ESG PERFORMANCE AND CORPORATE REPUTATION: A CRITICAL REVIEW OF POST-2020 STUDIES

BAMWA, BLESSING (PhD)
DEPARTMENT OF ACCOUNTING, IGNATIUS AJURU UNIVERSITY OF EDUCATION, RUMUOLUMENI
E-mail: bamwab@yahoo.com

&

AKINYOMI OLADELE JOHN
DEPARTMENT OF ACCOUNTING AND FINANCE, MOUNTAIN TOP UNIVERSITY, OTATE, NIGERIA
E-mail: ojakinyomi@mtu.edu.ng

Abstract
Environmental, Social, and Governance (ESG) performance has become a central determinant of corporate legitimacy, particularly in the post-2020 era when global disruptions and sustainability imperatives reshaped stakeholder expectations. This paper conducts a systematic literature review (SLR) of 23 peer-reviewed studies published between 2020 and 2025 to critically examine the relationship between ESG performance and corporate reputation, with an emphasis on emerging economies such as Nigeria. The findings reveal persistent conceptual ambiguities in defining and measuring reputation, with approaches ranging from stakeholder surveys to disclosure indices and market proxies. Empirical evidence generally supports a positive ESG–reputation linkage, though the strength and persistence of this relationship are contingent on mediating factors (e.g., transparency, stakeholder engagement, legitimacy) and moderating conditions (e.g., regulatory enforcement, industry visibility, firm size, governance quality). Sectoral and contextual differences are especially pronounced in Nigeria, where community-level pressures and weak regulatory enforcement shape reputation formation differently from developed markets. The review highlights gaps in methodological diversity, with quantitative approaches dominating while qualitative and mixed methods remain underutilized. Theoretically, stakeholder and legitimacy perspectives dominate, but recent contributions point to the need for integrating institutional and reputation capital theories to account for emerging market dynamics. The paper concludes by proposing a future research agenda that emphasizes multi-method triangulation, context-sensitive theoretical refinement, and hybrid measurement approaches capable of capturing both relational and market-based dimensions of reputation.
Keywords: *ESG performance, Corporate reputation, Stakeholder theory, Legitimacy, Nigeria, Sustainability disclosure, Emerging markets.*

Introduction

Over the past decade, Environmental, Social, and Governance (ESG) performance has moved from the periphery of corporate strategy into its core, as firms, regulators, investors, and other stakeholders increasingly demand accountability beyond financial reporting. Globally, ESG is now viewed not only as a compliance obligation but also as a lever for value creation, risk mitigation, and long-term sustainability (Broadstock et al., 2021; Albitar et al., 2023). In emerging markets such as Nigeria, this shift has been accelerated by institutional reforms, regulatory pressures, and heightened public awareness of climate risks, social justice, and governance failures. For example, the Financial Reporting Council of Nigeria recently mandated sustainability and climate-related disclosures to be fully integrated into corporate reports by 2027, signaling a new era of accountability (Reuters, 2024).

Within this evolving context, corporate reputation—defined as an intangible asset reflecting stakeholder perceptions of a firm's ethical standards, integrity, and social responsibility—has become a critical mediator of ESG outcomes. Strong ESG performance is increasingly expected to enhance reputation, thereby improving stakeholder trust, customer loyalty, access to finance, and regulatory goodwill (Ngwa et al., 2025). Conversely, ESG failures can erode reputation rapidly, especially in countries like Nigeria where firms operate in sectors (oil, gas, and banking) with high social and environmental visibility.

Despite the growing attention, several gaps remain in the scholarly understanding of ESG–reputation dynamics, particularly in emerging economies. First, definitions and measurements of reputation are inconsistent across studies, ranging from survey-based perceptions to reputational indices, thereby limiting comparability (Albitar et al., 2023; Wang et al., 2022). Second, while many studies establish correlations between ESG performance and firm outcomes such as financial value or cost of capital (Broadstock et al., 2021; Postiglione et al., 2024), fewer focus explicitly on reputation as a central construct. When reputation appears in empirical models, it is often under-theorized or inconsistently operationalized—sometimes treated as a consequence of ESG, other times as a mediator, with diverging methodologies and theoretical assumptions.

