan.

- To analyze the impact of ESG disclosure on firms' performance in Pakistan.
- To examine the effect of environmental factor disclosure on firms financial performance in Pakistan.
- To examine the effect of social factors disclosure on firms financial performance in Pakistan.

1. Literature Review

ESG reporting it is a tool that is utilised in analysing the business of an organisation and its standing on various aspects of sustainability and ethics. It also offers method of assessing business risks and opportunities in those areas. Following the CSR boundaries, several studies focused on examining the relationship between utilizing environmental, social, governance factors and firms' performance. Moreover, sustainability is a relatively recent concept, so research, practitioners, and investors have all paid more attention to it recently. Friade *et al.*, (2015), synthesized the data of about 2048 studies and they noted that most of the studies proved a positive relationship between corporate performance and ESG.

As stated by Spellman, (2020) environmental, social, governance factors positively effect on firms' performance. It is estimated that the disclosure of ESG is going to foster a process the purpose is to respond to the internal and external stakeholder interest so such changes is likely to bring favorable impact on Businesses performance. Furthermore, research conducted at the time of writing this paper and stakeholder theory confirmed that ESG activities enhance the entire business performance. In our previous work, Kalia and Aggerwal (2023) and Liue *et al.*, (2022) have evidenced a significant association between sustainability factors and firm value. On the other hand, Pickwick and Sewelén (2021) and Junius et al. (2020) observed opposite results. Thus, they have found out that there is an

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inverse association among environmental, social, governance reporting and firms' performance. In a panel data analysis, Gao (2022) investigated the relationship between ESG disclosure and corporate performance. He was able to measure corporate performance by means of return on assets, is utilized as more correct measure of firms' performance because it indicates how efficiently the organization utilizes the available resources to generate revenues. He established that favorable association environmental, social, governance reporting and firms' performance.

Stakeholder theory which R Edward Freeman proposed in the 1980s maintains that organization is responsible to all people that are who stand to be influenced by the actions taken by that organization and not only consider shareholders' (Freman, 1984; Harison, & Wickts, 2013). Corporations' would go further than the shareholders to include other stakeholders who may either directly or indirectly be engaged in any organizational activity with an aim of constructing sustainability (san *et al.*, 2023). Corporations are legally bound to act in a way that benefits all stakeholders in a company, and therefore reactive negative emotions adopted by any stakeholder jeopardize improved bottom-line performance and company existence. The economic and social objective of the corporation is to maximize and distribute more capital and look after affairs of all the major stakeholder groups, not favoring one over the other.

Hypotheses of the Study

On the basis of the reviewed literature the following hypotheses are formulated for this study.

$H_{1:}$ There is a relationship among ESG disclosure and firms' financial Performance in Pakistan.

$H_{2:}$ Environmental factors disclosure has effect on firms' financial Performance in Pakistan.

$H_{3:}$ Social factors disclosure has an impact on the firms' financial Performance in Pakistan.

$H_{4:}$ Governance factors disclosure affects the financial performance of firms in Pakistan

