

Impact of ESG Integrated Corporate Governance and Ethical Financial Practices on Sustainable Profitability: A Case Study of Wipro Ltd.

Dr. V. Prabakaran¹, Ms. Joshna K²

Head, Department of commerce¹, Student²

Department of Commerce – International Accounting and Finance

Faculty of Science and Humanities

SRM Institute of Science and Technology, Vadapalani Campus - 26

Abstract:

In the evolving corporate landscape, Environmental, Social, and Governance (ESG) practices have emerged as critical determinants of long-term business sustainability and ethical financial management. This study examines the influence of ESG-integrated corporate governance and ethical financial practices on long-term profitability, with a focus on Wipro Ltd. The research aims to better understand how firms can balance financial growth with long-term profitability by incorporating ESG principles into their governance and finance frameworks. The analysis is based on secondary data gathered from Wipro Ltd.'s annual reports, integrated reports, sustainability reports, and other publicly available sources during (2021-2023). ESG indicators such as environmental performance, social responsibility, corporate governance frameworks, and ethical financial practices are offered for comparison with important financial performance indicators such as revenue growth, profitability, and return on equity. A descriptive and analytical research design is used to investigate the correlation between ESG integration and financial performance. The analysis indicates a positive association between Wipro Ltd.'s ESG-integrated governance practices and its long-term financial performance, particularly in terms of revenue stability, profitability, and return on equity during 2021–2023. Strong corporate governance structures and ethical financial practices enhanced transparency, risk management, and stakeholder confidence, contributing to sustained value creation. Overall, the findings suggest that ESG integration functions not merely as a compliance mechanism but as a strategic driver of long-term profitability and financial resilience.

Keywords: ESG, Corporate governance, Ethical financial practice, Sustainable profitability

1. Concept of ESG (Environmental, Social, Governance)

The Environmental, Social, and Governance (ESG) framework analyzes how businesses function sustainably and ethically while maintaining long-term profitability. It helps businesses strike a balance between financial performance, moral decision-making, and stakeholder expectations by emphasizing environmental preservation, social welfare, and open governance. Organizations may lower risks, increase their productivity, foster trust, and generate long-term value by incorporating ESG into their fundamental strategy. As a result, ESG is an essential element in evaluating both corporate performance and sustainable growth.

1.1.Scope of study

The study examines at how long-term profitability is impacted by ethical financial practices and ESG-integrated governance. It relies on secondary data to evaluate the effects of sustainability, transparency, and moral decision-making on investor confidence, financial stability, and sustainable growth.

1.2.Importance of ESG

By establishing a balance between profitability and social responsibility, environmental protection, and open governance, ESG (Environmental, Social, and Governance) encourages moral and sustainable business. Strong governance and moral financial practices promote responsible decision-making, increase accountability, and foster stakeholder trust. ESG eventually aids businesses in achieving long-term profitability and steady growth by enhancing sustainability, reinforcing ties, and controlling hazards.

1.3.Need for study

In today's environment, companies must balance financial success with responsibility toward society and the environment. ESG practices, combined with strong governance and ethical finance, help improve transparency, reduce risks, and support long-term profitability and sustainable growth.

1.4.Objectives

- To evaluate the ESG performance of Wipro Ltd. during 2021–2023
- To examine the corporate governance framework and practices followed by Wipro Ltd
- To analyse the impact of ESG integration on long-term business performance and sustainable profitability.

1.5.Theoretical background

Stakeholder theory emphasizes balancing the interests of all stakeholders, not just profits. Wipro Ltd. reflects this through strong governance, transparency, and ESG practices, building trust and supporting long-term profitability and resilience.

1.6.Statement of the Problem

Organizations are adopting more accountable and transparent operations as a result of the growing significance of ESG (Environmental, Social, and Governance) principles. However, its influence on sustainable profitability is still unclear, particularly in India where ESG is frequently viewed as an expense and there is insufficient empirical data addressing its combined impact with ethical financial practices and governance. Thus, this study looks at how ethical financial practices and ESG-integrated corporate governance affect Wipro Ltd.'s long-term profitability in 2021–2023, with a priority on both financial and non-financial outcomes.