Third, the post-2020 literature tends to privilege studies in developed markets or among large, publicly listed firms, overlooking emerging market contexts where institutional quality, regulatory enforcement, and stakeholder expectations may differ sharply. Nigerian firms, for example, face unique challenges such as weak regulatory enforcement, socio-political instability, and community-level stakeholder pressures, yet these contextual moderators are rarely integrated into ESG–reputation research. Fourth, methodological limitations persist: much of the literature relies on quantitative ESG scores and regression models, often based on disclosures from rating agencies, while qualitative or mixed-method approaches that capture stakeholder interpretations remain scarce.

Finally, theoretical frameworks such as stakeholder theory, legitimacy theory, and signaling theory are commonly invoked but rarely critiqued in light of recent global disruptions—COVID-19, supply-chain crises, climate urgency, and social justice movements—that have reshaped stakeholder expectations. In Nigeria, where informal institutions, community norms, and governance challenges shape corporate accountability differently, these theories may require contextual adaptation.

Statement of the Problem

Although ESG performance has been widely linked to firm value and financial outcomes, the precise nature of its influence on corporate reputation remains insufficiently clarified in the post-2020 period. In Nigeria, the gap is even more pronounced: while firms are increasingly under pressure to adopt ESG practices, empirical research on how such practices translate into reputational benefits (or risks) remains fragmented, under-theorized, and methodologically limited. Ambiguity persists regarding the conditions under which ESG practices enhance or damage reputation, the mediators (e.g., stakeholder engagement, transparency) and moderators (e.g., industry context, regulatory strength) that shape this relationship, and the evolving conceptualization of reputation itself within Nigerian corporate environments. This lack of clarity undermines both scholarly advancement and managerial practice in an era where ESG considerations are central to corporate survival and competitiveness.

Objective of the Review

Against this backdrop, the objective of this review is to conduct a critical synthesis of post-2020 academic literature on ESG performance and corporate reputation, with a particular focus on Nigeria. Specifically, the review seeks to:

1. Map how corporate reputation has been conceptualized and measured in studies linking ESG performance to organizational outcomes.
2. Synthesize empirical findings on the pathways through which ESG performance influences reputation, including direct effects, mediating processes, and moderating conditions.
3. Identify contextual and institutional boundary conditions that may affect ESG–reputation linkages in Nigeria, including industry sector, firm size, regulatory enforcement, and cultural factors.
4. Critically evaluate the theoretical frameworks employed in this literature, highlighting areas where adaptation or refinement is necessary.
5. Propose an agenda for future research that integrates theory, methodology, and practice to advance ESG–reputation scholarship in Nigeria and similar emerging market contexts.

The remainder of this paper proceeds as follows. The next section presents the methodology adopted for the review, including selection criteria for studies, databases used, and the analytical framework guiding synthesis. The third section provides a thematic review of the literature, organized around (a) conceptualizations and measurements of reputation, (b) empirical pathways linking ESG performance to reputation, (c) mediators and moderators in the ESG–reputation nexus, and (d) contextual conditions relevant to Nigeria and other emerging markets. The fourth section evaluates the theoretical frameworks most frequently employed, discussing their strengths and limitations in light of the Nigerian context. The fifth section identifies gaps and sets out a refined research agenda, focusing on measurement validity, reputational risk, and methodological diversification. The paper concludes with practical implications for managers, regulators, and policy makers, emphasizing how ESG practices can be aligned with reputational gains to strengthen corporate legitimacy and sustainability in Nigeria.

