



Vaasan yliopisto
UNIVERSITY OF VAASA

Toivo Soini

ESG S-factors in Practice: Strategic Tool or By-Product of Business Operations?

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Author: Toivo Soini
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ABSTRACT:

The role of Environmental, Social and Governance (ESG) factors has increased significantly in recent years in corporate sustainability and investor communication, reflecting companies' extensive role in today's society. The social dimension ("S") remains less standardized and more difficult to define and measure compared to the other two dimensions, which have already established a more consistent role in research and corporate reporting. At the same time, companies are still increasingly expected to recognize and communicate their broad social impacts.

The purpose of this study is to examine how ESG S-factors are understood, measured and utilized within a corporate context. The study focuses on interpretations of social impact and explores whether S-factors are primarily recognized as reporting elements or by-products of business operations, and whether they have a role in supporting strategic business objectives.

This study is conducted as a qualitative single case study focusing on Investors House Oyj, a Finnish listed real estate investment company. Primary data consists of a semi-structured interview with the company's CEO, supported by secondary material including annual and sustainability reports. The collected data is analyzed using a qualitative content analysis.

The key findings of the study suggest that ESG S-factors are highly context-dependent and difficult to standardize. Within a case company's context, social impact is understood broadly through economic and societal contributions, including shareholder value, tax contributions, employment and stakeholder relationships. In addition, the findings indicate that S-factors have a supportive role connected to existing business operations rather than as separate strategic drivers. The findings further suggest that recognized social impacts may be utilized opportunistically when aligned with business objectives and stakeholder communications.

The study contributes to the growing ESG research by providing a practical corporate perspective, examining the multidimensional nature of ESG S-factors. The findings suggest that ESG S-factors may function not only as sustainability indicators, but also strategically relevant outcomes of business operations.

KEYWORDS: ESG, S-factors, social impact, stakeholder theory, corporate sustainability

Contents

1 Introduction	6
1.1 Purpose of the Study	8
1.2 Structure of the Study	9
2 Theoretical background	11
2.1 Corporate Social Responsibility (CSR)	11
2.2 Stakeholder theory	14
3 ESG and the Social Dimension	17
3.1 ESG in general	17
3.2 S-factors	19
3.3 Measurement of ESG “S”	20
3.4 ESG and financial performance	22
3.5 Theoretical framework	24
4 Data & Methods	26
4.1 Research approach	26
4.2 Case study strategy	26
4.3 Data collection	27
4.4 Data analysis	28
4.5 Validity & reliability	29
5 Findings	31
5.1 ESG S-factors in the case company	31
5.2 Measurement of S-factors	34
5.3 Strategic role of S-factors	35
5.4 S-factors in investor communication	37
5.5 Key findings and revised framework	38
6 Discussion	41
6.1 Theoretical contribution	41
6.2 Managerial implications	43

7 Limitations and Suggestions for Further Research	46
7.1 Limitations	46
7.2 Suggestions for Further Research	46
References	48
Appendices	51
Appendix 1. Semi-structured interview with the case company	51

Figures

Figure 1. Triple Bottom Line demonstration of CSR Dimensions	12
Figure 2. Stakeholder value creation framework for business model analysis	15
Figure 3. Major ESG indices and relevant factors used by different providers	18
Figure 4. Theoretical framework of the thesis	25
Figure 5. Map introducing the main ESG "S"-factors recognized of the case company	32
Figure 6. Revised framework of the thesis	39

1 Introduction

ESG (E= Environmental, S= Social, G= Governance) as a concept is relatively new, having been introduced in 2006 (Atkins 2020). However, the concept of Corporate Social Responsibility (CSR) has been around since 1970s, including elements that have been promoted again in the ESG-era. Today, companies are evaluated from multiple perspectives and from different parties considering their overall impact on society. The increasing interest in sustainability by investors, media and the public has reshaped how companies build their processes and communicate their actions to the stakeholders.

According to Gherghina (2024) ESG, which builds on CSR, has become an important standard to assess companies' commitment towards environment and sustainable development. The "E" stands for environmental and addresses the industrial influence on the environment and nature. The "S" dimension covers company's actions and effect on the societal systems that are connected to the company (Baid & Jayaraman 2022). The "G" stands for governance and outlines the decision-making and how companies meet the regulations in the policymaking.

One of the world's leading consulting firms, PricewaterhouseCoopers (PwC) describes the status of ESG-factors in early 2020's by highlighting the imbalance between the three dimensions. According to PwC report (2022) the social "S" elements have been playing a secondary role to environmental and governance factors but have recently received more attention. Thus far, companies' environmental and governance impacts have been defined more clearly, making communicating about them easier. Furthermore, regulations in the respective areas compared to social impact are developed further, providing more measurable and comparable data for investors and public to analyze.

The social "S" dimension is yet to reach a universal definition in the literature. According to Baid and Jayaraman (2022), "social impact includes everything that impacts company-stakeholders – be it internal or external." Moreover, this scope highlights the challenge of defining the "S", requesting a comprehensive framework and tools which would allow

recognition and comparison of all relevant social impacts, across regions and industries. This is challenging due to social impacts' intangible and complex nature which complicates the process of creating specific yet comparable categories to assess companies' broad social impacts.

The regulatory landscape in the area is increasing significantly in the near future especially in Europe due to EU's Corporate Sustainability Reporting Directive (CSRD). Under this framework, sustainability reporting is becoming mandatory in phases, expanding from large companies to all listed Small and Medium-size Enterprises (SME) by 2027. (European Commission 2025). Within the new directive, companies must report detailed and standardized information on ESG factors aligning with new sustainability reporting standards. This regulatory shift may promote the significance of ESG factors in general, more importantly provide much-anticipated standards for the reporting.

However, despite the upcoming clarifications in standardization via regulation, the social dimension of ESG, the "S" is and remains an extremely broad concept. Additionally, it has not been researched from the angle providing a view that S-factors can be crucial not only in terms of sustainability but also affect companies' strategic decision-making.

This study approaches the broader theme around the nature of ESG S-factors, which differ significantly depending on the company, industry and business environment. The study examines whether the social impact is something that is recognized and reported because it is a standard in today's business world, or could it have a significant role in achieving business objectives and value creation. As Baid and Jayaraman (2022) states "Some investors are also seeking to cause the companies in which they are investing to create more social outcomes as a result of their investment (social value creation)." Therefore, strong S-factors could be seen as difference makers, that may interest investors.

Hence, this study answers the call of Baid and Jayaraman (2022) who state that “There are multiple angles of social aspects which have a broader scope in the research area. The measurement and evaluation of social impact is still in its nascent stage and future research can look into different methods for various sectors and industries. A potential to look into various sectors and how social impact is implemented will be an interesting area to delve into as well.”

Investors House Oyj is a Finnish real estate investment company listed to Nasdaq Helsinki, providing an applicable case for this study. It reached a rare status of a dividend aristocrat in 2025. In Finland, the status is recognized if the company is able to increase its annual dividend per share for ten consecutive years.

Company’s strong financial performance combined with an interesting approach towards ESG factors, provides a fruitful platform to examine how sustainability, especially the social dimension is observed and integrated into business operations. The researcher’s history with the company supports the understanding of its operational practices. Through working with stakeholder groups around the industry, differences have been noticed in approaches how social effects are recognized and communicated.

1.1 Purpose of the Study

The purpose of this study is to tap into research opportunity by answering the following research question:

How are ESG S-factors understood, measured, and utilized in a corporate context?

It is important to note that as mentioned “S” stands for “company’s effect on the societal systems in which it runs” (Baid and Jayaraman 2022), which makes it an extremely broad concept.

Furthermore, it is worthwhile highlighting that using the target firm provides an in-depth view of a single company, however this study could be applied to companies on the same or similar industry and/or who are willing to contemplate their S-factors based on this study.

Theoretical framework provides a platform which will be extended based on interview with the target company, analyzing the main dimensions of “S” from the perspective how they are interpreted, measured and utilized within a real-life corporate context. This is achieved by defining the key concepts precisely and reflect findings from methods to the theory.

Based on the study, it can be analyzed what are recognized as S-factors within a corporate context and how they can be measured. In addition, the study provides a view of how S-factors are associated with core business operations and strategic choices.

This research aims to contribute to the understanding of how ESG S-factors are interpreted and utilized around companies’ core business activities. The findings may support companies to recognize and evaluate their broader social impact.

