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# Assessing the Influence of ESG Practices, Corporate Governance, and Ethical Financial Management on Sustainable Profitability: Evidence from Wipro

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**Abstract:**

In the evolving corporate landscape, Environmental, Social, and Governance (ESG) practices have become essential drivers of sustainable business performance, ethical financial management, and long-term value creation. This study examines the impact of ESG-integrated corporate governance and ethical financial practices on sustainable profitability, with a focus on Wipro. The primary objective is to evaluate how the integration of ESG principles into corporate governance and financial decision-making contributes to long-term profitability and organizational resilience.

The study adopts a descriptive and analytical research design based on secondary data collected from Wipro Ltd.'s Annual Reports, Integrated Reports, Sustainability Reports, and other publicly available sources covering the period 2021–2023. Key ESG dimensions, including environmental performance, social responsibility, corporate governance, and ethical financial practices, are analyzed alongside financial performance indicators such as revenue growth, net profitability, return on equity (ROE), and earnings per share (EPS).

The findings reveal a positive relationship between ESG-integrated governance practices and sustainable financial performance. During the study period, Wipro demonstrated consistent revenue growth, stable profitability, improved stakeholder confidence, and effective risk management, supported by strong governance mechanisms and ethical financial practices. The integration of ESG principles enhanced transparency, accountability, and strategic decision-making, contributing to sustained value creation and financial resilience. The study concludes that ESG integration extends beyond regulatory compliance and serves as a strategic framework for achieving sustainable profitability and long-term corporate success. The findings provide valuable insights for corporate leaders, investors, policymakers, and researchers seeking to promote responsible governance and ethical financial management while enhancing organizational performance.

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

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

The Environmental, Social, and Governance (ESG) framework has emerged as a fundamental approach for evaluating an organization's commitment to sustainable and ethical business practices while ensuring long-term profitability. ESG emphasizes three key dimensions: environmental stewardship, social responsibility, and sound corporate governance, enabling organizations to balance financial performance with ethical decision-making and stakeholder expectations. By integrating ESG principles into their core business strategies, organizations can effectively manage risks, improve operational efficiency, strengthen stakeholder trust, enhance corporate reputation, and create sustainable long-term value. Furthermore, ESG integration promotes transparency, accountability, and responsible resource management, enabling businesses to achieve financial resilience while contributing to broader economic, social, and environmental sustainability. Consequently, ESG has become a critical benchmark for assessing corporate performance, competitive advantage, and sustainable growth in the modern business environment.

### 1.1. Scope of study

This study examines the impact of ESG-integrated corporate governance and ethical financial practices on long-term profitability. It is based on secondary data collected from corporate reports and publicly available sources to evaluate how sustainability initiatives, transparency, and ethical financial decision-making influence investor confidence, financial stability, and sustainable business growth. The study further explores the relationship between ESG integration and key financial performance indicators, highlighting the role of responsible governance in enhancing organizational resilience and creating long-term value.

### 1.2. Importance of ESG

Environmental, Social, and Governance (ESG) promotes ethical and sustainable business practices by balancing profitability with environmental stewardship, social responsibility, and transparent corporate governance. Strong governance frameworks and ethical financial practices encourage responsible decision-making, enhance accountability, and strengthen stakeholder trust. By integrating ESG principles into business operations, organizations can effectively manage risks, improve operational resilience, foster long-term stakeholder relationships, and create sustainable value. Consequently, ESG serves as a strategic driver of long-term profitability, financial stability, and sustainable corporate growth.

### 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

The growing importance of Environmental, Social, and Governance (ESG) principles has encouraged organizations to adopt more transparent, accountable, and sustainable business practices. Despite increasing awareness, the impact of ESG integration on sustainable profitability remains insufficiently explored, particularly in the Indian corporate context, where ESG initiatives are often perceived as additional costs rather than strategic investments. Furthermore, limited empirical evidence exists on the combined influence of ESG-integrated corporate governance and ethical financial practices on long-term organizational performance. In this context, the present study examines the impact of ESG-integrated corporate governance and ethical financial practices on the sustainable profitability of Wipro during the period 2021–2023, with emphasis on both financial and non-financial performance outcomes.

## 2. Scholarly Review

Existing literature highlights the increasing 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 and Vishal Srivatsava (2023) emphasize that effective corporate governance promotes 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) report that comprehensive ESG disclosure enhances corporate reputation, attracts investors, and reduces the cost of capital, thereby contributing to improved financial performance.

Research by Kim and Li (2021) and Bolla et al. (2025) demonstrates a positive relationship between ESG performance and profitability, particularly highlighting the significant role of governance practices in strengthening financial performance and risk management. Prodanova and Tarasova (2023) further observe that ESG integration enhances revenue generation and supports long-term sustainability, especially in environmentally sensitive industries. Conversely, Herttuainen (2024) and Mali and Dalvadi (2025) find that the relationship between ESG performance and financial outcomes is not always statistically significant, suggesting that the effectiveness of ESG initiatives depends on the quality of implementation, industry characteristics, and organizational context.

Furthermore, Shrotriya and Mohd (2024) and Barbosa et al. (2023) conclude that ESG and Corporate Social Responsibility (CSR) initiatives foster innovation, improve operational efficiency, and strengthen sustainability performance. However, Cerciello et al. (2023) note that the initial costs associated with ESG implementation may temporarily reduce short-term profitability despite generating long-term benefits. Overall, the existing literature suggests that ESG practices, corporate governance, and ethical financial management individually contribute to sustainable value creation. Nevertheless, limited research has examined their combined impact on sustainable profitability, particularly within the Indian corporate context. This research gap provides the foundation for the present study on Wipro.