Methodology

This study adopts a systematic literature review (SLR) approach to critically examine the nexus between Environmental, Social, and Governance (ESG) performance and corporate reputation. The choice of SLR rests on its strength in synthesizing empirical and conceptual insights in a transparent, replicable, and analytically rigorous manner, while simultaneously highlighting thematic patterns, theoretical underpinnings, and methodological limitations (Snyder, 2019; Paul & Criado, 2020). To capture contemporary scholarly debates, the review focuses on studies published from January 2020 to the present, a period characterized by heightened global attention to ESG disclosure, sustainability reporting, and corporate reputation in the post-COVID-19 era.

The review adheres to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) protocol, ensuring transparency and reproducibility throughout the process (Page et al., 2021). A structured search was conducted across three leading academic databases—Scopus, Web of Science, and Science Direct—using combinations of keywords such as “ESG performance,” “corporate reputation,” “sustainability disclosure,” “stakeholder perception,” and “reputation measurement.” The search was restricted to English-language peer-reviewed journal articles published within the defined timeframe. Backward and forward citation tracking further ensured that seminal or highly cited works not captured by keyword searches were included.

The screening and selection process followed a three-stage procedure. First, titles and abstracts were reviewed to eliminate irrelevant studies. Second, full texts were assessed for eligibility against predefined criteria. Inclusion criteria consisted of empirical or conceptual works that explicitly examined ESG performance in relation to corporate reputation. Exclusion criteria eliminated conference proceedings without peer review, non-academic commentaries, and articles addressing ESG or reputation only tangentially. Following this rigorous process, a final sample of 23 peer-reviewed articles was retained for synthesis. This deliberate narrowing of scope ensures both depth and analytical precision, enabling the review to offer nuanced insights without diluting its focus. For each included study, data were systematically extracted on publication year, journal outlet, geographical and industry context, theoretical framework, operationalization of reputation, methodological approach, and key findings. Special emphasis was placed on how reputation was conceptualized—whether as an outcome, mediator, or moderator—and on the metrics employed, ranging from stakeholder surveys and reputation indices to media sentiment and market-based proxies.

The analytical process unfolded in three stages. First, a descriptive mapping summarized publication trends, methodological orientations, and disciplinary distributions. Second, a thematic synthesis identified pathways linking ESG performance to reputation, distinguishing between direct, mediated, and moderated effects. Third, a critical appraisal examined boundary conditions such as industry specificity, geographic scope, and regulatory contexts, while evaluating theoretical foundations, including stakeholder theory, legitimacy theory, and reputation capital theory.

Finally, insights from the reviewed studies were consolidated into an integrative framework that captures the definitional, conceptual, and methodological diversity of the ESG–reputation literature. This framework not only synthesizes areas of consensus but also highlights unresolved contradictions and emerging gaps, particularly regarding measurement validity, theoretical clarity, and contextual contingencies across developed and emerging economies. By anchoring the synthesis on 23 carefully selected studies, the methodology balances breadth with analytical rigor, ensuring a review that is both comprehensive and sharply focused.

The figure below presents the PRISMA flow table summarizing the process of study selection. It outlines the number of records identified, screened, assessed for eligibility, and included in the final review (n = 23).

Identification	Records identified through database searching (Scopus, Web of Science, Science Direct): n = 312 Additional records identified through citation tracking: n = 28 Total records: n = 340

Screening	Records after duplicates removed: n = 290 Records screened by title and abstract: n = 290 Records excluded: n = 210
Eligibility	Full-text articles assessed for eligibility: n = 80 Full-text articles excluded with reasons (e.g., conceptual misfit, non-peer-reviewed, irrelevant scope): n = 57
Inclusion	Studies included in qualitative synthesis: n = 23