1.2 Structure of the Study

The thesis is structured as follows: theoretical background is introduced in chapters two and three, first one focusing on theories of Corporate Social Responsibility and Stakeholder theory. Chapter three focuses on ESG (Environmental, Social, Governance) and especially the ESG “S, including multiple subchapters.

In the fourth chapter, data and methods used in this thesis are displayed. The fifth chapter presents the findings of the study including several chapters around the theme.

The sixth chapter consists of discussion, which is divided in two parts. First part of the chapter introduces the theoretical contribution of the findings. Second part includes the managerial implications.

The seventh chapter of the study presents the limitations of the study and suggestions for future research. List of references and appendixes is presented at the end of the study.

2 Theoretical background

As the foundation of this paper's main topic ESG "S", it is essential to create an overview to theories that have evolved the role of social factors of companies to the position where they are today. Key theories related to stakeholder engagement, sustainable business practices and socially responsible corporate performance, Corporate Social Responsibility (CSR) and Stakeholder Theory are introduced in this chapter.

2.1 Corporate Social Responsibility (CSR)

Corporate Social Responsibility (henceforth CSR) as a concept has existed since 1950s and it has been contemplated by researchers from various perspectives over the last decades. CSR includes a combination of demands and expectations from multiple stakeholder groups, meaning there can be significant differences in goals and objectives depending on customers, employees, community groups and governments. As a result, the exact definition of Corporate Social Responsibility has changed over time. According to McWilliams & Siegel (2001) CSR is "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". Simply following current laws and regulations, which can be seen as one of the cornerstones of one form of sustainability is solely not enough to be considered as Corporate Social Responsibility.

European Commission (2025) emphasizes that companies create broad impacts outside products and services they provide. EU defines CSR as "the responsibility of enterprises for their impact on society", adding that CSR should be company led. Companies can achieve social responsibility by integrating social, ethical, environmental and human rights concerns into their businesses and by following the law. Job creation, working conditions, innovation and education are also mentioned as some of the main elements that EU is expecting companies to connect on their business strategies and operations.

The EU also connects ESG closely with CSR, however specifying that ESG is traditionally more common in the context of investing. EU's view needs to be taken into consideration, since it is a significant operator from different perspectives how business environments in Europe are framing. European Union's laws, regulations and trade agreements have major impacts on shaping the business environment in Europe.

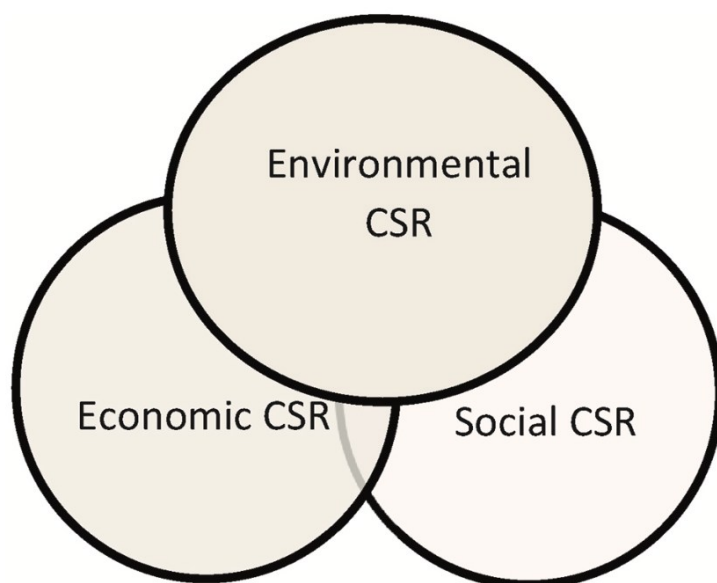


Figure 1. Triple Bottom Line demonstration of CSR Dimensions

(García-Piqueres, G., & García Ramos, R. 2022).

Companies may also use CSR as part of their positioning and strategy. McWilliams and Siegel (2001) states that besides for the ethical reasons, CSR is used as a differentiation strategy to attract environmentally and socially conscious customers and stakeholders. In recent decades, valuing ethical and sustainable practices has increased, leading companies around the world to be more focused on providing sustainable products and services.

Despite the potential benefits of CSR, direct profit effects related to it are difficult to prove. (McWilliams & Siegel 2011). At the same time, well-executed CSR strategies can

increase the brand image, which can bring various advantages to the company, although measuring the additional value may be complex.

McWilliams and Siegel (2011) also note that there are multiple factors why assessing the worth of Corporate Social Responsibility is complex in various contexts. For example, evaluating CSR benefits empirically is not straightforward because actions attached for CSR goals typically includes an intangible capability or resource. At the same time, CSR implementation in different levels is often linked with already existing products, services or practices which make quantifying the additional value of CSR complex and context specific. This is something that has evolved significantly during the ESG- era, since multiple factors that have traditionally been part of CSR strategies, including various environmental and social metrics, have reached more measurable form in the ESG framework.

Corporate Social Responsibility as concept has been praised across business world by attaching beyond-profit thinking as a part of the corporate performance, however the model has also received criticism from multiple perspectives. Freeman and Dmytriiev (2017) recognized three main critics for CSR. One criticism is that CSR contests with the shareholder obligations and may lead to resources used to CSR instead of profit-making which is conflicting with the idea of shareholder primacy. Another issue is that Corporate Social Responsibility is often used as tool to enhance corporate image while acting unethically in some areas of the business and therefore used as a cover for questionable practices. For example, greenwashing, practice where environmental impact of product or service is misleadingly advertised to be sustainable, or claimed to be more eco-friendly than actually is, is a common action from companies to improve their public image and covering misconduct. Furthermore, Freeman and Dmytriiev (2017) state that CSR should be used in line with broader corporate responsibility, not as a separate philanthropic unit, leaning to a view that business and ethics are dependable on each other instead of two separate functions.

Overall, the social dimension of ESG extends many traditional CSR themes by formalizing companies' social responsibility for more measurable corporate performance indicators. CSR and ESG are different concepts although they have some similarities, the most significant one being the view that companies' actions reach far broader than the business itself. Business environments differ significantly in terms of geographical areas, laws, regulations and traditions considering Corporate Social Responsibility, leading to differing CSR strategies across the business world.

2.2 Stakeholder theory

Freeman's (1984) work provided the foundation for Stakeholder theory. According to Freeman (1984), companies should contemplate interests of all stakeholders to create value for all parties involved instead of only focusing on shareholders. According to the theory "stakeholder" stands for any entity who can influence or is influenced by mission-driven organizations. For example, relationships with employees, suppliers, customers and communities need to be managed while focusing on creating shareholder value.

Donaldson and Preston (1995) made the next important expansion to Stakeholder theory by declaring that companies have a moral obligation to all stakeholder groups and their interests. Freeman and Donaldson & Preston both highlight the long-term profitability, which can be achieved with effective, all-around stakeholder management.

Mahajan et. al. (2023) have researched closely how the theory has evolved from the beginning. Based on their findings, they are providing a comprehensive definition for Stakeholder Theory. Firstly, it "encourages organizations to acknowledge and consider their stakeholders, which exist internally or externally to the organization" and secondly "promotes understanding and managing stakeholder needs, wants, and demands". Following acknowledgment of these dimensions, applying elements of Stakeholder theory can enable companies to maximize their value creation across stakeholder groups and guide them towards long-term sustainability and profits.

Freudenreich. et. al. (2019) argues that traditional business models are focusing heavily on value creation for customers in the cost of overlooking other stakeholder groups. They provide a Stakeholder value creation framework, which highlights that businesses providing stakeholder value should also receive value in return. Therefore, stakeholders are seen as co-creators of value, not solely as receivers. Stakeholder value creation framework demonstrates how broad and versatile task stakeholder management is, and how multiple different dimensions should share the joint purpose and create mutual value exchange.

