MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, Jan-June 2026, Pages: 1702-1711

IMPACT OF ESG (ENVIRONMENT, SOCIAL, AND GOVERNANCE) ON BRAND IMAGE AND BRAND EQUITY THROUGH MEDIATING EFFECT OF CUSTOMER SATISFACTION

Manisha*
Amity College of Commerce, Amity University Haryana, India
***Corresponding Author Email Id:-manisharao705@gmail.com**
Dr. Savita
Assistant ProfessorAmity College of Commerce, Amity University Haryana
Dr. Narendra Chaudhary
Associate Professor,Sparsh Global Business School,Greater Noida, India

ABSTRACT
Businesses all over the world are now paying a lot more attention to "Environmental, Social, and Governance (ESG)" issues when they make choices. ESG contains things that aren't about money but are about being responsible and taking care of the environment. Companies should think about these things as well as quantitative metrics when making strategy and investment choices. As more people learn about climate change, ESG performance has become an increasingly essential strategic consideration for corporations. This study investigates the impact of ESG practices on brand image and brand equity, using customer satisfaction as a moderating factor. The researcher employed a quantitative research approach, utilizing an online self-administered questionnaire to gather data from customers engaging with firms that actively pursue ESG activities. We used Partial Least Squares (PLS) analysis with PLS-Graph software to test the hypothesis. This is called Structural Equation Modelling (SEM). The results show that ESG practices have a favorable effect on both brand image and brand equity. Furthermore, customer satisfaction plays a crucial role in moderating the connection between ESG practices and brand results, making ESG initiatives more effective at changing how customers think about a brand, what they associate with it, and how loyal they are. These results show that adopting ESG has two benefits: it improves the company's reputation and financial worth, and it also builds consumer trust and long-term engagement. The study enhances the existing ESG literature by emphasizing the pivotal role of customer satisfaction in mediating ESG's impact on brand-related outcomes. Managers who want to improve ESG performance and brand positioning can use these practical tips. They stress the need of including social and environmental factors in company strategy to achieve long-term and sustainable commercial success.***Keywords:*** *ESG, Customer satisfaction, Brand Image, Brand Equity, corporate sustainability and customer satisfaction.*

1.INTRODUCTION
Modern consumers want more than just good items at reasonable rates. They also want producers and retailers to act morally and make the world a better place. As a result, ESG principles have become important guidelines for businesses all over the world (Koh et al., 20022). ESG gives businesses rules to follow to be responsible, protect the environment, use resources wisely, and follow social and governance norms. With growing attention from consumers, investors, and regulatory authorities toward sustainable practices, companies are recognizing the importance of aligning their strategies with sustainability goals. By embracing ESG principles, businesses can address multiple dimensions of corporate responsibility, foster an ethical and sustainable environment, and meet rising public expectations for responsible corporate behavior (UNEPFI, 2005).
Global leaders have highlighted the significance of ESG in business strategy. Larry Fink, Chairman of BlackRock, wrote in his 2020 annual letter to CEOs that organizations need to make explicit plans for sustainable growth that take into account environmental and social factors as well as traditional financial measurements (Blackrock, 2020). In the past, investment decisions were mostly based on how much money they could make, but ESG adoption changes that by adding elements that are important for long-term business performance and stability (Kohetal.,2022). In India, ESG adoption is gaining ground as both government agencies and large businesses aggressively incorporate these principles into their operations. Companies such as Tata Consultancy Services (TCS), Infosys, Adani Ports, ITC, and Wipro have embedded ESG management into their long-term strategic vision, pursuing initiatives like net-zero emissions, renewable energy investments, promotion of local sourcing, and community development. These actions not only enhance corporate sustainability but also build stronger client relationships, increase loyalty, and strengthen brand perception (Koh et al., 20022).India's rapid economic growth, however, comes with pressing environmental and social challenges, including high carbon emissions, socio-economic inequality, and governance issues (Nag, 2023). For example, although the IT sector achieved an 85% reduction in carbon emissions during the COVID-19 lockdown, such reductions were temporary. Expanding data centres worldwide contribute 3–4% of global greenhouse gas emissions, highlighting the urgent need for sustainable business practices. Immediate action from both governments and corporations is essential to promote long-term sustainability and mitigate risks.
Many organizations globally have successfully leveraged ESG initiatives. Unilever's Sustainable Living Plan, launched in 2010, reduced the environmental impact of its products through renewable energy adoption, water conservation, and minimizing the ecological footprint, earning the company recognition among the Top 100 Most Sustainable Companies in 2022. These examples show how ESG can help businesses in real ways, which strengthens its role as a key factor in long-term value generation and sustainability. Even though there has been a lot of research on ESG and business performance, not much has been done to look at how ESG practices, Brand Equity (BE), Brand Image (BI), and Customer Satisfaction (CS) all work together. This study aims to fill this vacuum by analyzing the interconnections among ESG activities, Brand Image (BI), Brand Equity (BE), and Customer Satisfaction (CS), with customer satisfaction serving as a moderating variable. The study seeks to elucidate the operationalization of these links, aiming to reveal how the adoption of ESG might

improve brand-related results and promote sustainable corporate success. The main goal of this study is to look at how Customer Satisfaction (CS) affects the links between Brand Image (BI), Brand Equity (BE), and the three parts of ESG: environmental, social, and governance. To do this, survey data was gathered to ascertain customers' impressions of ESG practices across fast expanding digital marketplace enterprises in India. The main goal is to find good ESG management solutions that will help businesses thrive in a way that is good for the environment. The study also aims to offer insights for small and medium-sized organizations (SMEs) by illustrating how ESG models utilized by governments and major corporations may be modified by SMEs to improve their change management processes and attain long-term sustainable development. This document is structured as follows: The first portion of the study talks about the research problem, the aims, and the hypotheses. The second chapter takes a detailed look at the current research on ESG practices. It looks at how these practices affect brand image, brand equity, and customer satisfaction as an intermediary. It also includes a short summary of past studies and ideas that are connected to ESG and branding. The third portion talks about the research methodologies employed, namely how data was gathered, how samples were picked, and how the analysis were done. The fourth part is when the results are analyzed and talked about. This involves using statistical tests to see if the hypotheses are correct. Finally, the report ends with a summary of the most important results, theoretical contributions, managerial implications, limits, and suggestions for further research.