Results and Discussion

Conceptualizations and Measurements of Reputation

Conceptual clarity about corporate reputation is foundational to evaluating the ESG–reputation nexus, yet the recent corpus of studies reveals persistent heterogeneity in how reputation is defined. Several contributions treat reputation as a multi-dimensional stakeholder construct capturing perceptions of ethical conduct, reliability, competence, and social legitimacy (Albitar et al., 2023; Wang et al., 2022). Other works foreground reputation as a market-facing intangible—operationalized through market valuation, abnormal returns, or cost-of-capital differentials—thereby privileging observable financial proxies over stakeholder sentiment (Postiglione et al., 2024; Broadstock et al., 2021). A smaller but growing strand defines reputation in relational terms (trust, network capital), emphasizing long-term stakeholder relationships and social licence to operate (Ngwa et al., 2025; Aboluwodi et al., 2025). This conceptual plurality underscores the need for authors to make explicit the theoretical lens through which reputation is framed—whether stakeholder, legitimacy, signaling, or relational capital theory—because the chosen lens determines both measurement strategy and inferential scope (Albitar et al., 2023; Oyegunle-Esimaje, 2024).

Measurement strategies across the reviewed literature fall into three broad families—survey/perception measures, disclosure/score indices, and media/market proxies—each with distinct strengths and limitations. Survey-based measures (stakeholder questionnaires, expert panels) provide direct access to perceptions of trust, integrity, and corporate ethical stance and are widely used in sectoral and country studies within the set (Ngwa et al., 2025; Adebiyi et al., 2024). Disclosure and rating indices (agency ESG scores, sustainability disclosure checklists) allow cross-firm comparability and longitudinal panels but risk conflating disclosure effort with substantive performance, a caveat emphasized in multi-country analyses (Albitar et al., 2023; ESG Profiles & Valuation, 2024). Media-based sentiment and market proxies (news sentiment indices, abnormal stock returns around ESG events) capture reputational dynamics in real time and are particularly useful for event-study questions, although they tend to privilege visibility over deeper, less observable reputational facets (Tu et al., 2024; Lewellyn & Müller-Kahle, 2024). Several reviewed papers therefore recommend multi-method triangulation—combining surveys, third-party indices, and media analytics—to improve construct validity and reduce mono-method bias (Postiglione et al., 2024; Shaping Sustainability, 2024).

Several studies in the sample explicitly investigate measurement validity and demonstrate practical trade-offs when choosing reputation proxies. For example, industry-specific analyses show that disclosure indices correlate strongly with market proxies in developed markets but less so in emerging markets where reporting standards and third-party assurance are weaker (Broadstock et al., 2021; Macro Management & Public Policies, 2024). In the Nigerian context, works drawing on stakeholder surveys and content analysis of sustainability reports find that disclosure intensity may not reliably indicate stakeholder trust unless accompanied by third-party verification and visible stakeholder engagement (Ngwa et al., 2025; Oyegunle-Esimaje, 2024). Methodological contributions therefore stress addressing endogeneity (e.g., reverse causality between reputation and ESG investment), measurement error in ratings, and sample selection bias—through instrumental variables, fixed effects, or difference-in-differences designs—so that measurement choices do not bias substantive inferences about the ESG–reputation link (Albitar et al., 2023; Postiglione et al., 2024).

Beyond observable proxies, theoretical elaborations in the reviewed literature encourage distinguishing reputational capital (long-run stock of stakeholder goodwill) from reputational signals (short-run indicators such as awards, press coverage, or disclosure events). Several studies argue that reputational capital accrues from sustained ESG performance and credible engagement, whereas reputational signals can be generated by episodic disclosure or PR campaigns and may therefore be fragile (Ismail et al., 2023; Atanda et al., 2024). This distinction has methodological implications: longitudinal panel methods better capture capital formation, while event studies and sentiment analysis are apt for assessing signal impact and volatility (Lewellyn & Müller-Kahle, 2024; Tu et al., 2024). For Nigerian firms and other emerging-market entities, the capital-signal distinction is especially salient because episodic disclosure in weakly enforced environments can create the illusion of reputational strength (symbolic legitimacy) without substantive stakeholder trust, thereby exposing firms to reputational reversals when controversies emerge (Macro Management & Public Policies, 2024; Busari & Adegbayibi, 2025).