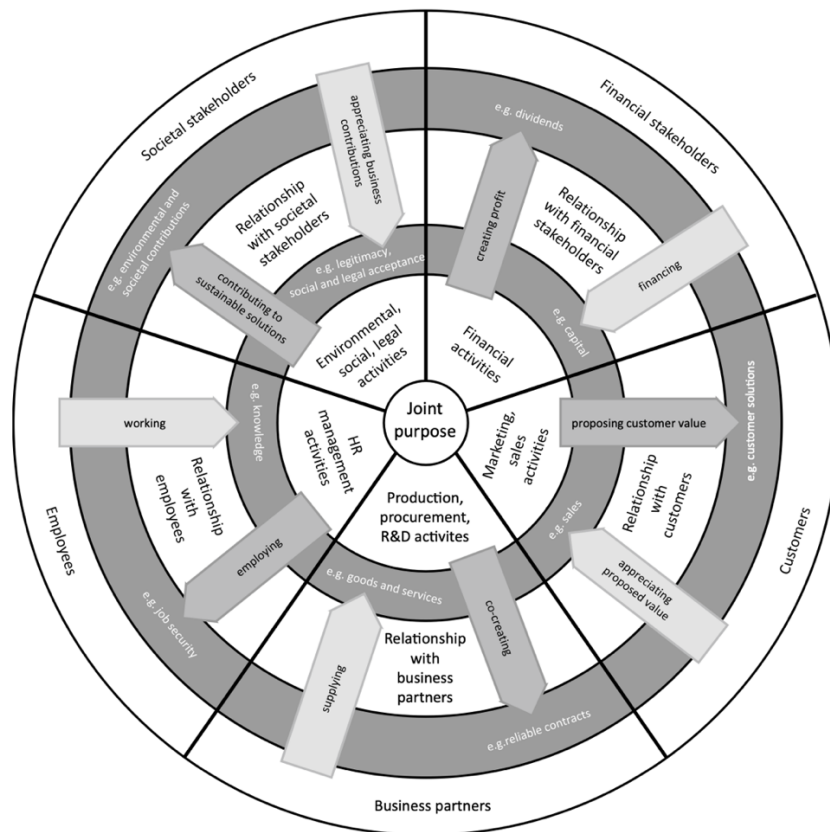


Fig.2 Stakeholder value creation framework for business model analysis

Figure 2. Stakeholder value creation framework for business model analysis
(Freudenreich. et. al. 2019).

In sustainability-oriented industries and companies, well-managed stakeholder relationships may have an emphasized role when answering stakeholder expectations and sustainability goals. According to Freudenreich. et. al. (2019) social concerns need to be integrated into business models along the financial goals. Collaborative relationships are in the center of Stakeholder Value Creation instead of companies only creating value for stakeholders.

Stakeholder theory aligns closely with the social aspect of ESG since it emphasizes the role and significance of corporate responsibility towards all stakeholder groups. It demonstrates how broad and complex the whole field is, since assessing the connection of social impact to companies' strategies and operations can be approached from multiple perspectives. Furthermore, Freeman and Dmytriyev (2017) highlights that rather than focusing only on one or two groups, balancing the needs of all stakeholder groups such as customers, employees, suppliers, communities and investors is a major factor in successful business. This view is linked to ESG "S", where the social dimension includes everything that impacts company-stakeholders, internally or externally.

3 ESG and the Social Dimension

3.1 ESG in general

Companies' increased role within today's society have led to a rise of importance considering Environmental, Social and Governance (ESG) factors. This development reflects a broader transformation where companies are expected to consider the interests of a wide range of stakeholder groups such as employees, communities and society at large. Traditionally, firms were primarily evaluated based on their financial returns for shareholders. Although it is still seen as a key indicator, the perspective has gradually shifted towards more stakeholder-oriented approach. (Barbosa et. al. 2023). Although ESG is already widely recognized, the framework is still evolving rapidly, offering tools and criteria for assessing sustainability from different perspectives. The meaning of sustainability varies across industries and stakeholder groups, including a variety of key drivers depending on the perspective from which it is examined.

According to Gherghina (2024), Environmental "E" addresses the company's industrial influence on nature and climate, Social "S" reflects its influence on a broad social scope of systems where the company is operating, and Governance "G" describes the practices of how the power of decision is allocated within the company's stakeholders. Climate change has significantly impacted the sustainable business development during the 2010s and early 2020s. Especially environmental issues have been in the center of interest of researchers and public when considering corporate responsibility and sustainability. Themes such as usage of renewable materials, measuring carbon footprint and decreasing pollution have been one of the main themes in discussions of how businesses aim to build their products and services aiming towards sustainability goals. Environmental aspect still dominates ESG research although "G" and especially "S" have increased their impact on recent times, which also created the scheme for this study.

Table 1 Major ESG indices and relevant factors used by different providers

Major indices	Environmental	Social	Governance
Bloomberg	Carbon emission Climate change Pollution/Waste Resource depletion Renewable energy	Supply chain Gender diversity Political influence Human rights Community relations	Executive compensation Shareholder rights Staggered boards Independent directors Cumulative voting
Thomson Reuters	Resource usage Carbon releases Invention	Employee Basic rights Public Product accountability	Corporate governance Corporate behavior
MSCI	Climate change Sustainability initiative Pollution/Waste Natural resources	Human capital Product liability Stakeholder opposition Social opportunities	Management Shareholders CSR strategy

Figure 3. Major ESG indices and relevant factors used by different providers
(Ahmad. et. al. 2023).

Many elements traditionally associated with CSR are now discussed as a part of ESG framework. Compared to CSR, ESG provides a more structured framework including standardized tools and quantitative metrics that can be utilized when evaluating corporate sustainability (Gherghina 2024). Furthermore, according to Barbosa et. al. (2023), ESG factors are no longer treated as separate from companies' core business activities as they used to. Since the tools and criteria have developed, ESG factors are also increasingly integrated into strategic decision making and risk management processes, which enables companies to respond for increased pressure from investors and other stakeholders. As stated, in today's business world stakeholders' interest in sustainability have increased in general, and they demand more accountability and transparency on sustainability related issues as well as opportunities.

Despite its growing role in business, ESG still lacks fully recognized practices with interpretations varying significantly across industries and organizations. Differences in context, stakeholder expectations and strategic priorities fluctuate notably within the companies and their approaches towards ESG. Therefore, ESG should not be seen at least yet

as a consistent and widely standardized set of practices, but rather as a flexible framework and assessment tool, shaped by company- and industry-specific factors.

3.2 S-factors

According to multiple researchers, the social component (S) is considered the most complex one to define and least standardized among the three ESG dimensions. Due to its qualitative and context-dependent nature as defined by Barbosa et. al. (2022), it can be viewed from multiple perspectives which makes the scale of defined “S”-factors difficult to standardize. As defined by Baid & Jayaraman (2022) “social impact includes everything that impacts company-stakeholders – be it internal or external.” Barbosa et. al. (2022) continues by capturing it as company’s relationships with employees, partners, suppliers, clients and communities. This also explains why creating universal standards for the social dimension has been difficult. The number of different parties involved depending on the industry and the size of the company may be extremely substantial and due to this definition issue, it is difficult to fully capture the “S”.

Stakeholders increasingly expect companies to not only minimize their negative social impact, but also actively contribute to societal well-being across different levels, reflecting the rise of stakeholder-oriented approach in corporate sustainability (Barbosa et. al 2022). This development has brought new levels and focuses of how companies operate internally, but also outside of their core business activities. Companies’ interaction and impact with various stakeholder groups may involve issues considering working conditions, diversity, human rights and community engagement, all of which contribute to the broader societal role of the firm (Gherghina 2024). This view is also closely linked with stakeholder theory, which emphasizes the importance of managing relationships within multiple stakeholder groups in order to create long-term value.

The relevance of specific S-factors depends on industry characteristics, organizational context and strategic choices. Ranging from mentioned internal organizational factors to

external impacts on society and communities including economic contributions, defining universal indicators and measurement standards tends to be challenging due to companies' activities across different levels on a multidimensional scale. Relevance of the specific S-factors are interpreted and integrated into corporate strategies in contexts where the social impact is linked to business operations of the companies.

Various components recognized inside social dimension can be crucial to company's success and reputation and on the other hand, some totally irrelevant. For example, a single entrepreneur running medium-sized investment company can have a significant financial and societal impact on the certain geographical area's development, but zero influence on employee-related social dimensions. For multinational corporation, the employee equality may be one the key sustainable indicators that they follow, measure and gain reputation from.