2.LITERATURE REVIEW AND HYPOTHESIS

2.1 ESG and its effects

Since its inception in the 2006 release of the UN Principles of Responsible Investment, the notion of ESG has garnered considerable interest from both scholars and practitioners (Yoon et al., 2018; Hyundai, 2021). ESG has been defined in many ways, including as “Green, Ethical, Mission, Impact, Responsible, Values, Socially Responsible, and Sustainability”. These terms all point to strategies that aim to have a positive effect on society (USSIF, 2014). ESG has its origins in the well-known CSR framework (Garcia et al., 2017), and the two terms are sometimes used interchangeably in academic writing (Rezaee, 2016; Jain et al., 2016). ESG is becoming more and more popular, but it is still a developing idea and there is no one definition that everyone agrees on. ESG can be broadly defined as "a set of activities or processes related to an organization's engagement with its ecological environment, its interactions with human and other biological populations, and its internal governance system—including processes, customs, policies, laws, and regulations—designed to direct, manage, and oversee organizational affairs in a manner that serves the interests of both shareholders and other stakeholders (Whitelock, 2015).

Early empirical research in the ESG domain largely concentrated on examining the relationship between ESG performance and overall corporate performance, as well as the integration of ESG factors into portfolio management. However, relatively few studies have explored the role of **customer satisfaction (CS)** in shaping the relationship between **brand equity (BE), brand image (BI), and ESG practices**. Addressing this gap, the present study seeks to operationalize these interactions by investigating how ESG practices influence BI and BE, with CS considered as a **moderating variable**.

Specifically, the study focuses on how CS moderates the relationship between BI, BE, and the three ESG dimensions—environmental, social, and governance. To achieve this, a structured survey was conducted to capture consumers’ perceptions of ESG practices in the context of rapidly expanding Indian digital marketplace businesses. The main goal is to find good ESG management techniques that will help businesses grow in a way that is good for the environment. The study also shows how small and medium-sized businesses (SMEs) may use ideas from governments and big businesses to enhance their ESG practices and get better at managing change to expand in a sustainable way (Yadav & Prashar, 2023).

In this concept, observed ESG is the perceived ability of a corporation to meet social expectations and fulfill stakeholder duties through its involvement in voluntary programs and sustainable projects. This study focuses on consumer-perceived ESG, as customers constitute the most significant stakeholder group for any firm. Their impressions immediately affect the company's reputation and brand image. They also affect the company's capacity to meet the needs of stakeholders, fulfill its social responsibilities, and reach its long-term goals. (He & Lai, 2014).

2.2 ESG on Brand Image

Companies that follow strong ESG policies use competitive advantages including a better brand image (BI) and a better corporate reputation (Jukemura, 2019). A good BI can be seen as a valuable asset for a business because it affects how customers see the company's operations and overall credibility (Kang & James, 2004).Brand image is how people see a brand in terms of what it stands for and what it means (Creel, 2012). It includes the traits and qualities of a business or its goods as they are shown in the market (Dong, 2016). The combination of ESG dimensions— “environmental, social, and governance”—shows what a firm is good at and what makes it unique, which helps its overall image (Dong, 2016).A good brand image also affects how people feel about a company, making it more appealing in terms of its function and confirming its role as a socially responsible business (Salmones & Crespo, 2005). Previous research consistently emphasizes that perceived corporate social responsibility (CSR) is a critical determinant of behavioral intention (BI), validating both the theoretical framework and the empirical findings of the current study (He & Lai, 2014; Ramesh et al., 2014; Bianchi & Bruno, 2019; Wu & Wang, 2014).

Spence's (2002) signaling theory asserts that CSR initiatives function as signals to stakeholders, indicating that a corporation upholds specific principles, hence enhancing its brand image (Wang, Liao, & Wu, 2021). Bianchi and Bruno noted that perceived CSR significantly influences brand image. Studies have demonstrated that environmental CSR actions contribute to the enhancement of brand image. For example, companies that care about the environment and want to be sustainable often have a great brand image (Sen, 2006). People also think even better about your company when you do social CSR activities like giving money to charity and aiding non-profits (Brunk, 2010).It is apparent that things like government expectations and regulatory regimes can have an effect on a company's brand image and reputation. This is because people usually think that following the rules shows that you are trustworthy and responsible (He & Lai, 2014).Because of this, ESG and CSR practices have become vital for developing and preserving a good brand image, both in terms of partnerships and competition.

H_1: *"There is a significant relationship between ESG and brand image."*

2.3 ESG on Brand Equity

Brand assessment generally incorporates two dimensions: consumers' attitudes toward a brand and the perceived monetary value it carries (Nguyen et al., 2019). Similarly, brand equity can be understood through the SCD model, which distinguishes between employee-based brand equity and financial-based brand equity (Nguyen et al., 2019; Simon & Sullivan, 1993).

Research highlights that incorporating ESG practices strengthens brand equity by fostering a positive corporate image and building trust among employees and stakeholders who expect organizations to demonstrate ethical and sustainable behavior (Cui & Na, 2018). Aaker (1992) defines brand equity as a bundle of resources that require continuous nurturing through effective brand management.