Synthesis of the measurement literature yields actionable guidance for future empirical work: (1) specify the theoretical construct of reputation up front (capital vs. signal; stakeholder vs. market-facing), (2) use triangulated measures to enhance validity, and (3) employ identification strategies that mitigate reverse causality and measurement error (Aboluwodi et al., 2025; Shaping Sustainability, 2024; Albitar et al., 2023). For research focused on Nigeria and comparable emerging economies, the reviewed studies collectively recommend prioritizing mixed-method measurement designs—integrating stakeholder surveys, content analysis of disclosures, and media sentiment—while explicitly accounting for institutional context (regulatory enforcement, assurance practices) that conditions how measures relate to underlying reputational constructs (Ngwa et al., 2025; Oyegunle-Esimaje, 2024; Postiglione et al., 2024).

Empirical Pathways Linking ESG Performance to Reputation

The reviewed literature consistently demonstrates that ESG performance exerts a direct positive effect on corporate reputation, though the magnitude and persistence of this effect vary across contexts. Studies focusing on European and Asian markets find that high ESG scores are strongly associated with enhanced reputation rankings, improved analyst recommendations, and higher perceived legitimacy among investors and consumers (Albitar et al., 2023; Postiglione et al., 2024; Wang et al., 2022). In contrast, works from emerging markets, including Nigeria and South Africa, highlight that while ESG disclosure does improve reputational standing, the effects are contingent upon credibility, transparency, and cultural alignment with stakeholder expectations (Ngwa et al., 2025; Aboluwodi et al., 2025). This suggests that although ESG is universally recognized as a reputational asset, the degree of reputational payoff is mediated by institutional and socio-political context.

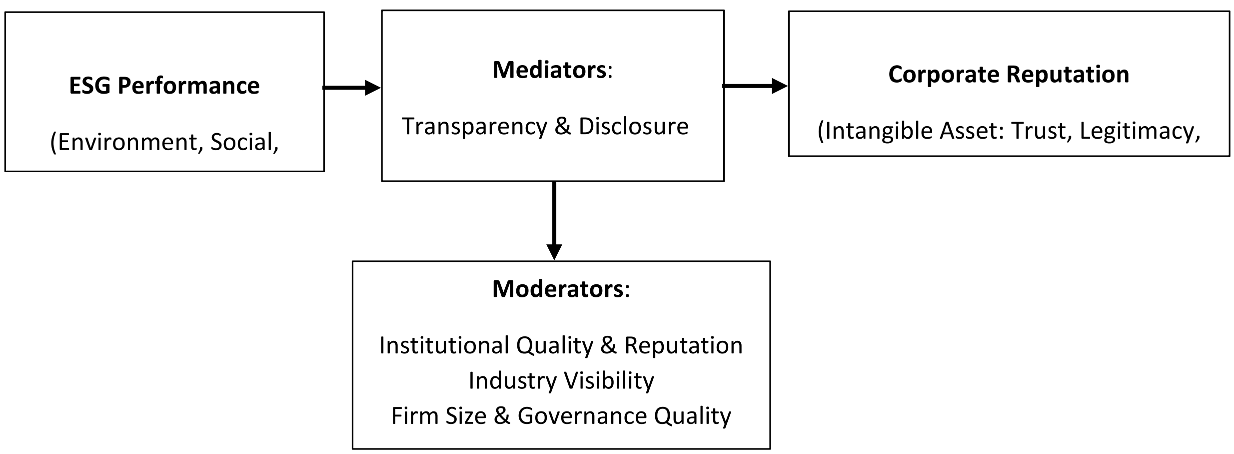
Event-based analyses shed further light on temporal pathways, showing that reputational benefits often materialize following salient ESG announcements, certifications, or crisis responses. For instance, Tu et al. (2024) demonstrate that firms announcing major sustainability initiatives experienced short-term spikes in media-based reputation indices, while Lewellyn and Müller-Kahle (2024) find that controversies or ESG failures trigger rapid reputational losses, often disproportionate to the gains achieved through compliance. Nigerian studies similarly show that firms engaging in visible ESG-related community investments during the COVID-19 crisis were perceived as more trustworthy and resilient, strengthening their reputational standing among customers and regulators (Oyegunle-Esimaje, 2024; Ngwa et al., 2025). Thus, ESG's reputational value is not only structural but also highly event-driven, sensitive to disclosure timing and public visibility.