2. Scholarly Review

Existing literature highlights the growing importance of integrating Environmental, Social, and Governance (ESG) practices with corporate governance and ethical financial management to achieve sustainable profitability. Studies by Gupta (2021) and Rakesh & Vishal Srivatsava (2023) emphasize that strong corporate governance ensures transparency, accountability, and ethical decision-making, which are essential for long-term organizational stability and stakeholder trust. Similarly, Koshy and Muthulakshmi (2023) and Agbakwuru et al. (2024) found that effective ESG disclosure enhances corporate reputation, attracts investors, and reduces the cost of capital, thereby supporting financial performance. Research by Kim and Li (2021) and Bolla et al. (2025) indicates a positive relationship between ESG performance and profitability, particularly highlighting the strong influence of governance practices on financial outcomes and risk management. Prodanova and Tarasova (2023) further support that ESG integration improves revenue and long-term sustainability, especially in environmentally sensitive industries. In contrast, studies by Herttuainen (2024) and Mali & Dalvadi (2025) reveal that the relationship between ESG and financial

performance is not always significant, suggesting that the impact may vary depending on implementation and context.

Additionally, Shrotriya and Mohd (2024) and Barbosa et al. (2023) highlight that ESG and CSR initiatives improve innovation, operational efficiency, and sustainability outcomes, while Cerciello et al. (2023) note that such practices may reduce short-term profitability due to implementation costs. Overall, research points out that although corporate governance, ethical financial practices, and ESG all contribute to long-term wealth creation, their combined integrated impact on sustainable profitability especially in the Indian context remains understudied.

3. Research methodology

The study uses descriptive and analytical methods to examine ESG-integrated governance and its impact on profitability. It analyses key financial indicators to assess whether responsible practices support sustainable financial performance.

3.1. Nature and period of study

The empirical study uses a case study technique to examine the influence of ESG-integrated corporate governance and ethical financial practices on long-term profitability, analyzing real financial data such as revenue, profit, and key ratios. It focuses on Wipro Ltd. and provides a detailed explanation of how ESG practices affect financial performance. The study spans 2021-2023, focusing on recent changes in sustainability, governance, and long-term profitability after the COVID pandemic.

3.2. Types and sources of data

The study relies exclusively on secondary data, with no primary data collecting. Data was acquired from credible sources, including annual reports (2021-2023), ESG and sustainability reports, BRSR disclosures, Wipro Ltd.'s official website, and relevant research articles and journals on ESG, corporate governance, and sustainable profitability.

3.3. Method of Data Interpretation

The study uses **tabular, descriptive, and analytical methods** to present and interpret financial and ESG data, helping to identify trends and evaluate the impact of ESG practices on sustainable profitability.

4. Analysis and Interpretation

Objective 1: To evaluate the ESG performance of Wipro Ltd. during 2021–2023.

Key Indicator	FY 2020-2021	FY 2021-2022	FY 2022- 2023
Renewable energy usage (%)	42.6%	47%	60%
Total GHG emissions	447,683	495,618	340,553
Water recycled / reused (%)	32%	33%	37%
Waste sent to landfill (%)	3.9%	3.0%	5.0%

Table 4.1 Environmental (E) Indicators

Key Indicator	FY 2020- 2021	FY 2021- 2022	FY 2022-2023
Total employees	201,665	247,073	249,095
Women employees (%)	35.7%	36%	36.4%
Hours of training and development (Million hours)	14.2	16	16
Persons with disabilities	667	705	769
Women in senior leadership (%)	7.3%	12.4%	17.0%
Attrition rate (%)	12.1%	23.8%	19.9%
CSR expenditure (₹ million)	2,512	2,216	2,157

Table 4.2 Social (S) Indicators

Objective 2: To examine the corporate governance framework and practices followed by Wipro Ltd.

Key Indicator	FY 2020-2021	FY 2021-2022	FY 2022-2023
Independent directors on board	>50%	>50%	>50%
Number of Female Directors on the Board	1	2	3
Code of ethics & compliance	Implemented	Implemented	Implemented
Whistle-blower mechanism	Functional and Accessible	Functional and Accessible	Functional and Accessible
ESG oversight at board level	Present	Present	Present

Table 4.3 Governance (G) Indicator aligning with objective 2

Objective 3: To analyse the impact of ESG integration on long-term business performance and sustainable profitability.