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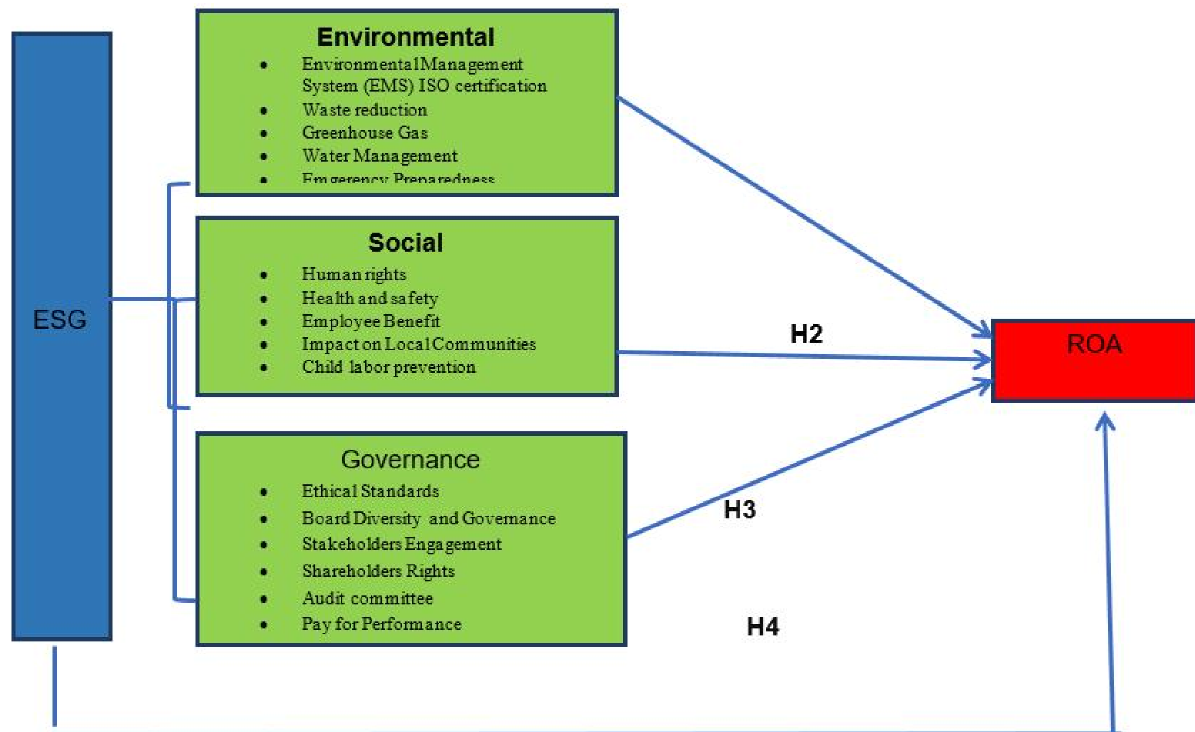
Conceptual Framework Development



Research Methodology

Population, Sample and Sample Technique:

Pakistani non-financial listed companies that were listed on the Pakistan Stock Exchange made up the study's entire population. There were 423 non-financial listed companies in 37 different sectors listed on the Pakistan Stock Exchange (PSX) as of December 31, 2023. Purposive sampling is the method used for this investigation. The sample consists of non-financial companies that routinely include ESG information in their annual reports between 2014 and 2023. Since data for all Pakistani companies was unavailable, the purposive sampling technique was chosen for this study, which sampled all companies that included ESG information in their annual reports. Data is gathered using the content analysis method (also known as data mining) from the 2014–2023 annual reports of the sample companies. Panel data were used in this study. Content analysis is the approach most frequently used for the ESG measure (Zahid and Ghazali, 2015). According to an index developed from multiple earlier studies, the ESG data was given a score of 1 if disclosed and 0 otherwise (Zahid et al. (2019).

Variables and their Measurement

Variables of the study and measurement is detailed in the Table 3.1

Table 3.1 Variables, Labels and Measurement

Variables	Labels	Measurement
Outcome Variable		
Firm Performance/ Operational performance	**ROA**	Net profit/ Total Assets
Predictor Variables		
Environmental, Social, Governance Reporting	ESG	For measuring the ESG will make an index of E, S, G components
Firm Environmental Reporting	E	Index which determines the elements of environmental reporting are Pollution control, Waste reduction policies, Water & Energy consumption, Carbon dioxide (CO2) emission / Greenhouse Gas, Production innovation and Environmental Management System (EMS) ISO certification
Firm Social Disclosure	S	Index which measures the components of social disclosure are Human rights, Health and safety, Training and development / Employee Benefit, Community development, Child labor prevention and Drinking water on workplace
Firm Governance Disclosure	G	Index which determines the elements of corporate governance reporting are Ethical Standard, Board diversity and Governance, Stakeholder Engagement, Shareholder Right, Audit committee and Pay for Performance
Control Variables:		
Firm Age	**FA**	The age of a company is determined as "the number of years since its commencement (labova, 2016).
Firm Size	**FS**	Firm size, calculated by log of total assets, is an indicator that influences ESG and corporate performance (Hellman & Kaim, 2001).
Sales Growth	**SG**	The formula for calculating the sales growth is (Current year EBIT - previous year EBIT)/Last year EBIT (Dang et al., 2019).
Financial Leverage	**FL**	Financial leverage is a measured of total debt divided by total assets (Fescher & Sewczyn, 2013)

Data Analysis

Data is analyzed through descriptive statistics, correlation and regression analysis. Data normality was also examined through various measures to ensure the efficient and unbiased estimators.