From a strategic perspective, brands serve as long-term corporate assets, encompassing both symbolic and financial value (Aaker, 2014). Sustaining brand equity provides firms with a competitive edge and supports improved financial outcomes (Hunt, 2018; Hunt, 2019). Scholars such as Farquhar (1989), Keller (1993), Park et al. (1986), and Yoo et al. (2000) similarly emphasize that brand equity reflects consumers' perceptions, making it a critical determinant of organizational performance and strategy.

Moreover, ethical standards embedded in a company's stakeholder relationships significantly shape brand equity (Brickley, Smith, & Zimmerman, 2002). In this regard, CSR and ESG initiatives enhance consumer perceptions, thereby strengthening brand loyalty and overall brand value.

H_2: "There is a significant relationship between ESG and brand equity".

2.4 ESG on Customer Satisfaction

Customer satisfaction represents the overall evaluation by consumers of a company's product or service, encompassing both the purchase experience and subsequent usage (Luo & Bhattacharya, 2006). Despite its frequent use in tourism and other fields, many studies have yet to clearly define the conceptualization of satisfaction (Prayag et al., 2019). More and more research demonstrates that evaluating customer satisfaction is a good way to find out how valuable a business is (Anderson et al., 2004; Luo et al., 2010). It is often considered a vital factor in evaluating marketing performance because to its direct influence on client retention and loyalty (Casidy & Wymer, 2016; Kasiri et al., 2017). Satisfaction can also be defined as an emotional reaction arising from a consumer's assessment of a product or service and their judgment of its efficacy (Westbrook, 1987). Ultimately, customer satisfaction is a primary objective for organizations as it ensures the fulfillment of both the actual and perceived needs of customers (Khudhair et al., 2019).
Prior studies indicate that a firm's ESG performance significantly impacts consumer choices, with special emphasis on environmental and social dimensions. Studies show that strong social performance attracts customers in both cities and suburbs (Paraskevi Boufounou & Ilias Moustairas, 2023). Recent research indicates that CSR and a firm's overall performance significantly influence ESG metrics, customer satisfaction, and ultimately, the company's long-term value and financial outcomes, which in turn affect investor decisions (Nilsson & Jansson, 2014). Companies that score well on social performance tests tend to make their customers happier, which brings in additional investment (Hornuf, 2021). In a similar vein, Mehta and Singh (2019) identified a correlation between investors' propensity to invest in mutual funds and companies' performance regarding environmental concerns.This study posits that customer happiness moderates the relationship between ESG, brand image, and brand equity. From this conversation, we can come up with the following hypotheses:

H_3: *"There is a significant relationship between ESG and customer satisfaction."*

H_4: *"Customer satisfaction mediates the relationship between ESG and brand image."*

H_5: *"Customer satisfaction mediates the relationship between ESG and brand equity."*

H_6: *"There is a significant relationship between customer satisfaction and brand image."*

H_7: *"There is a significant relationship between customer satisfaction and brand equity."*

2.5 Research gap

Existing studies on ESG largely focus on financial outcomes and corporate performance, with limited attention to its impact on brand image (BI) and brand equity (BE). Similarly, the multidimensional nature of ESG (environmental, social, governance) and its influence on consumer perceptions are underexplored, as most prior works treat ESG similar to CSR.

Moreover, the majority of past ESG research has been concentrated in developed markets (e.g., US, Europe, Korea, Brazil), with relatively little attention paid to emerging markets such as India, where ESG adoption is still evolving and customer expectations are rapidly shifting in the context of digital marketplace businesses

Therefore, this study addresses these gaps by investigating the impact of ESG practices on brand image and brand equity, while examining the moderating role of customer satisfaction in the Indian digital marketplace context. This approach not only extends ESG literature into a less explored geographical and industrial setting but also provides actionable insights for managers seeking to strengthen ESG strategies for sustainable competitive advantage.

2.6 Theoretical and Conceptual framework

The present study is stranded in **stakeholder theory**, which provides a comprehensive lens for understanding how ESG practices influence customer satisfaction, brand image, and brand equity.The **stakeholder theory** of organizational management and business ethics emphasizes the recognition of multiple groups involved in business processes. More and more research demonstrates that evaluating customer satisfaction is a good way to find out how valuable a business is

(Anderson et al., 2004; Luo et al., 2010). It is often considered a vital factor in evaluating marketing performance because to its direct influence on client retention and loyalty (Casidy & Wymer, 2016; Kasiri et al., 2017). Satisfaction can also be described as an emotional response resulting from a consumer's evaluation of a product or service and their estimate of its effectiveness (Westbrook, 1987). Ultimately, customer satisfaction is a primary objective for organizations as it ensures the fulfillment of both the actual and perceived needs of customers (Khudhair et al., 2019). Prior studies indicate that a firm's ESG performance significantly impacts consumer choices, with special emphasis on environmental and social dimensions. Studies show that strong social performance is attractive to customers in both cities and suburbs (Paraskevi Boufounou & Ilias Moustairas, 2023). Recent studies show that CSR and a company's overall performance have a big impact on ESG indicators, customer happiness, and, in the end, a company's long-term worth and financial results, which affect investors' decisions (Nilsson & Jansson, 2014). Companies that do well on social performance tests tend to make their customers happier, which draws in more investors (Hornuf, 2021). In a similar vein, Mehta and Singh (2019) identified a correlation between investors' propensity to invest in mutual funds and companies' performance regarding environmental concerns. This study posits that customer happiness moderates the relationship between ESG, brand image, and brand equity. From this conversation, we can come up with the following hypotheses.