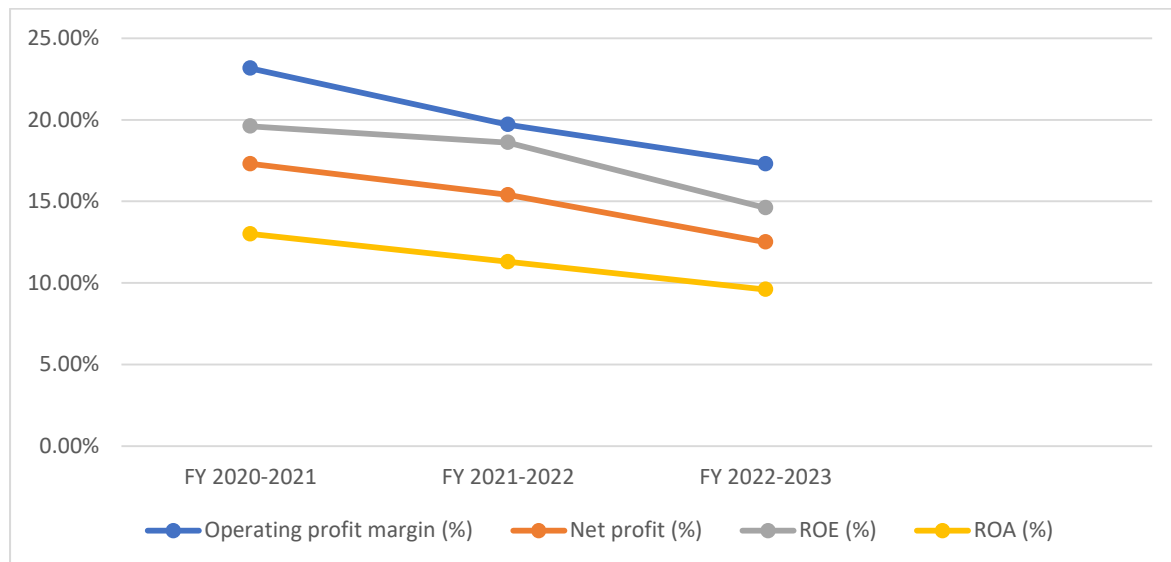


Figure 1: Profitability ratios

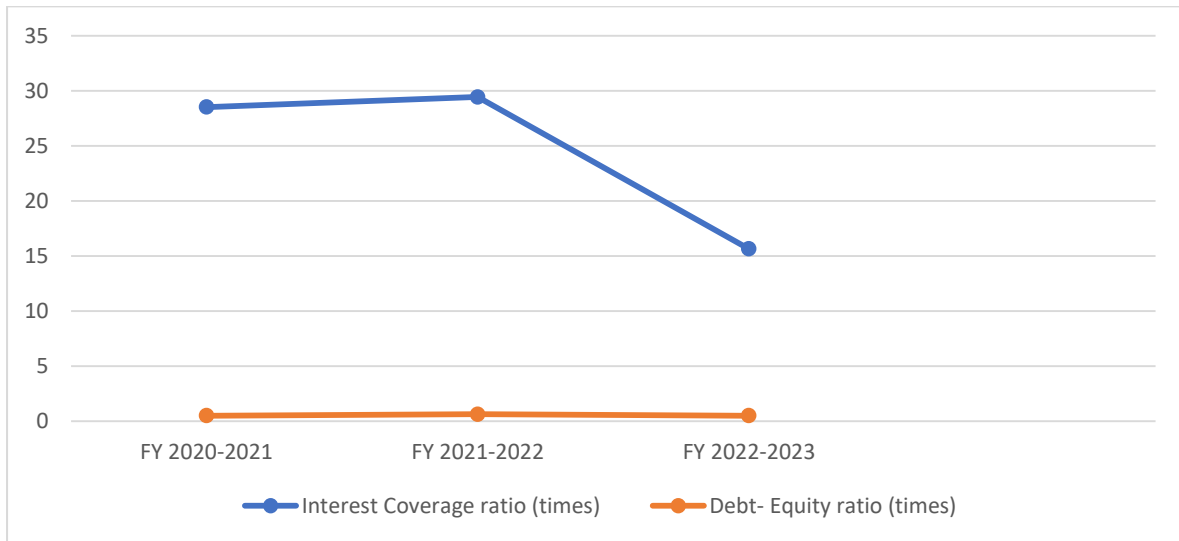


Figure 2: Solvency ratios

Wipro Ltd. obtains excellent ESG performance by incorporating sustainability into their business strategy. It focuses on renewable energy, pollution reduction, water conservation, and waste management to decrease risks and increase efficiency. Socially, the organization invests in employee development, diversity, and inclusion, resulting in increased productivity, engagement, and reputation. In terms of governance, strong board monitoring, ethical procedures, internal controls, and willingness promote accountability and responsible decision-making.