## 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 present study adopts an empirical case study approach to examine the impact of ESG-integrated corporate governance and ethical financial practices on sustainable profitability. The analysis is based on secondary financial data, including revenue, net profit, return on equity

(ROE), earnings per share (EPS), and other key financial ratios, to evaluate the relationship between ESG integration and financial performance. Wipro has been selected as the case organization due to its established commitment to sustainability, corporate governance, and ethical business practices. The study covers the period from 2021 to 2023, enabling an assessment of recent developments in ESG implementation, governance practices, and long-term profitability during the post-pandemic business environment.

### 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

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% |

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| | | | |
|---|---|---|---|
| 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.**

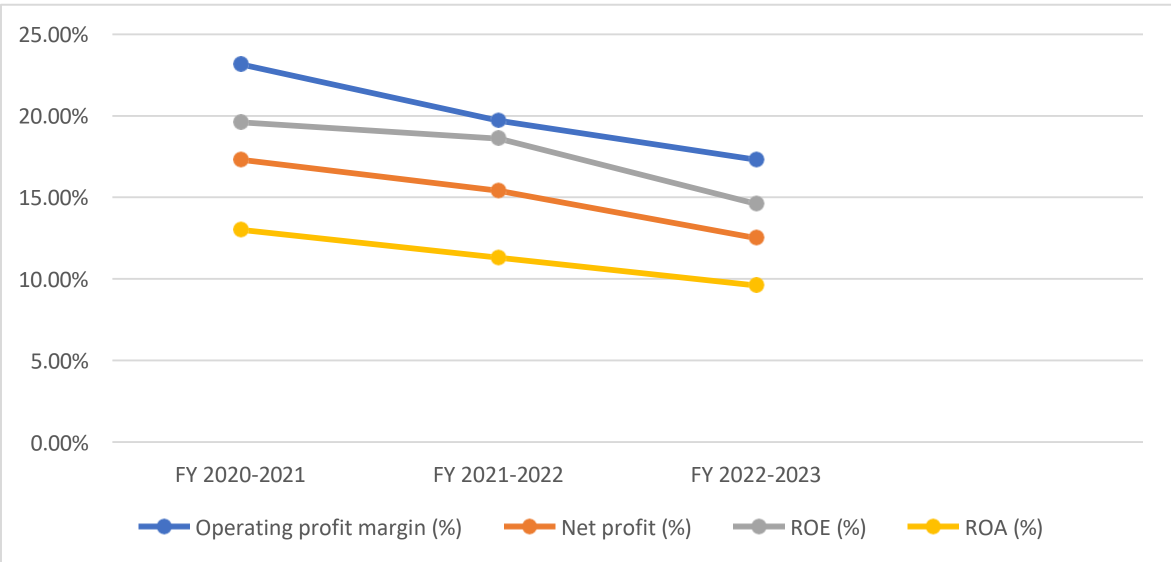

**Figure 1: Profitability ratios**

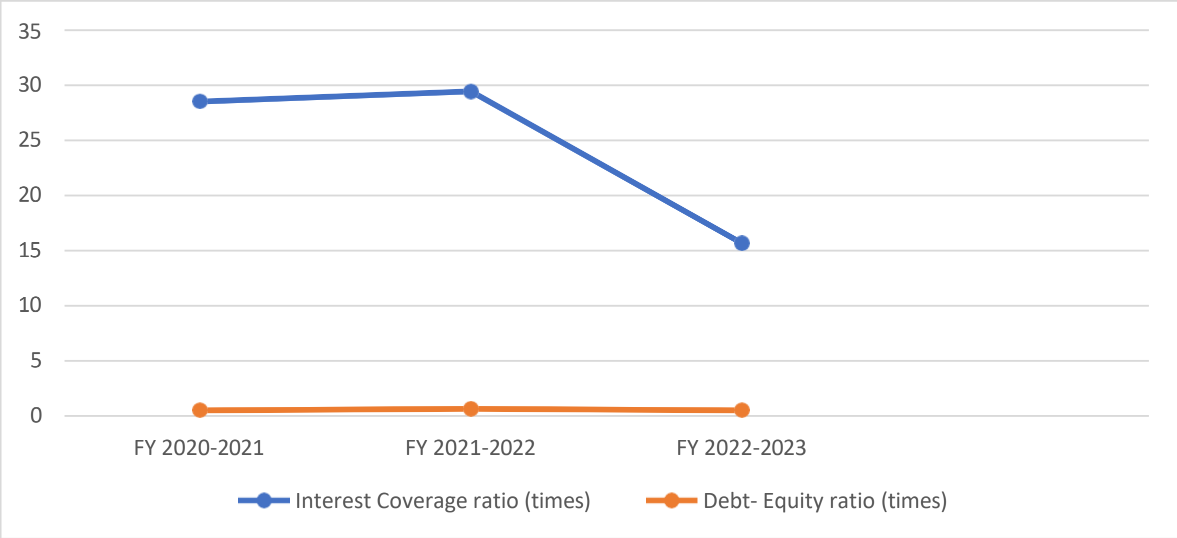


**Figure 2: Solvency ratios**

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.

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