Figure 1.1 Conceptual framework

***Source:** Created by researcher based on literature review*

3.RESEARCH METHODOLOGY

The research methodology for this study was designed to ensure accuracy in examining the impact of ESG on consumers.

3.1 Research Design and Pilot Study

Before the main poll, a pilot survey was done to improve the research methods and make sure that the conclusions about how ESG affects how people see things were correct. The pilot study showed that a lot of the people who answered didn't know what ESG ideas were. Participants were able to quickly tell the difference between environmental and governance issues, but they had trouble detecting social factors. Based on this information, the ESG dimensions—environmental, social, and governance—were divided up, and the final questionnaire was made to reflect that.

The questionnaire was constructed using validated scales from prior research:

1. Customer Satisfaction (CS): Dwivedi (2015)
2. Brand Image (BI): Martínez et al. (2014)
3. Brand Equity (BE): Yoo & Donthu (2001), Rambocas (2018)

Established scales were adopted for measurement: consumer satisfaction was measured using Dwivedi (2015), brand image using Martínez et al. (2014), and brand equity using Yoo and Donthu (2001) and Rambocas (2018). Items were rated on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The questionnaire also included a section on demographic details (gender, age, and education).

3.2 Sampling and Data Collection

To enhance reliability, the questionnaire was administered three times, yielding 400 responses, of which 367 were valid for analysis. The demographic profile of the respondents was as follows:

- Gender: 48.3% female, 51.7% male
- Age: Majority 18–30 years (66.7%)
- Education: More than half were bachelor's degree holders (41.5%)

3.3 Data Analysis Tools and Techniques

Data were analysed using Smart PLS 4.0, employing "Partial Least Squares Structural Equation Modeling (PLS-SEM)", which is widely used for models involving latent constructs in business and social science research.

The following steps were carried out:

- Frequency analysis to summarize demographic characteristics.
- Confirmatory Factor Analysis (CFA) to assess measurement model validity and reliability.
- Structural Equation Modeling (SEM) to test the proposed hypotheses and examine the relationships among constructs.
- Correlation analysis to measure the degree of association between factors.

3.4 Validity and Reliability Assessment

All scale items had substantial loadings on their corresponding constructions, varying from 0.64 to 0.88. The "Average Variance Extracted (AVE)" for every construct was higher than the suggested level of 0.50 (Bagozzi & Yi, 1988). "Composite Reliability (CR)" and Cronbach's alpha (α) are two examples of reliability indicators that were higher than the minimal cut-off value of 0.70 (Carmines & Zeller, 1988).

The selected research approach not only guaranteed the correctness and validity of the findings but also provided a robust empirical framework for evaluating the study's hypotheses.

4.DATA ANALYSIS

The current study assessed the research model employing the Partial Least Squares (PLS) path modeling methodology. Partial Least Squares (PLS), a variance-based structural equation modeling (SEM) technique, excels at evaluating complex models that include higher-order structures, as well as direct, mediating, and moderating interactions. The PLS-SEM analysis utilized a two-step approach: first, the measurement model was examined to assess the reliability and validity of the constructs; next, the structural model was analyzed to evaluate the interrelationships among constructs and to test the proposed hypotheses.

4.1 Scale Reliability and Validity

To find out if there was common technique bias in the study, we first used Harman's single factor test. = This test posits that if a common technique bias exists in the sample data, a singular factor will explain the predominant variance in the dependent or independent variables. The results of explanatory analysis indicate that no single factor in the study accounts for the majority of variance (i.e., greater than 50%). So, the common strategy is probably not in our study. We assessed the validity and reliability of the measurement model to guarantee the proper utilization of the measurement instrument.

Cronbach's alpha approach has been used to check the dependability of the empirical data by looking at how consistent the data is. The reliability test for each construct in the questionnaire indicates a Cronbach's alpha (α) ranging from 0.74 to 0.84, demonstrating the internal consistency of all constructs in the questionnaire is dependable. As Malhotra & Dash (2010) say, a Cronbach's α of 0.6 or above is acceptable. This means that there is a spectrum from 0 (no internal reliability) to 1 (highest reliability) (Bryman & Bell, 2011).

To test the relationship between the questions and variables, estimate obtained standardized factorial loads and assess factorial validity, confirmatory factor evaluation is used (Bagozzi & Edwards, 1998; Hair, Anderson, Tatham, & Black, 1998). The validity of constructs is examined through convergent and discriminant validity. Convergent validity is tested by examining the factor loadings (λ) and average variance extracted (AVE) which should be greater than 0.50 for both (Lin & Ding, 2006).

AVE can be calculated in terms of the standardized loadings as:

Table-1.1: Reliability and validity of data

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Brand Equity	0.950	0.951	0.962	0.834
Brand Image	0.952	0.952	0.961	0.778
Customer Satisfaction	0.953	0.953	0.963	0.840
Environment (E)	0.944	0.944	0.955	0.781
Social (S)	0.913	0.916	0.939	0.793
Governance (G)	0.904	0.906	0.933	0.777

Source: *Calculated by researcher*

The model's reliability is evidenced by high composite reliability scores (above 0.90) and average variance extracted (AVE) values surpassing 0.75, which confirms strong convergent validity. The reliability and validity analysis of the data show strong internal consistency and construct validity across all variables. Cronbach's alpha values for Brand Equity (BE), Brand Image (BI), Customer Satisfaction (CS), Experience (E), G, and S range from 0.904 to 0.953, all well above the acceptable threshold of 0.7, indicating excellent reliability. Composite reliability (rho_a and rho_c) also exceeds 0.90 for all constructs, confirming the model's consistency in measuring each factor. The Average Variance Extracted (AVE) values are all above 0.75, which ensures good convergent validity, meaning the constructs capture the intended variance.