Despite challenges considering the lack of standardized tools and context- and scope related definition issues, the "S" has started to be recognized and therefore, the social dimension has gained attention recently in academic research and practice. From achieving sustainability perspective, "S" may be the most difficult to achieve on a standardized level. Environmental and Governance factors cannot be described as straightforward dimensions either, however their context can be captured more precisely due to more limited areas of research. This has enabled the creation of more clear and quantifiable indicators. At the same time, lack of standardization creates intriguing opportunities develop, capture and capitalize from "S" as a multidimensional factor for sustainability, stakeholder management and value creation.

3.3 Measurement of ESG "S"

Several factors need to be considered when assessing ESG measurement practices, one of the most critical ones being the company's size and industry. Measured ESG factors differ significantly across industries and business categories, which increases the

demand for industry-specific ESG factors. If the context-dependent nature of “S”-factor is not recognized, it is difficult to provide usable and comparable ESG- data. For example, companies selling highly targeted products for geographically segmented markets are assessed differently compared to companies that provide intangible worldwide services. ESG social dimension can be applied to both, but it needs to be done by recognizing these notably differing point-of-views.

According to Tsang. et. al. (2023), one of the key motivations measuring S-factors arise from recently increased trend, ESG disclosure. This is connected to stakeholders and investors increased demand for non-financial information of companies’ activities. Financial data and numbers especially from stock listed companies can be seen from the statements that companies are regulated to provide. Financial reporting has long relied on strict regulation to ensure reliable investor information. This differs notably from ESG disclosure, which in the most categories remains voluntary, leading to concerns regarding data’s credibility, comparability and usefulness of the information provided.

Moreover, the literature highlights that companies disclose ESG-related information for improving stakeholder relations, reducing information asymmetry and signaling future performance. (Tsang. et. al. 2023). This may also create conflicts regarding what companies choose to report, since according to Sheehan et. al. (2022) the process of measuring ESG factors can be significantly influenced by organizational priorities and managerial judgement. Various social issues can be overlooked if they are difficult or costly to address. Therefore, assessments may be biased and disclosed ESG information highly selective, further complicating the validity and reliability of S-factor measurement.

Furthermore, according to Sheehan et. al. (2022) organizations also face practical challenges assessing ESG factors due to social impacts’ intangible nature in traditional accounting systems. Multiple externalized social and environmental costs are not directly measured and recorded, hence not available to be reported. As a result, when the stakeholder impacts are difficult to quantify, identifying yet prioritizing the most relevant ESG-

issues tends to be a challenge. The measurement processes should be developed before investors could receive reliable and comparable information on ESG factors.

Even though measurement the social dimension is at relatively early state, a wide range of ESG indicators already exist. These frameworks often include even hundreds of different metrics related to product responsibility, workforce, human rights and community impacts. (Ahmad et. al. 2023). Hence, it can be stated that the in the general level S-factors are and can be measured, yet due the diversity of indicators and measurement frameworks makes establishing consistent measurement practices difficult. This limits comparability of the results difficult across companies and industries.

The measurement of ESG S-factors remains context-dependent and complex process, however due to recent recognitions of this standardization challenge, the research could expect improvements in the future considering scalable metrics, data quality and transparency. Differing metrics and reporting frameworks combined with varying organizational interpretation, stakeholder expectations and strategic considerations makes providing scalable, reliable and usable data for investors and public difficult.

3.4 ESG and financial performance

According to Gherghina (2024), environmental, social and governance (ESG) factors have received increasing attention as potential drivers for improved corporate financial performance. ESG provides a comprehensive framework and a broad scale of categories assessing both risks and opportunities, contributing information to support long-term value creation. From a theoretical perspective, positive ESG results enhance company performance by improved stakeholder management, better corporate reputation and reducing exposure to environmental and social risks.

Several studies have reported a positive relationship between ESG performance and financial outcomes. Environmental and social performance are positively related to

sustainable economic performance, suggesting connection between societal value creation and financial value creation. Additionally, transparency and stakeholder trust achieved via effective corporate governance (G), can attract investment and boost access to capital (Barbosa et. al. 2023). ESG integration can support decision-making and risk management, further contributing to sustainable growth, which can turn out to improved financial performance (Gherghina 2024).

At the same time, the relationship between ESG and financial performance is not consistent (Ahmad. et. al. 2023). Some studies have also showed neutral or slightly negative results depending on context and methodology. Inconsistent findings are likely associated with lack of standardization in measuring, not to highlight the positive, negative or neutral correlation between the factors. Empirical results are potentially affected by varying metrics across rating agencies that provide ESG data to companies, as well as differences in companies' own frameworks and reporting tools.

Overall, despite literatures mixed findings, general trend suggests that ESG can contribute positively to financial performance. For instance, Li et. al (2021) highlight that the integrating ESG factors within strategic decision-making process can enhance firm value via multiple channels. This positive link between ESG performance and financial outcomes can be achieved for example by improving operational efficiency and risk management affecting the themes around "S".

For this study, this is an important observation since it suggests that ESG is tool not solely for recognizing and managing sustainability-related risks but also a strategic approach to value creation and competitive advantage. However, due to differences in available measurement tools and industry characteristics, the strength of the positive relationship needs to be researched further in the future. If the future development in research strengthens the positive link between ESG and financial performance, it may lead to increasing integration between ESG framework and strategic decision-making.

3.5 Theoretical framework

Corporate Social Responsibility (CSR) and stakeholder theory build a basis for understanding companies' broad role in society, providing a platform for this study's theoretical framework. These theories emphasize that companies have interests and responsibilities considering a wide range of stakeholders also other than traditional stakeholder value creation, forming the foundation for the development of ESG as a widely recognized sustainability framework.

Within the ESG framework, this study focuses on the social dimension (S), representing companies' impact on all stakeholder groups, such as employees, communities and society at large. According to the literature, S-factor characterization is challenging compared to "E" and "G"- factors, since social impact's qualitative, multidimensional and context-dependent nature makes its measurement less standardized.

Previous literature suggests that ESG S-factors can be approached by observing three central dimensions within a corporate context. These three dimensions are how S-factors are understood, how they are measured and how they are utilized. These dimensions are influenced by organization characteristics, stakeholder relationships and context-dependent nature of social impact. Companies communicate their social performance through reporting and disclosure, approaches depending not only by stakeholder expectations and organizational priorities but also with companies' strategic choices and goals.

Finally, the framework assumes that the relationship between ESG S-factors and financial performance is heavily context-dependent, prior research suggesting a generally positive relationship. The strength and direction of this connection depend on industry characteristics, measurement approaches and organizational interpretation.