Descriptive Statistics

The above Table 4.1 shows the descriptive statistics of the variables. The mean value of ROA is 2.33 it has maximum value of 3.87 and minimum 1. The skewness is near zero and kurtosis is near 3. ESG has minimum value of 7.29 with standard deviation of 0.43. Environmental disclosure has mean value of 1.32 with 1 and 2 as minimum and maximum values. Social disclosure has a mean value of 1.52 while that of governance disclosure is 1.56. The mean value of sale growth (SG), firm size (FS), firm age (FA) and financial leverage (FL) are 30.8. 7.38, 36.44 and 3.35 respectively.

Table 4.1 Descriptive Statistics

Variables	Mean	Median	Std. Dev.	Min	Max	Skewness	Kurtosis
ROA	2.33	0.41	.43	1	3.87	.23	3.13

ESG	7.29	0.43	.31	2	15.10	.28	3.5
Environmental	1.32	0.21	.41	1	2	2.23	4.02
Social	1.52	0.41	.36	1	2	.03	3.2
Governance	1.56	0.35	.25	1	2.26	.29	2.77
Sales growth	30.8	0.22	6.42	16	40.31	2.28	36.11
Firm size	7.38	5.52	2.51	1	11.63	2.63	3.88
Firm age	36.44	31.12	19.2	8	80	.72	2.73
Financial Leverage	3.35	.31	.25	3	4.98	2.38	2.53

Correlations Matrix

Correlation between variables is reported in Table 4.2. ROA is found to have a positive correlation with total ESG score. It is also found that ROA is positively correlated with all the separate ESG components that is the coefficient of Environmental component is positive 0.318, of social component is positive 0.283 and of governance component is 0.255. sales growth, firm age, firm size and financial leverage are also found to be positively correlated with the ROA (firm performance). From the results it can be argued that the firms which disclose environmental, social and governance related costs are good performers.

Table 4.2 Correlation Analysis

Variables	ROA	ESG	ENV	SOC	GOV	AGE	SIZE	GRO	FL
ROA	1.000								
ESG	0.318	1.000							
Environmental	0.302	0.452	1.000						
Social	0.283	0.631	0.234	1.000					
Governance	0 .255	0.475	0.316	0.342	1.000				
firm age	0.142	0.235	0.103	0.132	0.032	1.000			
firm size	0.131	0.154	0.083	0.213	0.025	0.030	1.000		
(8) sales growth	0.143	0.157	0.105	0.042	0.130	0.134	0.130	1.000	
(9) Financial Leverage	0.425	0.376	0.403	0.240	0.014	0.010	0.050	0.053	1.000

Data Normality Analysis

Variance Inflation Factor (VIF)

Table 4.3 Variance Inflation Factor

	VIF	1/VIF
Environmental	2.225	.391
Social	2.628	.510

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Governance	2.412	.804
Firm size	2.028	.873
Firm age	2.142	.866
Financial leverage	2.532	.832
Sales growth	2.409	.888
Mean VIF	2.973	.

To identify any potential multicollinearity issues in the data, the VIF is a helpful tool. VIF can assist in identifying which variables should be used in a model and identifying situations where two or more variables are highly related. So as per the Gujarati & Portar, (2003) if the VIF values are less than 10 it signifies that there is no problem of multicollinearity in the model. In Table 4.3 shows that all the values of VIF are less than 10 it means model is fine and the models were not bearing the problem of multicollinearity.

Heteroskedasticity

Table 4.4 Heterokedasticity

Models	Chi2 Value	P-Value
1	0.19	0.6642
2	0.30	0.5843
3	0.23	0.6294
4	0.36	0.5486

The modified Wald test was applied to check the heteroskedasticity. The null hypothesis of this test shows homoscedasticity while the alternative shows heteroscedasticity. In the above table 4 shows all the p- values were found insignificant so the study cannot reject the null hypothesis means that the models is not bearing the problem of heteroscedasticity.

Regression Analysis

Regression analysis is used to determine whether environmental, social, and governance disclosure has an impact on financial performance. The following models are specified for this research to explore the relationship between variables.

$$ROA_{it} = \alpha + \beta_1 ESG_{it} + \beta_2 FA_{it} + \beta_3 FS_{it} + \beta_4 SG_{it} + \beta_5 FL_{it} + \epsilon (1)$$

Here ROA is a measure of financial performance, ESG is a combined score on environmental, social and governance disclosure, FA is firm age, FS is firm size, FL is financial leverage and ϵ is random error.

$$ROA_{it} = \alpha + \beta_1 Es_{it} + \beta_2 Ss_{it} + \beta_3 Gs_{it} + \beta_4 FA_{it} + \beta_5 FS_{it} + \beta_6 SG_{it} + \beta_7 FL_{it} + \epsilon \qquad (2)$$

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Here ROA is a measure of financial performance, Es is a score on environmental component alone, Ss is a score on social component alone, Gs is a score on governance component alone, FA is firm age, FS is firm size, FL is financial leverage and ϵ is random error.