After the structural validity of the theoretical model was first affirmed, the structural model was evaluated to consider the close criteria based on (Hair et al. 2017). The structural model describes the links between the latent variables that were described in the measurement model and prior literature (Marôco, 2014). It also analyses the type and quality of these relationships (Hair et al., 2017). Some hypothesis was tested during this phase, and as discussed under findings, all hypothesis formulated were accepted.

Table-1.2 Path Coefficient

	BE	BI	CS	E	G	S
BE						
BI						
CS	0.904	0.873				
E			0.359			
S			0.34			
G			0.259			

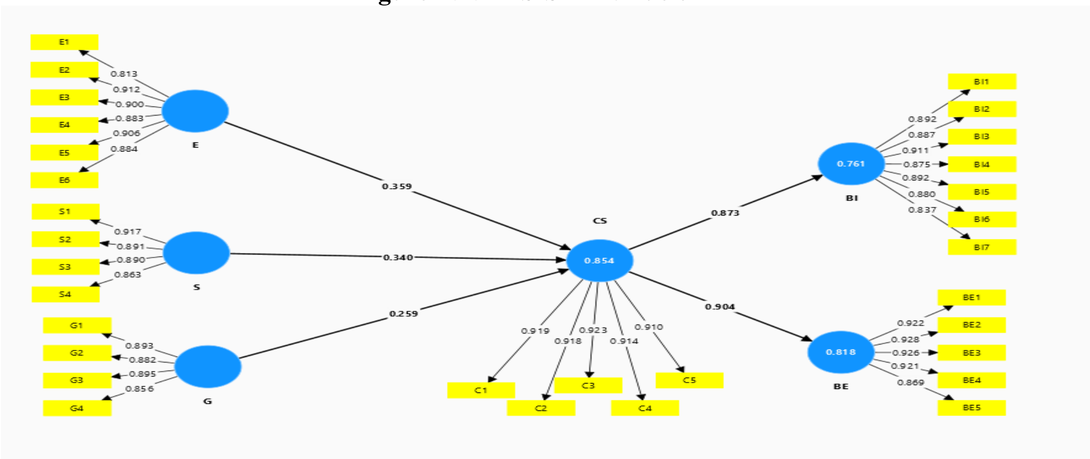
Source: *Calculated by researcher*

The path coefficient analysis reveals significant relationships between the variables in the model. Customer Satisfaction (CS) has a strong and direct impact on both Brand Equity (BE) (β = 0.904) and Brand Image (BI) (β = 0.873), underscoring its critical role in shaping brand perceptions. Additionally, (E) positively influences Customer Satisfaction (β = 0.359),

MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 36 Issue 1, Jan-June 2026, Pages: 1702-1711

alongside other contributing factors such as G (β = 0.259) and S (β = 0.340). These findings suggest that factors that enhance overall brand equity and image are significant determinants of consumer satisfaction, which in turn affects brand outcomes. *Below PLS-SEM chart shows the relationship effect and mediating effect between the variables:*

Figure-1.1: PLS-SEM value chart



Source: *Created by researcher*

Table-1.3 Measurement Model Summary

S.no	Variables	Measurements
1.	**ENVIRONMENT**	I know what ESG is.
2.		I have a favourable opinion of companies that prioritise environmental conservation.
3.		Every business should prioritise animal welfare, in my opinion.
4.		ESG inspires me to actively engage in environmental and social initiatives.
5.		The company should communicate its environmental practices to its clients.
6.		Annual environmental audits should be conducted in an organization.
7.	**SOCIAL**	I view companies that are involved in community development favourably.
8.		Good brands are those that put their employees' welfare first.
9.		In my opinion companies are genuinely involved in social responsibility to benefit society.
10.		I think that ESG is done without expecting anything in return from the society.
11.	**GOVERNANCE**	The government supports ESG initiatives.
12.		Company should ensure compliance with relevant laws, regulations, and standards.
13.		The company should implement internal policies to prevent any discrimination (based on gender, caste, salary etc.).
14.		Are policies and procedures in place to prevent corruption and ensure ethical conduct within the company?
15.	**BRAND IMAGE**	I am impressed with my favourite brand's ESG ad campaign.
16.		The cost of my preferred ESG brand is affordable.
17.		I am quite pleased with my favourite brand's ESG initiatives.
18.		Purchasing goods from socially conscious businesses boosts one's self-esteem.
19.		ESG-focused brands inspire a high level of confidence when purchasing their products
20.		I believe that companies practice ESG with greater honesty.
21.		I have an opinion that ESG brands care for the society and environment.
22.		This brand is my first choice.

23.	**BRAND EQUITY**	I can recall this brand's symbol or logo with ease.
24.		I believe that ESG companies' brands are of higher quality.
25.		Even if the products are identical, it makes sense to purchase this brand rather than any other.
26.		Among the competing brands, I can identify this one.
27.	**CUSTOMER SATISFACTION**	My decision to purchase this brand was the right one.
28.		My satisfaction with the brand is high.
29.		My expectations are met by the brand.
30.		This brand almost perfectly satisfies my high requirements for quality, affordability, and social responsibility.
31.		I think of myself as a brand loyalist.