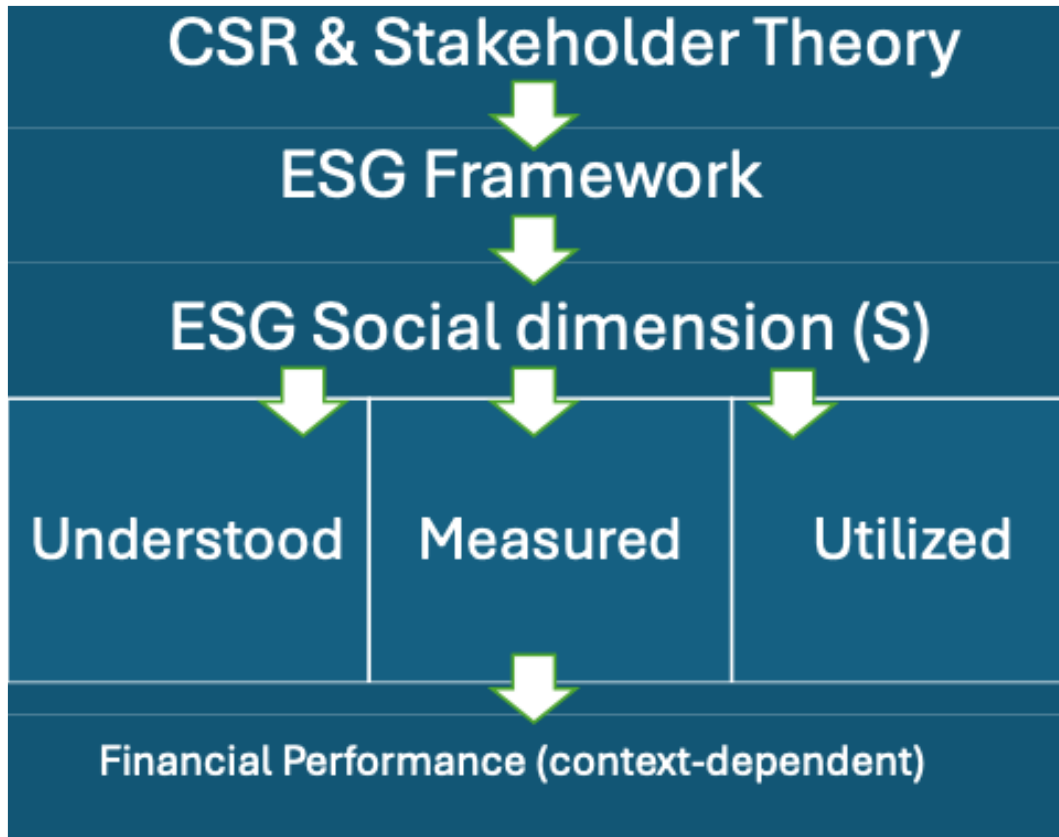


Figure 4. Theoretical framework of the thesis

4 Data & Methods

4.1 Research approach

This study adopts a qualitative research approach in order to explore the role of ESG S-factors within a corporate context as a real-life case study. Since the definition of the social dimension of ESG has not yet reached a clear consensus in the literature, a qualitative approach allows the study to take into consideration strategic choices and managerial interpretations rather than focusing solely on numerically measurable indicators.

Methodology of the study should be based on what information is aimed to achieve on the basis of the research. The chosen approach aligns with the nature of qualitative research, since according to Eriksson and Kovalainen (2008) it aims to understand and interpret complex phenomena within their real-life contexts. Therefore, the qualitative approach is suitable for examining how ESG S-factors are utilized as a part of a company's strategic goals as well as conceptualized for investor communication.

4.2 Case study strategy

Investors House Oyj (company) was selected due to its listed status, operational versatility and active investor communication. The company has business activities in multiple phases of the value chain of real estate and financial markets and therefore a great number of activities having relevance towards the ESG 'S'. Company's business operations include property development, leasing and property asset management. The company operates in Finland, however due to its listed status and real estate sales to abroad, there are international stakeholder groups involved within the company's context.

A single case study provides a platform for researching the concept of ESG S- dimensions within a real-life organizational setting. As Farquhar (2012) describes, case study research is suitable for business research, since it focuses on collecting evidence about the

phenomenon in its natural context, in a real-life setting, where the theoretical understanding and practice actually meet.

A case study allows an in-depth exploration of complex phenomenon within the context of a listed corporation. In addition, the researcher has a prior experience working in the case company, providing contextual understanding of the industry, organization and its operations.

Overall, case study research enables examination of complex topics within their real-life environments. According to Yin (2018), when the examined phenomenon is strongly connected to its context, case study is strongly applicable approach. This is relevant considering this study, since companies' social impacts are influenced by industry characteristics and organizational practices, making the ESG S-factors heavily context-dependent.

4.3 Data collection

Primary data for this study was one semi-structured interview with the Chief Executive Officer of Investors House Oyj. The interview focused on themes around sustainability, ESG and the interpretation and measurement of such factors within the company's context. Stakeholder relations and investor communications were also some of the key themes of the interview.

The interview followed a semi-structured format, which allowed the researcher to create suitable question pool as well as add some follow-up questions during the interview to achieve more in-depth answers. According to Eriksson and Kovalainen (2008), a semi-structured interview is a suitable and widely used model for qualitative analysis, its advantage being a setting where the topics are prepared and systematic, while the interview situation can remain conversational. By following somewhat comprehensive structure but not adhering too closely to original question pool, the interviewee may be able

to raise important topics arising from the original questions, which can strengthen the interview data.

The interview covered themes around sustainability, stakeholder theory, ESG and the social dimension (S) from the company's perspective. The full list of interview questions is attached to this study in Appendix 1.

The interview was recorded and it took approximately one hour and twenty minutes. After the interview, the record was transcribed into written form and edited to cleaner and more structured form, without changing any words or meanings of the sentences.

In addition, company's annual reports, sustainability reports and other public material were used as a secondary data. According to Farquhar (2012), using different sources of data as well as multiple different methods of data collection is important in order to strengthen the overall findings. Secondary data supported the primary data in general and brought more in-depth understanding and examples of multiple topics that were covered in the interview, such as investor communication.

Combining the primary and secondary data, multiple interpretations considering the topic could be observed from different the perspectives. For example, interview answers were only given to the researcher in a single setting, however company's publications were observed from perspective that anyone can have access to them at any time.

4.4 Data analysis

The collected data was analyzed using qualitative content analysis approach. The interview transcript was reviewed multiple times and with the data gathered, notes, mind maps and comments were written to identify key themes around the research question, such as ESG S-factors, measurement and their role in corporate strategy.

The interview transcription and the company reports were also analyzed together to create a more comprehensive picture about all dimensions related to ESG 'S', that the case company has recognized and/or communicated thus far.

Theoretical framework of the study, focusing on sustainability, stakeholder theory, ESG S-dimension and its measurement practices and strategic implications, was used as a foundation to the analysis in order to attach the findings to existing theory. The data was categorized to a few areas by themes, such as stakeholder relationships, measurement, strategic choices and investors communication.

The chosen approach enabled comprehensive interpretation of qualitative data while maintaining flexibility to reflect also phenomena behind the findings. This study aims to contribute to the literature by providing analysis that introduces ESG 'S'- factors within a real-life company perspective, also reflecting potential future trends. This approach aligns with chosen research approach since Eriksson and Kovalainen (2008) suggest that qualitative research in general does not follow a strictly linear process, but rather includes constant interaction between theory, data and analysis.

4.5 Validity & reliability

The validity of this study is strengthened by the use of both primary and secondary data. The primary data, consisting of an interview with a company's senior executive provides in-depth information and view to company's position and practices towards the theme. Secondary data expands and supports the interview findings, both together consisting the analysis. As Farquhar (2012) suggests, using and combining multiple sources strengthens the evidence through data triangulation. Investigating the phenomenon from multiple perspectives further supports the credibility of the findings.

However, the use of a single-case study design restricts the scale to which the findings can be generalized outside the case context. Moreover, the findings are based on only one interviewee's views, which may introduce potential bias.

Although the study consists mentioned limitations, the study provides valuable insights from real-world corporate context considering the character, role and measurement of ESG S-factors.

The case company is aware and has accepted that this study is an academic thesis and that the final work, including the interpretations and results will be publicly available.

5 Findings

This chapter presents the findings of this study based on the interview data and company materials as explained in the previous chapter Data & Methods. The analysis is based on the theoretical framework, focusing on ESG S-factors, their measurement and their role in corporate strategy and investor communication.

5.1 ESG S-factors in the case company

To provide a platform to this analysis, it is worthwhile to clarify how the case company reports about sustainability, considering which part of it is mandatory due to reporting regulations and which part more obligatory and therefore interpreted from a slightly different perspective. The company has to report highly regulated financial statements on a consistent basis and some of the numbers presented as “S”-factors are derived from those statements.

At time of this analysis, separate sustainability report is not mandatory for the company, however due to EU Corporate Sustainability Reporting Directive (CSRD) becoming active for company’s scale in 2026-2027, sustainability report will become mandatory. (European Commission 2025). However, company has published ESG framework based, annual sustainability report since 2023 to become more aware of its impact on the ESG factors and also as a preparation for the future’s mandatory reporting.

Translated direct citation from company’s latest sustainability report concludes company’s sustainability goals: “Sustainability at Investors House is business operations that bring well-being for Finland and to Finnish people. Therefore, from the letters E, S and G, S = social impact is the core of Investors House’s sustainability.” Moreover, company positions itself as a follower of the sustainability scene in general, not a forerunner.

According to the findings, case company positions itself within the ESG framework by recognizing that its operations cover all ESG-factors but focuses more on the ‘S’-factors.

Towards the environment “E”, company’s goal is to act by following the current laws, regulations and instructions. Moreover, business operations are executed on a manner that the impact to the nature would be moderate and in-line with the benefits of the actions. Considering ‘G’, the company is highly regulated and monitored with multiple officials, arising from the listed status in Nasdaq Helsinki as well as from the industries that company operates, such as finance and construction which have their respective official bodies to monitor companies. According to the findings, company follows guidelines provided and recognizes that as appropriate approach towards sustainability within the ‘G’ dimension.