After the normality checks, the next step was the selection of an appropriate model. As the nature of the data is panel. The Hausman test is applied to check whether the fixed or random effects suit the data. While employed the Hausman test the p-vales of all models were less than 0.05 it means the assumption of null hypothesis was rejected and fixed effect model was appropriate model for this study.

Table 4.5 Regression Estimates of Model 1

$$ROA_{it} = \alpha + \beta_1 ESG_{it} + \beta_2 FA_{it} + \beta_3 FS_{it} + \beta_4 SG_{it} + \beta_5 FL_{it} + \epsilon$$

ROA	Coefficient	t-Statistic	Prob.
ESG	-.3045562	-3.60	0.003***
Firm age	-.0118541	-0.11	0.733
Firm Size	.0522511	6.51	0.001***
Sale Growth	.1151321	6.81	0.023**
Financial Leverage	-.1418427	-2.84	0.031**
Constant	.14871230	0.38	0.662
R^2- within	0.384		
R^2 Adj.	0.384		
F-Statistics		48.83	
Sig			0.010***

***, **, and * shows significance at 1%, 5% and 10% levels.

Table 4.5 shows that ESG combined has a significant negative impact on financial performance (ROA). The result of F-test is (48.83) and the p-value is less than 5% (0.010). The coefficient of value of ESG is negative with a magnitude of 0.304 and p-value 0.003 indicates that ESG disclosure has an inverse relationship with financial performance of firms. We accept the H_1 that states there is a relationship between ESG disclosure and firms financial Performance in Pakistan. This negative relationship can be due to the cost associated with these activities reducing the net income of the concerned firms. Firm age is found to have no relationship with the ROA. Firm size and sales growth are found to have a positive impact on the financial performance of firms with p-values of the coefficients 0.001 and 0.023 respectively. Financial leverage is found to have a significant negative relationship with financial performance.

Table 4.6 Regression Estimates of Model 2

$$ROA_{it} = \alpha + \beta_1 Es_{it} + \beta_2 Ss_{it} + \beta_3 Gs_{it} + \beta_4 FA_{it} + \beta_5 FS_{it} + \beta_6 SG_{it} + \beta_7 FL_{it} + \epsilon$$

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ROA	Coefficient	t-Statistic	Prob.
Environmental	.1458463	2.27	0.023**
Social	.1261372	2.01	0.040**
Governance	.1212846	2.16	0.015**
Firm age	-.012562	-0.35	0.715
Firm Size	.0594827	5.41	0.025**
Sale Growth	.1148315	20.61	0.046**
Financial Leverage	-.1284527	-3.81	0.001***
Constant	.1617583	1.24	0.821
R^2-within	0.461		
R^2 Adj.	0.456		
F-Statistics		55.83	
Sig			0.001
			0.000***

***, **, and * shows significance at 1%, 5% and 10% levels.

Table 4.6 shows that environmental, social and governance factors scores separately have significant positive impact on financial performance. The result of F-test is (55.83) and the p-value is less than 5% (0.001). The positive coefficients of environmental, social and governance components separately show that these factors have positive effects on firms' financial performance. The coefficient of environmental disclosure is 0.145 that has p-value 0.023. Here we accept our H_2 that states environmental factors disclosure has an impact on the financial Performance of firms in Pakistan. The coefficient of social disclosure is 0.126 with the p-value 0.040. Here we accept our H_3 that states social factors disclosure has an impact on the firms' financial Performance in Pakistan. The coefficient of governance disclosure is also found to be positive significant at the p-value of 0.015, therefore we accept our fourth hypothesis that was governance factors disclosure affects the financial performance of firms in Pakistan. R-square value is 0.461 which reveals independent variables explain 48 % variation in the dependent variable. In the second model also, the firm age is found to have no relation with the financial performance. Firm size and sales growth were found to have positive significant relation with the firms' financial performance. Financial leverage is negatively related to the firms' financial performance at the p-value of 0.001.