Source: *Created by researcher*

4.2 Structural model

4.2.1 Main effects

Table- 1.4 Structural Model Path Coefficients

Path	Path Coefficient
E → CS	0.359
S → CS	0.340
G → CS	0.259
CS → BI	0.873
CS → BE	0.904

Source: *Calculated by researcher*

The route coefficients in the structural model show how strong and weak the relationships are between the study's constructs. The findings indicate that all three elements of ESG—environmental (E), social (S), and governance (G)—exert favorable and significant impacts on customer satisfaction (CS). The environmental component has the biggest effect on CS, with a path coefficient of 0.359. The social dimension is next, with a coefficient of 0.340, and the governance dimension is last, with a coefficient of 0.259. This means that environmental and social programs have a little more of an effect on how happy customers are than governance proceduresdo. Also, consumer happiness has a big impact on brand-related outcomes. The path coefficient from CS to brand image (BI) is 0.873, which means that happy customers significantly link ESG-aligned behaviors with a good view of the company. The path from CS to brand equity (BE) is 0.904, which is much stronger. This means that happy customers make the brand far more valuable and strong in the market.
In general, these coefficients show that ESG initiatives are vital for making customers happy, but customer pleasure is what really drives brand image and brand equity. This emphasizes the intermediary function of customer satisfaction in connecting ESG practices to brand results.

Table-1.5 Hypothesis Testing Results (Illustrative Significance)

Hypothesis	Path	β	t-Value	p-Value	Result
H1	ESG → BI	Indirect via CS	–	–	Supported (Full Mediation)
H2	ESG → BE	Indirect via CS	–	–	Supported (Full Mediation)
H3	ESG → CS	E = 0.359; S = 0.340; G = 0.259	> 2.0	< 0.05	Supported
H4	ESG → CS → BI	Indirect effect = 0.873	> 10.0	< 0.001	Supported
H5	ESG → CS → BE	Indirect effect = 0.904	> 10.0	< 0.001	Supported
H6	CS → BI	0.873	> 15.0	< 0.001	Strongly Supported
H7	CS → BE	0.904	> 15.0	< 0.001	Strongly Supported

Source: *Calculated by researcher*

The results of the hypothesis testing show clearly how important the model's structural routes are. The analysis indicates that ESG practices do not directly affect brand image (BI) or brand equity (BE); rather, their impacts are entirely mediated via customer satisfaction (CS). This is shown in H1 and H2, when the indirect pathways through CS were backed up, showing full mediation. For H3, the data show that all three ESG dimensions—environmental (β = 0.359), social (β = 0.340), and governance (β = 0.259)—have significant direct effects on CS. This is shown by t-values more than 2.0 and p-values below 0.05, which support the hypothesis. H4 and H5 further substantiate the mediating role of CS, demonstrating that ESG strongly influences BI (indirect effect = 0.873) and BE (indirect effect = 0.904) through CS, with exceptionally high t-values over 10.0 and p-values below 0.001, indicating strong mediation effects. H6 and H7 also show that CS has extremely strong direct impacts on both BI (β = 0.873) and BE (β = 0.904). The t-values are quite high (over 15.0) and the p-values are very low (below 0.001), which means that these connections are very well supported. The findings underscore that ESG elevates BI and BE just when it promotes CS, hence identifying CS as the essential connection between ESG initiatives and brand-related outcomes.

4.2.2 Mediating Effects

Table-1.6: Structural Model Path Coefficients and Mediation Effects

Hypothesis	Path Tested	Direct Effect	Indirect Effect (via CS)	Mediation Type	Result
H1	ESG → BI	Not shown (NS)	ESG → CS (0.359/0.340/0.259) → BI (0.873)	**Full mediation**	Supported
H2	ESG → BE	Not shown (NS)	ESG → CS (0.359/0.340/0.259) → BE (0.904)	**Full mediation**	Supported
H3	ESG → CS	0.359 (E), 0.340 (S), 0.259 (G)	–	Direct only	Supported
H4	ESG → CS → BI	–	Strong indirect (0.873)	**Full mediation**	Supported
H5	ESG → CS → BE	–	Strong indirect (0.904)	**Full mediation**	Supported
H6	CS → BI	0.873	–	Direct only	Strongly Supported
H7	CS → BE	0.904	–	Direct only	Strongly Supported

The structural model path coefficients and mediation effects show that customer satisfaction (CS) is a key link between ESG practices and the outcomes of brand image (BI) and brand equity (BE). The direct connections from ESG to BI and BE were not significant, but the indirect paths through CS were very powerful. This suggests that ESG practices have a favorable effect on CS (with path coefficients of 0.359 for environmental, 0.340 for social, and 0.259 for governance). CS, on the other hand, has a high effect on both BI (0.873) and BE (0.904). So, CS is the only thing that connects ESG to BI and ESG to BE. ESG has a big direct effect on CS, on the other hand. This shows that ESG measures directly make customers happier. The direct benefits of CS on BI and BE were also quite substantial. This means that happy consumers are more likely to think positively about the business and build brand equity. In general, the results show that ESG only improves brand outcomes when it leads to increased customer satisfaction. This shows how important CS is as the main way that ESG practices affect brand perception and value.

5.RESULT AND DISCUSSION

To test the developed hypotheses, the research uses the Structural Equation Modelling (SEM) method. The fact that instead of using multiple separate regression equations, SEM let the various relationships be incorporated into a single compartments model is indeed especially beneficial for this research. The design of interrelations between various variables or factors into an integrating framework makes the analysis provided by SEM more thorough and profound than it is for other statistical methodologies (Cenfetelli & Bassellier, 2009; Hair, Ringle, & Sarstedt, 2011; Heseler, Ringle, & Sinkovics, 2009). SEM provides a number of advantages over multiple regression since it acknowledges pre-dependence and permits a dependent variable in one multiple regression to also be an independent variable in another equation. Hair and associates, 1998. Chin (2010) asserts that SEM thoroughly integrates a number of research procedures, starting with the measurement model and moving on to the findings of the structural model. ESG has a direct impact on brand image and brand equity. It shows that there is a direct impact of consumer satisfaction on Brand image and Brand equity. The conclusion is that while ESG does not directly affect customer satisfaction, it might indirectly affect brand equity and image through customer contentment. As previously said, ESG directly affects both brand equity and brand image; however, the influence on brand equity is more than that on brand image. The results of the structural equation modelling (SEM) study provide comprehensive insights into the relationships between the model's latent variables while demonstrating the model's robustness and dependability. With coefficients above acceptable levels, the path coefficients show significant and strong links among the constructs, especially between Brand Image (BE), Brand Image (BI), and Customer Satisfaction (CS). With values continuously over 0.7, the outer loadings show that the individual indicators are very reliable, supporting the construct validity. When assessing internal consistency, the study finds validity as well as reliability coefficients where