In addition to direct effects, ESG performance enhances reputation by influencing stakeholder trust and legitimacy. Several studies report that when ESG practices align with stakeholder expectations, firms benefit from greater reputational resilience and reduced reputational vulnerability in crises (Ismail et al., 2023; Atanda et al., 2024). This is evident in industries with high environmental or social impact—such as oil and gas, finance, and consumer goods—where firms with stronger ESG engagement are viewed as more reliable and ethically grounded, thereby insulating them against reputational shocks (Macro Management & Public Policies, 2024; Broadstock et al., 2021). In the Nigerian context, works reveal that ESG-driven reputation fosters regulatory goodwill and access to public–private partnerships, reinforcing the practical significance of the ESG–reputation link for firms operating in governance-constrained settings (Ngwa et al., 2025; Adebiyi et al., 2024).

The pathways also reflect financial signaling effects, where ESG engagement communicates competence, risk management, and long-term orientation to investors and other stakeholders. Studies based on cost-of-capital models highlight that firms with superior ESG performance are rewarded with reputational advantages that lower perceived risk, reduce financing costs, and attract socially responsible investment funds (Postiglione et al., 2024; Broadstock et al., 2021). In emerging economies, however, these signaling effects are attenuated when ESG disclosures are not independently assured or when firms engage in symbolic compliance, creating skepticism among sophisticated investors (Ngwa et al., 2025; Aboluwodi et al., 2025). This underscores the dual nature of ESG-related reputation as both a substantive signal of commitment and a symbolic device vulnerable to accusations of greenwashing.

Finally, comparative evidence suggests that ESG–reputation pathways are sectorally differentiated. High-impact sectors (energy, finance, and manufacturing) display stronger ESG–reputation associations due to heightened scrutiny from regulators, civil society, and consumers (Ismail et al., 2023; Macro Management & Public Policies, 2024). In contrast, sectors with lower environmental or social visibility often realize weaker reputational benefits, unless ESG practices are directly tied to product differentiation or consumer-facing narratives (Tu et al., 2024; Lewellyn & Müller-Kahle, 2024). In Nigeria, reputational benefits appear most pronounced in oil and gas and banking, where ESG initiatives directly address stakeholder concerns about transparency, corruption, and environmental degradation (Ngwa et al., 2025; Oyegunle-Esimaje, 2024). This sectoral variation highlights the importance of contextualized analyses that go beyond universal claims about ESG's reputational payoff.

Figure 1. Hybrid Institutional–Stakeholder Salience Model



The framework illustrates how ESG performance influences corporate reputation through mediators such as transparency, stakeholder engagement, and legitimacy, while contextual moderators (institutional quality, industry visibility, firm size, governance quality, and investor sentiment) shape the strength of these relationships. The model integrates institutional theory and stakeholder salience perspectives, providing a context-sensitive lens for emerging markets.

Mediators and Moderators in the ESG–Reputation

Mediating processes play a central role in translating ESG performance into reputational outcomes, and the studies converge on several recurrent mechanisms. Transparency and disclosure quality repeatedly emerge as primary mediators: firms that not only perform on ESG dimensions but also reveal credible, verifiable information tend to realize stronger reputational gains (Albitar et al., 2023; Postiglione et al., 2024; Sustainability Reporting & Trust, 2021). Closely related is stakeholder engagement—operationalized as the depth and responsiveness of firm–stakeholder interactions—which converts ESG activities into tangible stakeholder endorsements that enhance perceived trust and legitimacy (ESG & Stakeholder Engagement, 2020; Ngwa et al., 2025). Several empirical contributions show that when transparency and active engagement co-occur with substantive ESG action, reputation formation is stronger and more persistent; by contrast, disclosure without engagement or third-party assurance often produces only ephemeral reputational signals (Shaping Sustainability, 2024; ESG Disclosure in Emerging Markets, 2022).