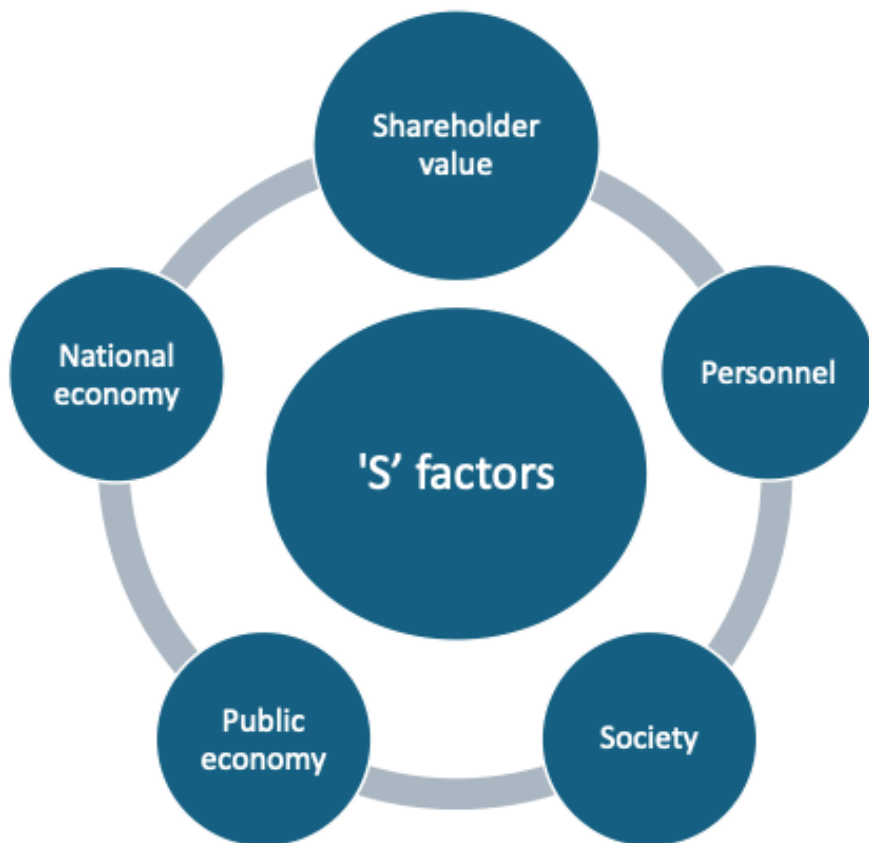


Figure 5. Map introducing the main ESG "S"-factors recognized of the case company

As presented in the figure above, case company's S-factors can be classified in the following categories.

1. Shareholder value

According to the findings, case company's economical sustainability via created shareholder value can be seen as their key S-factor and extensively as a cornerstone of company's growth as well as sustainable growth. During the reporting period of 2015-2025, company has created value to its today's approximately 3.300 shareholders by increasing its market value from €4,5 million to €23,1 million euros and distributed total dividends of €46,6 million euros. Moreover, during 2015-2019, Investors House Oyj was the fastest growing company in Nasdaq Helsinki.

2. Public economy

The case company recognizes and reports their annual and total tax footprint as a significant financial and social contributor to public economy. Tax footprint, including all types of taxes paid via different business operations such as services and real estate sales, is estimated to be approximately €44 million euros between the reporting period of 2015-2025.

3. National economy

During the reporting period of 2015-2025 Investors House's real estate and service sales approximately brought €206 million to Finland from foreign investors. This significant cash flow has contributed Finnish economy directly and indirectly from the 'S'-perspective by creating jobs and wealth.

4. Personnel

Based on the significant growth of the company, net increase in jobs created has been +56 during the reporting period. Indirectly, the addition and employment impact is hundreds via for example construction projects on new properties. Furthermore, the company promotes its personnel fund as a significant financial and social benefit for the employees. If achieving its annual targets, the company pays reward to the fund

and furthermore every employee of the company is its partial owner via personnel funds investment to the company's stock.

5. Society

Company's other stakeholder groups within the social impact of the company include organizations and entities that are not directly categorized under shareholders, personnel or national or public economy. These stakeholder groups include sports organizations that company has sponsored as well as for example pro-bono stock listing coaching for companies, organized and led by company's CEO.

As the respondent elaborates: "Our operations generate significant societal impact through tax contributions, capital flows and employment, which benefits the national economy, public economy and people's lives. Our view is that social impact is much more than limited internal metrics and companies do not realize how much they effect broader economy and society".

5.2 Measurement of S-factors

According to the findings, the case company has recognized several areas of social impact which are not measured through any provided or unified framework but rather interpreted as a part of business operations as a whole. Moreover, in contrast to the social dimension, governance-related 'G'-factors are highly influenced by reporting obligations utilizing standardized tools to meet the regulatory requirements. Therefore, governance dimension can be seen quite structured, whereas the measurement of S-factors remains flexible.

The findings suggest that from one perspective, social impacts of the company's operations emerge as a natural outcome of business activities quite reactively. However, then on the other hand, certain elements are identified and utilized more intentionally when aligned with strategic or reputational goals, reflecting S-factors as a sort of hybrid

function within the organization. Furthermore, while ESG-related communication exists, the findings support the company's goal to avoid any sort of 'S-washing'. Intentional overstatement of social performance was not found. Alternatively, communication on ESG and sustainability related activities is rather conservative, and not all recognized impacts are actively highlighted in external reporting.

Additionally, human capital is recognized as one of the key factors in company's operations, especially in decision-making processes. The company values experienced personnel as well as proven practices and trust-based processes. This finding emphasizes the challenge of capturing internal dimension of S-factors through standardized measurement tools.

As the respondent highlights: "ESG is still at evolving, actually at quite early state. There is no framework that would capture our social impact, so we rely on different indicators based on what we recognize."

In conclusion, the findings suggest that the measurement of S-factors remains qualitative in nature, context-dependent and influenced by organizational interpretation as highlighted in prior literature. However, traditional ESG frameworks still emphasize some standardized indicators and formal measurement protocols, which are not utilized by the case company.

5.3 Strategic role of S-factors

The key findings indicate that the role of the ESG S-factors in the company's strategy is rather supportive than central. S-factors are not positioned as the core drivers of strategic choices or decision-making, but they are strongly connected to business operations, especially from the value creation perspective.

Furthermore, the findings suggest that in case company's context the S-factors strongly emerge from organizational practices. S-factors can be described as positive side-effects of a successful business operations, especially from the financial perspective. In addition, when these social impacts emerge from the company's operations, they can be recognized and utilized when aligning with the business objectives. This dual role of the S-factors emphasizes a combination of reactive and opportunistic approach. Although S-factors are not pursued as single strategic targets, they can play a significant role when supporting broader business goals.

As the respondent elaborates: "If the company understands what society needs, we can look for business cases where everyone could win. We don't aim for a single social impact target, but we recognize them and promote them if they suit our business goals."

Considering ESG-related or general sustainability strategy, the case company can be characterized as follower rather than forerunner. Company prefers to implement approaches and practices that have already been validated rather than adopting new ESG practices by themselves. This reflects a risk-minimizing strategy, where ESG is not driven by trends or external pressure.

It can be suggested that the company's size and industry have 'allowed' this approach. Mandatory sustainability reporting is yet to come and real estate industry in Finland is not known to be particularly sensitive towards sustainability compared to many other industries once rules or regulations are not violated. To conclude, once the sustainability is at supporting role in company's operations and they have not recognized any significant sustainability issues, ESG acts more as 'good to know' and relevant but evolving dimension, having some, yet not significant role in company's strategic approach.

This pragmatic approach towards ESG, where the company does not position itself as a leader or early adopter in sustainability also reflects to some specific practices. These practices include for example sponsorship activities, which are not framed as moral

obligations but rather as mutually beneficial agreements. With the different sponsorship activities, the company emphasizes “win-win” situations, where the stakeholders receive something from the company such as financial support, and in return, company benefits from the interaction in some way as well for example receiving recognition or visibility.

As the respondent explains: “The S-factor is not about charity. It is more about recognizing situations and creating outcomes which are beneficial for the company, and for the society.”