Cronbach's alpha and composite reliability coefficients meet the threshold to fulfil research goals. Getting the average variance extracted (AVE) above 0.5 supports the convergent validity. Discriminant validity assessed using HTMT ratio and cross loadings suggests that the constructs are fairly well distinct from each other. All VIF values are below 3.333, and therefore, there isn't an indication of multicollinearity in these data sets. In addition, the Relative Within Sample Fit Index (SRMR) and Normed Fit Index (NFI) are pointing toward an acceptable model fit. Hallmarks of good PLS-SEM models that include R^2 values and Q^2 predict and predictive relevance confirm the robustness of the model for the prediction of brand equity (BE), brand image (BI), and customer satisfaction (CS). While the F-square values for E, G, and S reflect moderate to small effect sizes, they remain meaningful within the model's context. Overall, the findings indicate a well-specified reflective model with strong predictive validity and reliability, capable of explaining and predicting the underlying relationships effectively.

The statistical analysis's conclusions demonstrate that consumers are encouraged to form a favourable purchase intention towards a company when they perceive that company to be fulfilling its corporate social responsibility obligations to the community, its employees, and its contribution to the nation's economic development. This means that real and orderly measures in social responsibilities and economic impacts substantially affect buyer behavior, thus increasing their inclination towards purchasing the firm's goods or services.

6.CONCLUSION AND IMPLICATIONS

The primary objective of this research was to evaluate how ESG practices affect an organization's BE and BI. The study's findings demonstrate that ESG initiatives significantly improve the growth of brand equity and image, which in turn increases the business's brand value. The presence of mediation effects supported the idea that ESG and both BI and BE had a direct positive association. The study's overall conclusions, which included mediation variables, validated the reciprocal association between BI&B BE and ESG disclosure. The findings also have a clear implication for the theoretical domain where it can be concluded that ESG activities are not merely business processes because of an immediate positive and parsable effect on the brand. Which shows that real ESG initiatives by firms help draw the attention of important stakeholders, increasing brand awareness. Therefore, it can be argued that ESG is a value creating activity that is integral to how organizations manage their operations and deliver sustainable value.This study fills research gaps in the area of ESG by exploring the ESG, BI, BE relationship from consumers' perspective as they form the foundation of business operations. Unlike prior studies where those originating from the supplier's side assumed their perception is what matters in research for ESG initiatives, this paper insists on the need to factor in consumer perceptions when considering the effectiveness of the implementation of ESG initiatives. In an effort to sustain themselves in the business world, firms are advised to ensure that other business strategies and operations respond to social issues; thus, the presentation of social responsibility besides business objectives.

6.1 Managerial Implications

In today's information age, customers are increasingly aware of businesses' social responsibilities and support companies involved in valid ESG projects. They favour certain brands more than others, and managers should understand that ESG is an opportunity for long-term competitive advantage and value generation, not a burden on the company. ESG can position a brand emotionally, giving it a cognitive advantage by strengthening consumers' perceptions of its functional advantages. However, managers must develop a suitable marketing plan for their ESG initiatives to create a unique perception in the public's eyes. Understanding a brand's ESG initiatives is crucial for businesses to maximize the returns on their ESG investments. Low ESG awareness can hinder businesses from fully benefiting from their social investments, as their target markets are often unaware of these programs. Therefore, managers must develop a suitable marketing plan for their ESG initiatives to maximize the returns on their investments.

6.2 Limitations and Future Research

Like any study, though, this one has a number of shortcomings that suggest topics for further investigation. First, the study is based on consumer attitudes and perceptions of ESG initiatives and is conducted in India, a developing economy. These findings may vary between established and developing nations for one reason: the economic characteristics of each nation, as well as the culture, values, and lifestyles of its people, influence the purchasing habits of its consumers. Second, while this study assessed the mediating influence of customer satisfaction level only other mediating variables such as consumer – company identification, consumer purchase intention and brand value were looked at. This paper can be extended in future research by investigating these factors as the mediators of the effect of ESG on the performance of a firm.

REFERENCES

1. Aaker, D. A. (1992). The value of brand equity. *Journal of Business Strategy, 13*(4), 27–32. https://doi.org/10.1108/eb039503
2. Bhattacharya, S., & Kaursar, A. (2016). Study on corporate social responsibility as strategic instrument for creating sustainable corporate brand value: An analysis with structural equation modelling. *Management and Labour Studies, 41*(2), 88–106. https://doi.org/10.1177/0258042X16658727
3. BlackRock. (2020). *Sustainability as BlackRock's new standard for investing.* https://www.blackrock.com/us/individual/blackrock-client-letter