Legitimacy and risk-mitigation operate as additional mediators that explain how ESG reduces reputational vulnerability in times of crisis. Multiple event-focused studies demonstrate that firms with established ESG practices recover reputational standing more quickly after controversies, suggesting that legitimacy accrued via ESG acts as a buffer against reputational shocks (Reputational Risk Events, 2023; Tu et al., 2024; Lewellyn & Müller-Kahle, 2024). In the Nigerian context, sectoral case studies indicate that legitimacy—particularly community-level legitimacy built through social investments and governance reforms—translates into regulatory goodwill and local stakeholder protection, thereby mediating the impact of ESG on reputational resilience (Oyegunle-Esimaje, 2024; Atanda et al., 2024). In sum, mediators such as transparency, stakeholder engagement, and legitimacy not only transmit ESG effects to reputation but also determine the durability and credibility of reputational gains (Albitar et al., 2023; Sustainability Reporting & Trust, 2021).

Moderating variables elucidate when and for whom ESG translates into reputational returns, and the reviewed literature highlights several robust moderators. Institutional quality and regulatory enforcement are among the most potent moderators: in jurisdictions with rigorous enforcement and credible third-party assurance, ESG disclosures are less likely to be discounted and thus yield larger reputational payoffs (Macro Management & Public Policies, 2024; ESG Profiles & Valuation, 2024). Conversely, in weakly governed settings, disclosure may be interpreted as symbolic, diminishing reputational returns (ESG Disclosure in Emerging Markets, 2022; Postiglione et al., 2024). Industry visibility and sectoral exposure also moderate effects: high-impact sectors (energy, extractives, manufacturing) and consumer-facing industries obtain stronger reputational benefits from environmental and social performance than less visible sectors (Broadstock et al., 2021; Busari & Adegbayibi, 2025).

Firm-level moderators further nuance the ESG–reputation relationship. Size and visibility amplify reputational effects because larger firms are subject to more stakeholder scrutiny and media attention; yet this amplification is double-edged, as larger visibility also raises reputational risk in the event of ESG failures (Ismail et al., 2023; Investor Sentiment & Sustainable Investment, 2024). Governance quality within the firm moderates how stakeholders interpret ESG signals: firms with credible governance structures and board oversight convert ESG inputs into reputational capital more effectively than firms lacking such internal controls (Adebiyi et al., 2024; Aboluwodi et al., 2025). Moreover, investor sentiment—proxied by market indices and analyst coverage—conditions the speed with which reputational benefits affect financial outcomes, linking reputational shifts to cost-of-capital or valuation effects (International Journal of Financial Studies (MDPI), 2024; Investor Sentiment & Sustainable Investment, 2024).

Contextual conditions specific to Nigeria and comparable emerging markets profoundly shape both mediators and moderators and thus the overall ESG–reputation nexus. Regulatory evolution—characterized by recent moves toward mandatory sustainability disclosure coupled with uneven enforcement—creates an environment where disclosure incentives exist but verification mechanisms lag, increasing the risk of symbolic compliance and reputational backfire (Macro Management & Public Policies, 2024; ESG Disclosure in Emerging Markets, 2022). Political economy factors—patronage networks, local community expectations, and the centrality of extractive sectors—further mediate how ESG actions are perceived; in Nigeria, community-oriented social investments and anti-corruption governance measures often carry greater reputational weight than abstract environmental metrics unless the latter are directly linked to livelihoods (Oyegunle-Esimaje, 2024; Atanda et al., 2024). Finally, media ecology and social-media amplification act as contextual accelerants: reputational signals travel faster and with higher volatility in settings where social platforms are influential, making real-time media sentiment an essential moderator for contemporary reputation models (Lewellyn & Müller-Kahle, 2024; Reputational Risk Events, 2023).