Strategic relevance of S-factors is highlighted in creating, developing maintaining strong stakeholder relationships. The company emphasizes how important it is to have a good reputation within industry-specific key stakeholder groups such as financial institutions and municipalities. This relationship management supports business operations while also contributing to company’s broader social impact. Overall, the strategic role of ESG S-factors within the case company can be described as context-dependent, supportive and connected with the business objectives rather than a strategic driver itself.

5.4 S-factors in investor communication

The findings suggest that ESG S-factors are present in the company’s operations through various areas, but they do not have a significant role in investor communication. While the several social impacts are identified, these are only communicated to a limited extent via official channels.

This indicates that yet S-factors play a notable role as a part of business activities, they are not “marketed” or highlighted to external stakeholders. Although it is worth mentioning that for example several company’s press releases include this S-factor perspective, if interpreted with a view applying the S-factors complex connection to the regular business activities, which are actively communicated. To clarify, the S-dimension is more

present in communication than it is highlighted, as an integrated part of the business operations.

As the respondent elaborates: “We don’t need to highlight too much or overcommunicate about our ESG impact. We communicate cautiously about what is relevant and in the right scale”.

Overall, the findings suggest that while S-factors are present within the company across its operations, their role in investors communications is limited and possibly selective on some occasions. Considering sustainability in general, this communication approach is relatively conservative, avoiding overstating ESG performance, yet leaving some social impacts under-communicated.

5.5 Key findings and revised framework

The findings of this study suggest that strong financial performance can be achieved by connecting various business approaches, as demonstrated by the case company. When viewed through the ESG framework, the case provides an interesting view on how particularly the social dimension is recognized and integrated into company’s business operations.

The analysis highlights that ESG S-factors as a wider concept remain evolving and prone to different interpretations. The context-dependent nature of S-factors, lacking standardized definitions and measurement practices, makes assessing and comparing them complex as prior literature consistently demonstrates. In contrast, environmental and governance factors appear more structured, highlighting further the less developed state of the social dimension.

A broader question arising from the case is whether companies truly recognize and communicate the extent of their social impacts, when findings support that multiple impacts

may emerge indirectly as outcomes of core business activities. As the findings indicate, a strong financial performance creates a lot of direct and indirect positive social impact. This provides a relevant perspective for studying how ESG S-factors are identified and utilized within a corporate context, as outlined in the objectives of this study.

As the respondent concludes: “In general, social impact is difficult or impossible to separate from core business, since on many occasions they are so deeply connected.”

Overall, the findings support the perspective that ESG S-factors is still an evolving concept in academic research as well as in corporate practice. This strengthens the relevance of this study in contributing to the understanding of how the social dimension of ESG is understood and applied in a real-life business context.

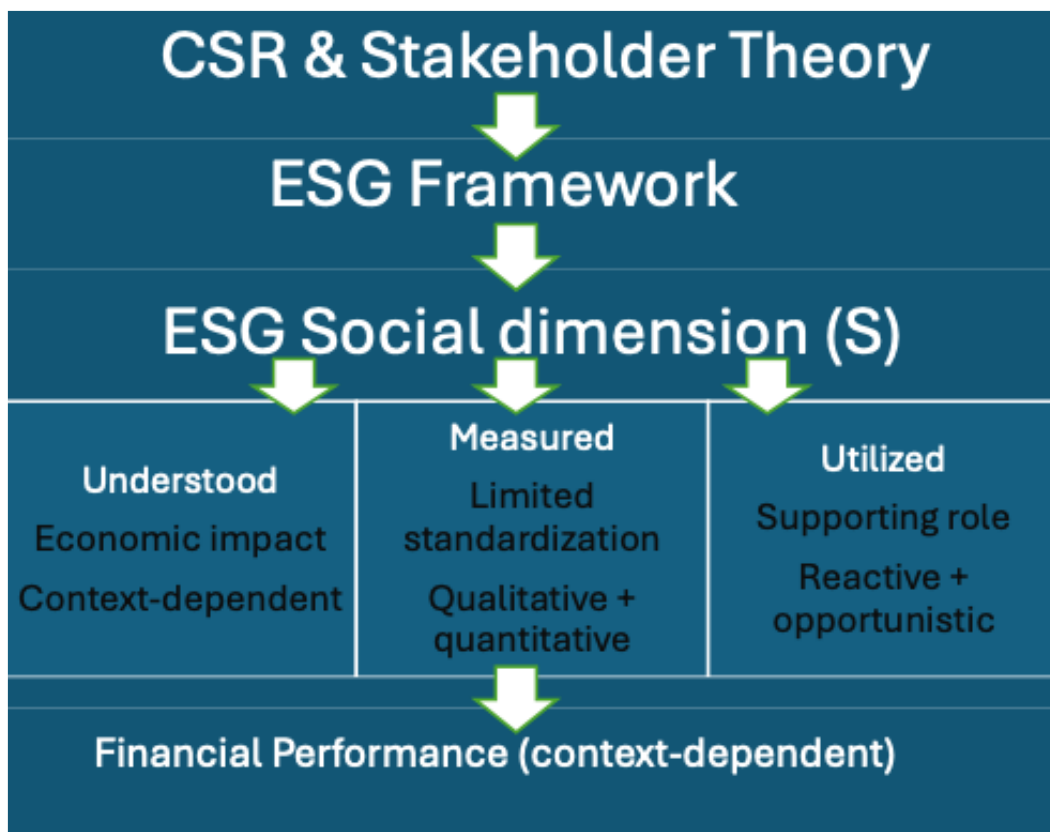


Figure 6. Revised framework of the thesis

Figure 6 above presents the revised framework of the study. Empirical findings of the study shows that ESG S-factors are mainly understood by their broader economic and societal impact. This finding, suggesting that S-factors are not limited to traditional internal metrics leads also to the findings of measurement of S-factors, which is influenced by lack of standardized approaches. Therefore, companies usually use both, qualitative and quantitative indicators when assessing their social impact.

Finally, S-factors are utilized in a supporting role of organizational practices, strongly connected to existing business operations. Rather than used as single strategic drivers, S-factors include reactive and opportunistic elements. To conclude, the revised framework highlights the context-dependent, multidimensional and flexible nature of ESG S-factors in corporate context.

6 Discussion

6.1 Theoretical contribution

The study contributes to the existing and emerging ESG literature with a perspective based on case study on ESG “S”, the social dimension. In the previous research, the “S” has recognized to be less standardized and more complex compared to environmental and governance dimensions. Furthermore, prior literature highlights that the “E” and “G” are more recognized and measured compared to the “S” (Baid & Jayaraman 2022). Findings indicate that the case company differs from this view significantly, since they roughly recognize “E” and “G” by following regulations but does not pay that active attention towards them. Instead, the case company recognizes S-factors as a core of their sustainability.

Consistent with prior research (Barbosa et. al.2023; Gherghina 2024) the findings support the view that S-factors are heavily context-dependent, since social impact can be intangible, prone to different interpretations and difficult to measure through consistent frameworks. Moreover, the findings align with view of Barbosa et. al. (2023) that S-factors reflect relationships with various stakeholder groups.

Challenging the prior research, findings suggest that the case company defines ESG S-factors mainly through broader economic and societal impact, including factors such as employment, tax contributions, capital flows and different cooperations. This approach differs significantly from traditional view in which “S” is more interpreted focusing on social metrics, such as human resource practices (Barbosa et. al. 2023). In addition, due to mentioned broader economic impact as a significant S-factor, stakeholder impact can be seen as extensive in company’s context, such as national economy. In contrast, prior research focuses mainly on certain nameable stakeholder groups such as employees, clients and investors.

Furthermore, the findings extend existing literature by suggesting that ESG S-factors have a dual role within a corporate context. This hybrid function including reactive and opportunistic approach emphasizes S-factors as emerging positive outcomes or by-products of business operations as well as strategic utilization of them when supporting organizational objectives. In contrast, prior literature often highlights more planned strategic ESG integration (e.g. Li. et. al. 2021). Therefore, findings of this study reflect a more pragmatic approach towards ESG's strategic role. Yet, company's practical approach based on usage of some proven and relevant practices aligns with the prior research suggesting that ESG can support company's value when aligned with operational efficiency and risk management (Li. et. al. 2021).