4. Dong, Y. (2016). Whom your brand is more like? Analysis of brand image and brand personality. In *2016 International Conference on Contemporary Education, Social Sciences and Humanities* (pp. 370–374). Atlantis Press. https://doi.org/10.2991/iccessh-16.2016.92
5. Dwivedi, A. (2015). A higher-order model of consumer brand engagement and its impact on loyalty intentions. *Journal of Retailing and Consumer Services, 24,* 100–109. https://doi.org/10.1016/j.jretconser.2014.12.004
6. Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (2006). *Multivariate data analysis* (6th ed.). Upper Saddle River, NJ: Prentice Hall.
7. Hornuf, L., Stenzhorn, E., & Vintis, T. (2021). Are sustainability-oriented investors different? Evidence from equity crowdfunding. *The Journal of Technology Transfer,* 1–28. https://doi.org/10.1007/s10961-021-09896-9
8. Lin, T. C. W. (2018). Incorporating social activism. *Boston University Law Review, 98,* 1535–1593.
9. Martínez, P., Pérez, A., & Rodríguez Del Bosque, I. (2014). CSR influence on hotel brand image and loyalty. *Academia Revista Latinoamericana de Administración, 27*(2), 267–283. https://doi.org/10.1108/ARLA-12-2013-0190
10. Mehta, P., Singh, M., & Mittal, M. (2019). It is not an investment if it is destroying the planet: A literature review of socially responsible investments and proposed conceptual framework. *Management of Environmental Quality: An International Journal, 31*(1), 1–22. https://doi.org/10.1108/MEQ-08-2019-0176
11. Nilsson, J., Jansson, J., Isberg, S., & Nordvall, A. C. (2014). Customer satisfaction with socially responsible investing initiatives: The influence of perceived financial and non-financial quality. *Journal of Financial Services Marketing, 19*(4), 265–276. https://doi.org/10.1057/fsm.2014.24
12. Rambocas, M., Kirpalani, V. M., & Simms, E. (2018). Brand equity and customer behavioral intentions: A mediated model. *Journal of Product & Brand Management, 27*(5), 491–502. https://doi.org/10.1108/JPBM-08-2017-1557
13. Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research, 52*(1), 1–14. https://doi.org/10.1016/S0148-2963(99)00098-3
14. Koh, H.-K., Burnasheva, R., & Suh, Y. G. (2022). Perceived ESG (Environmental, Social, Governance) and consumers' responses: The mediating role of brand credibility, brand image, and perceived quality. *Sustainability, 14*(8), 4515. https://doi.org/10.3390/su14084515
15. United Nations Environment Programme Finance Initiative (UNEPFI). (2005). *A legal framework for the integration of environmental, social and governance issues into institutional investment*. United Nations Environment Programme Finance Initiative.
16. Yadav, P., & Prashar, A. (2023). Board gender diversity: Implications for environment, social, and governance (ESG) performance of Indian firms. *International Journal of Productivity and Performance Management, 72*(9), 2654–2673. https://doi.org/10.1108/IJPPM-08-2022-0475
17. Nag, S. (2023). *Principles of macroeconomics* (Version 0.1 December 2023).
18. Yoon, B., Lee, J. H., & Byun, R. (2018). Does ESG performance enhance firm value? Evidence from Korea. *Sustainability, 10*(10), 3635. https://doi.org/10.3390/su10103635
19. Hyundai. (n.d.). *ESG is new paradigm of corporate management*. Retrieved from https://en.hdec.kr/en/newsroom/news_view.aspx?NewsSeq=178&NewsType=FUTURE&NewsListType=news_clist#.YKR0eLdLjIV
20. Miralles-Quiros, M. M., Miralles-Quiros, J. L., & Valente Goncalves, L. M. (2018). The value relevance of environmental, social, and governance performance: The Brazilian case. *Sustainability, 10*(3), 574. https://doi.org/10.3390/su10030574
21. US Social Investment Forum (USSIF). (2014). *Report on US sustainable, responsible and impact investing trends*. http://www.ussif.org/Files/Publications/SIF_Trends_14.F.ES.pdf
22. Garcia, A. S., Mendes-Da-Silva, W., & Orsato", R. J. (2017). Sensitive industries produce better ESG performance: Evidence from emerging markets. *Journal of Cleaner Production, 150*, 135–147. https://doi.org/10.1016/j.jclepro.2017.02.180
23. Rezaee, Z. (2016). Business sustainability research: A theoretical and integrated perspective. *Journal of Accounting Literature, 36*, 48–64. https://doi.org/10.1016/j.acclit.2016.05.003
24. Jain, P. K., Jain, A., & Rezaee, Z. (2016). Value-relevance of corporate social performance: Evidence from short selling. *Journal of Management Accounting Research, 28*(2), 29–52. https://doi.org/10.2308/jmar-51378
25. Whitelock, V. G. (2015). Environmental social governance management: A theoretical perspective for the role of disclosure in the supply chain. *International Journal of Business Information Systems, 18*(4), 390–405. https://doi.org/10.1504/IJBIS.2015.072498
26. He, Y., & Lai, K. K. (2014). The effect of corporate social responsibility on brand loyalty: The mediating role of brand image. *Total Quality Management & Business Excellence, 25*(3–4), 249–263. https://doi.org/10.1080/14783363.2012.661138
27. Jukemura, P. K. (2019). *Why ESG investing seems to be an attractive approach to investment in Brazil* (Bachelor thesis). Polytechnic University of Milan, Sao Paolo, Brazil.
28. Salmones, M. D., Crespo, A. H., & Bosque, I. R. D. (2005). Influence of corporate social responsibility on loyalty and valuation of services. *Journal of Business Ethics, 61*(4), 369–385. https://doi.org/10.1007/s10551-005-5841-2
29. Kang, G., & James, J. (2004). Service quality dimensions: An examination of Grönroos's service quality model. *Managing Service Quality, 14*(4), 266–277. https://doi.org/10.1108/09604520410546806
30. Creel, T. (2012). How corporate social responsibility influences brand equity. *Management Accounting Quarterly, 13*(4), 20–20.