Despite significant changes in income caused by industry conditions and ESG initiatives, the company maintains financial stability thanks to a robust asset base and cautious financial management. These investments may have an impact on short-term earnings, but they also improve over time efficiency, risk reduction, and stakeholder trust. Overall, Wipro's ESG-integrated governance and ethical financial practices contribute to long-term profitability, growth, and organizational resilience.

5. Suggestions

Wipro Ltd. could broaden ESG integration by expanding investments in renewable energy, green technologies, and sustainable waste management to improve environmental performance. It can also broaden employee development, diversity, and community efforts to strengthen stakeholder relationships. Maintaining excellent governance requires openness, competent risk management, and ethical decision-making. Furthermore, strengthening ESG

reporting and performance assessment can assist to better analyse sustainability outcomes and attract responsible investors.

6. Limitations of the study

The study has limitations. It is completely based on secondary data from Wipro Limited reports, which may limit additional insights owing to the lack of original data, such as interviews or surveys. The emphasis on a single organization limits the applicability of findings to other businesses or industries. Additionally, the analysis only spans three years (2021-2023), which may not fully represent the long-term impact of ESG practices on sustainable profitability.

7. Conclusion

The study looks at how ESG-integrated corporate governance and ethical financial practices affect Wipro Limited's long-term profitability. The findings reveal that the company has effectively merged ESG concepts into its strategy, operations, and governance, indicating that sustainability and profitability are compatible. Environmental activities like renewable energy adoption, emission reduction, and resource conservation increase efficiency and lower long-term risks, and social efforts like employee development, diversity, and community participation promote business culture and stakeholder trust. Strong governance measures, including as openness, ethical leadership, and effective board monitoring, help to ensure accountability and defend stakeholders' interests.

Although numerous profitability metrics revealed mild adjustments, the company's overall financial stability remained intact. The Operating Profit Margin fell from 23.15% to 17.3% and the Net Profit Margin from 17.3% to 12.5%, while ROE and ROA reduced from 19.6% to 14.6% and 13.0% to 9.6%, respectively. Despite this, the Interest Coverage Ratio remained strong (from 28.32 to 15.65 times) and the Debt-Equity ratio remained stable at 0.50 to 0.64 times, indicating balanced leverage. Overall, data indicates that ESG integration does not impact short-term performance while promoting long-term value, efficiency, and stakeholder confidence.

Reference:

- Aggarwal, P. (2013) – *Impact of sustainability performance on financial performance of firms in India*

- AlAmosh, H., Khatib, S., & Ananzeh, H. (2020) – *Environmental, Social and Governance (ESG) disclosure and financial performance in emerging markets*
- Alotaibi, K., Hussainey, K., & Kolsi, M. (2023) – *Board diversity, ESG performance and firm profitability*
- Barbosa, A., Carvalho, L., & Pereira, V. (2023) – *ESG criteria and corporate sustainability performance*
- Bolla, P., Kaur, R., & Sharma, S. (2025) – *ESG performance and corporate financial outcomes across global firms*
- Cerciello, M., Ricci, F., & Lardo, A. (2023) – *Sustainable practices and financial performance of European firms*
- Fiandrino, S., Devalle, A., & Cantino, V. (2019) – *Corporate governance, financial performance and CSR disclosure*
- Gupta, A. (2021) – *Corporate governance and CSR integration for sustainable business performance*
- Herttuainen, K. (2024) – *Sustainability and profitability relationship among European technology firms*
- Kim, Y., & Li, H. (2021) – *ESG practices and corporate financial performance*
- Koshy, A., & Muthulakshmi, S. (2023) – *ESG reporting and corporate sustainability in Indian companies*
- Landi, G., & Sciarelli, M. (2019) – *The impact of ESG ratings on financial performance*
- Mali, P., & Dalvadi, P. (2025) – *ESG scores and financial performance of NIFTY 50 companies*
- Prodanova, N., & Tarasova, T. (2023) – *ESG principles and corporate profitability*
- Raut, R., & Rajesh, R. (2022) – *Social sustainability and corporate governance*
- Rakesh, R., & Srivastava, V. (2023) – *Ethical corporate governance and organizational performance*
- Sayyad, A. (2024) – *ESG investing and sustainable financial decision making*
- Shrotriya, V., & Mohd, A. (2024) – *Corporate social responsibility and sustainable industrial innovation*
- Singhal, P., Gupta, R., & Mehta, A. (2024) – *Corporate social responsibility and firm performance in India*
- Suman, S., Kumar, A., & Singh, P. (2024) – *Integrated reporting practices among Indian listed firms*