The measurement of S-factors includes quantitative and qualitative dimension within the case company's context. Consistent with prior literature generally highlighting the lack of universal or scalable frameworks considering measuring social impact, measurement practices appear not to be based on any standardized model. Company has recognized multiple social impacts as introduced in the previous chapter, following more of a qualitative evaluation, however some of them are presented with numeric values. This reflects the extensive challenge identified in prior research, where numerous ESG indicators exist, but they are not based on any standardized model which makes the comparisons difficult (Ahmad et. al. 2023).

According to the findings, company's communication on ESG to external stakeholder is somewhat conservative. This may reflect to a strategic decision not to overemphasize ESG-related topics or impression that such communication is not expected or highly prioritized by the investors. This observation supports prior research that ESG disclosure is highly dependent on organizational priorities and managerial judgment, which may lead to selective communication of sustainability-related information (Sheehan. et. al 2022).

Overall, findings of recognized S-factors strongly support the view that "S" is not a single measurement or a predefined set of indicators on different categories, but rather an

overview of the comprehensive social impact created to society across different stakeholder groups and beyond. In this case, the emphasis is less focused on traditional internal dimensions such as human resource-related metrics, and more on a wider economic contribution, such as impacts on public and national economy. This perception challenges the traditional ESG-thinking (Baid & Jayaraman 2022; Ahmad. et. al. 2023) by highlighting an alternative, more business-driven interpretation of the social dimension.

The findings of this study extend the current ESG literature by highlighting the multidimensional and context-dependent nature of ESG S-factors. Conducted in a real-life corporate case, the study suggests a broader view on social impact, emphasizing that companies contribute to their economic and social environment way beyond traditional internal social metrics. Moreover, the findings emphasize approach that ESG S-factors do not operate as separate strategic objectives, but rather as supportive and as strategically applicable outcomes of business operations.

6.2 Managerial implications

As the previous literature as well as the findings of this case highlights, the ESG “S”, the social dimension is and remains a broad and context-dependent factor. When applied in corporate context, the managers should understand this realization as a baseline when recognizing and applying the social impact of the companies.

Firstly, managers should recognize that ESG S-factors includes a broader nature than only applied through standardized metrics or common frameworks. Depending on the industry, size of the company and the nature of business operations, the social impact of the company can vary significantly across these categories.

Therefore, recognizing the company-specific societal impacts and stakeholder relationships is the first and likely the most crucial step for the managers. Trusting solely on standardized frameworks may leave some important factors unnotified and falsely

highlight some more irrelevant ones, since as stated, ESG S-factors cannot be fully captured via metrics and standardizing tools. Hence, companies should look and adopt context-specific and flexible methods when defining and measuring their social impact.

Secondly, rather than considering ESG factors as single objectives, companies could benefit of pragmatic approach, where the relevant S-factors in company's context are recognized and integrated into existing business operations. Since it may be difficult and possibly irrelevant considering the core business operations to have S-factors as separate strategic drivers, they could play supportive yet significant role for example in stakeholder management. With this approach, companies could brand themselves sustainable and well-aware of their social impact, without compromising their main operative goals and creating and communicating relevant and positive social impacts. Companies in general are yet to recognize the true scale of their social impact, leaving room for managers to seize interesting strategic positions using reactive and opportunistic approach.

Thirdly, truthful yet interesting balance when communicating the ESG S-factors to external stakeholders is something that managers should thrive to achieve. Overemphasizing social effect includes the risk of "S-washing", which may harm company's reputation and cause other undesirable consequences. On the other hand, under-communicating companies' broad social effects may leave some relevant and interesting information to the shadows, which is not beneficial for the company either.

By carefully considering how to communicate ESG S-factors, companies can achieve transparent and appropriate approach which promotes credibility in the eyes of external stakeholders, such as cooperation partners and investors.

The last managerial implication of this study is to embrace the managers to follow and develop their understanding of ESG and the social dimension of it, including being familiar with existing frameworks and following the future developments. ESG has grown

rapidly in the last decade, providing usable business data on S-factors for example through financial flows, taxation, and stakeholder relationships. This data can be beneficial for companies to recognize, understand and position themselves within the broad context of ESG “S”.

ESG has reached a stable status as a framework in today’s and tomorrow’s business world, however it is still evolving and searching for its final form. Future “reliefs” through regulation is likely to provide more structure, standardized frameworks and universal guidelines around the topic. This development is likely to keep ESG matters relevant and bring more clarity, comparability and possibilities around ESG themes in the future.

Companies’ broad social effects will continue to be a complex and evolving dimension, following the developments and trends of world economy, industries and business operations. For example, the rise of artificial intelligence may reshape the nature of companies’ business operations in some industries in the near future, which may affect significantly to the social outcomes of their actions. Competent modern-day manager is aware of how sustainability is linked with firm performance from multiple perspectives, also when the shifts within the industries may be rapid.

The findings indicate a pragmatic and context-driven approach regarding ESG S-factors. Managers should focus on integrating the social dimension as a hybrid that supports both business objectives and broader societal impact. This should be achieved in a way that recognizes the company-specific factors, not striving for full standardization yet not neglecting the benefits of existing data and frameworks.

7 Limitations and Suggestions for Further Research

7.1 Limitations

This study has some limitations that are notified in this chapter. The findings of the study cannot be scaled directly across companies or industries, since the study focuses on a single case company. Moreover, the industry and national context of the case company are specific and therefore some findings may be influenced by unique characteristics of the industry and respective country.

The findings are based on a single interviewee, limiting the diversity of perspectives considering the interpretation of the topic. Moreover, the lack of standardization and universal frameworks on ESG S-factors limits the comparability of findings with other studies and companies. ESG as concept, especially the social dimension is rapidly evolving both in literature and practically in the corporate world, which may influence how the findings are viewed in the future once the field is evolving.

The study is qualitative meaning that some of the findings are based on interpretation, indicating that other researchers may highlight different aspects of the collected data. Finally, the researcher's prior connection to the case company may have affected to some interpretations. However, this factor has been notified during the process to ensure objective approach of the company and unbiased study.

7.2 Suggestions for Further Research

Limitations of this study as well as still evolving phase of the phenomenon provide avenues for further research on the social dimension of ESG. Firstly, since the reporting of ESG is becoming mandatory for all listed companies in the EU, it is likely that ESG disclosure in general will reach more standardized form. Therefore, knowledge of what will be included under the social dimension and with which emphasis may increase in the future.

This could open interesting research opportunities for comparing S-factors and their influence by comparing results on different industries and businesses. Moreover, this could be done with quantitative measurement approaches.

Secondly, as seen in the rise of green transition, several companies are building their business operations and brand image emphasizing themes around ESG environmental dimension. This development is something that some investors are constantly following, and there is a significant number of new investment products in that area. As discovered in this study, the ESG S-factors have a connection to competitive advantage via “best of both worlds”- perspective in a way that companies that create shareholder value, also create positive social outcomes, especially from the economical perspective. Future studies could examine how investors evaluate companies’ strong S-factors and whether they are valued by investors when making their decisions.

Finally, future research could explore how new technological developments, especially automation and artificial intelligence will affect companies’ social impacts. It is likely that in some industries, developments in AI will significantly reshape business processes leading to shifts in job descriptions, data management and broader social impacts. Following these developments, new S-factors may arise and some that have been in the center of research previously may become less relevant in practical context. To conclude, ESG and the social dimension continues to evolve, and new developments in the area will offer a wide range of opportunities for future academic and practical research.

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Appendices

Appendix 1. Semi-structured interview with the case company

Interviewer: Toivo Soini, Master's thesis

Interviewee: CEO of Investors House Oyj

General and background

1. How would you describe Investors House as a company?
2. How you describe the business environment of the company?
3. What are your company's core competencies from your point-of-view?

Sustainability – ESG

1. Do you have a sustainability strategy?
2. How do you report and communicate about sustainability?
3. What demands have ESG- era brought to your actions?
4. How do you see Environmental and Governance aspects in your company?

ESG "S"-factor

1. What do you recognize as they key factors from company's actions that create social impact?
2. How does the company measure S-factors?
3. Does the company report these impacts and if yes, how?
4. Is S-factor visible and can it be used when communicating to investors and if yes, how? Does it have a strategic role in investor relations?
5. How is responsible of S-factor in the company? Senior management or everyone?

6. Do you have a strategic approach for creating social impact or does it come as a side bonus for successful business operations?
7. Any future directions, goals or ideas to create or measure S-factor?
8. Can creating a social impact be a competitive advantage?