Discussion

Outcome of the current research revealed ESG combined score was negatively linked with the firms' performance in Pakistan. This result is consistent with the findings of Deng and Ching (2019), Zhaao *et al.*, (2018) and Lens *et al.*, (2017) who analized data from mexico among 2011- 2018. Further they investigated an inverse association between ROA and ESG. Their

study was also similar for the separate scores of ESG elements disclosure as they also found a positive association between them and ROA. Similar studies such as Ahlklo and Lend (2019), Dehlberg and Wikland (2018) and Kem *et al.* (2016) also found that ESG elements measured separately having a positive effect of the firms' operational performance.

It is evident that a higher return on assets is produced by offering the distinct components of ESG reporting. According to research showing a positive correlation between distinct ESG reporting and a company's operational performance, attending to the needs of internal stakeholders, including owners and managers, can improve a company's return on assets (ROA) by fortifying relationships and enhancing managers' loyalty and integrity (Perreni *et al.*, 2009). The empirical findings demonstrate that the reporting requirements for ESG information by listed businesses may become a significant financial burden in developing countries where ESG activities are not yet widespread. This could lead to a significant negative correlation between ESG factors and firm performance. According to the conventional neoclassical viewpoint, there are additional expenses associated with business ESG activities. (Simenova, Hasel, L.G., 2008), that impact the performance of the business. Businesses must, for instance, deal with significant financial pressures related to energy conservation, emission reduction, and the transition from outdated to cleaner technologies (Rasier et al. 2010).

Additionally, because emerging economies have comparatively little protection for investors and a generally weak institutional environment (Zheng et al. In order to win over investors, companies need to make short-term investments in corporate governance practices (e.g. A. hiring independent directors, hiring external auditors, and increasing information transparency). Additionally, these investments affect business performance in the short term (Reamann et al. 2012). Separate environmental, social, and governance factors have a positive impact on business performance, which supports stakeholder theory. According to the stakeholder theory, an organization should build long-term value by taking into account all parties involved in an organizational activity, whether directly or indirectly, rather than just its shareholders (Taliento et al. (2019). He and Jiang (2019). Research demonstrating a positive relationship between ESG disclosure and company performance clearly supports the argument that meeting the needs of both internal and external stakeholders enhances corporate performance by strengthening stakeholder relationships, boosting employee loyalty and satisfaction, promoting the company's standing, making its

products unique, boosting legitimacy, and reducing operating expenses, one way to look at ESG disclosures is as a financial benefit (Castaldo *et al.* (2009).

Conclusion

According to the study's findings, a company's financial performance is significantly impacted by its overall ESG disclosure. However, the environmental, social, and governance components are found to positively affect firm performance when measured. Because they can determine how ESG disclosure affects the financial performance of Pakistan's corporate sector and create policies that increase the efficacy of ESG, the findings have significant ramifications and will be helpful to the government of Pakistan, researchers, academia, governments, and regulators. Publicly traded companies in Pakistan can adopt and enhance ESG disclosure in their annual reports by using the ESG index. The findings of this study are more generalizable because it took into account all non-financial companies in Pakistan, whereas earlier research on the environmental, social, and governance domain found that these factors affected the performance of either a few sectors or a KSE 100 index companies.

This study also has certain limitations. First, the content analysis prioritizes the collection of quantitative data over qualitative ESG reporting data. Because of this, the research's conclusions may not fully capture the "real" motivation behind companies' ESG reporting. Thus, primary sources such as focus groups and interviews with corporate managers could also be used to support the quality of environmental, social, and governance reporting and gain understanding of the motivations behind ESG initiatives. This study only looked at non-financial companies. Additionally, the study can be broadened by incorporating longitudinal analysis of both financial and non-financial corporations. Additionally, the variables may be expanded to include the industry of the corporations (sensitive and non-sensitive enterprises), which may yield a number of noteworthy results regarding ESG and firm performance.

In subsequent studies, the researchers may incorporate both qualitative and quantitative approaches. Using secondary data from first-hand sources, such as focus groups and interviews with corporate staff, may increase understanding and inspire more sustainable endeavors. An additional avenue for future research could be to examine the differences between nations and areas. A similar model that incorporates the Global Reporting Initiative (GRI) as a control variable might shed more light on how the GRI standard affects the relationship between ESG disclosure and business financial performance.

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