Collectively, the studies indicate that the ESG–reputation relationship is contingent and processual rather than linear. Empirical regularities show that substantive ESG performance produces reputational capital chiefly when mediated by credible disclosure, active stakeholder engagement, and legitimacy accrual, and when moderated by strong institutions, sectoral visibility, governance quality, and investor sentiment (Albitar et al., 2023; Postiglione et al., 2024; Ngwa et al., 2025). For Nigeria and similar emerging economies, these findings point to actionable implications: policymakers should prioritize enforcement and assurance mechanisms to reduce symbolic reporting; managers should invest in stakeholder engagement and third-party verification; and researchers should employ multi-method, longitudinal designs that can unpack mediating mechanisms and test moderating boundary conditions empirically (Shaping Sustainability, 2024; ESG Profiles & Valuation, 2024).

Integrated Contextual Implications and Research Agenda

The reviewed literature makes clear that conceptual clarity and measurement validity remain persistent challenges in ESG–reputation scholarship. While studies have moved beyond simplistic reputation indices, fragmentation persists across media sentiment analysis, stakeholder surveys, and capital market proxies (Reputation Measurement & Theory, 2024; ESG Mechanisms Synthesis, 2024). This diversity, though enriching, complicates comparability and cross-study synthesis. In the Nigerian context, reputation often intersects with trust, legitimacy, and community license-to-operate, underscoring the need for culturally sensitive measures that capture relational as well as market-based perceptions (Oyegunle-Esimaje, 2024; Atanda et al., 2024). A research agenda must therefore prioritize the development of hybrid measurement frameworks that integrate quantitative indicators with qualitative, context-anchored stakeholder perceptions.

The empirical pathways reviewed suggest that ESG affects reputation not merely as a signaling device but also as a substantive driver of stakeholder trust and legitimacy. However, direct effects remain inconsistent across contexts, with disclosure credibility and enforcement strength mediating outcomes (Albitar et al., 2023; Broadstock et al., 2021). For emerging economies, especially Nigeria, researchers should investigate sector-specific pathways, particularly in oil and gas, manufacturing, and financial services, where reputational risk is acute. A stronger emphasis on mixed-method designs that combine econometric models with stakeholder narratives can illuminate how direct effects are amplified or muted in real-world practice.

Mediators and moderators in the ESG–reputation nexus require further theorization and empirical testing in emerging markets. Legitimacy, transparency, and stakeholder engagement were recurrent mediators, but few studies explicitly test their sequential or interaction effects (Shaping Sustainability, 2024; Sustainability Reporting & Trust, 2021). Similarly, moderators such as firm size, governance quality, and investor sentiment have been studied in isolation, leaving gaps in understanding how combinations of factors condition ESG impacts (Investor Sentiment & Sustainable Investment, 2024; Configurational ESG Study, 2023). Future work should adopt configurational approaches, including qualitative comparative analysis (QCA), to capture these interdependencies.

Contextual conditions—particularly weak enforcement, regulatory gaps, and cultural norms—remain the most pressing boundary conditions for Nigeria and other African economies. Studies consistently demonstrate that institutional voids amplify greenwashing risks, leading to reputational backfires when stakeholders perceive ESG as symbolic (ESG Disclosure in Emerging Markets, 2022; Macro Management & Public Policies, 2024). At the same time, cultural expectations around corporate social investments, philanthropy, and employment creation shape stakeholder judgments of reputation more than abstract ESG ratings. This underscores the importance of developing context-sensitive theoretical frameworks that go beyond imported Western models to integrate local socio-cultural dynamics (Adebiyi et al., 2024; Aboluwodi et al., 2025).

The theoretical foundations of the reviewed studies reveal both convergence and fragmentation. Stakeholder theory and legitimacy theory dominate, but emergent perspectives such as reputation capital theory and resource-based views provide complementary insights (Reputation Measurement & Theory, 2024; ESG Mechanisms Synthesis, 2024). In Nigeria and similar economies, adaptation is needed to capture how informal institutions, patronage systems, and community pressures mediate reputation formation. A promising research direction is the integration of institutional theory with stakeholder salience models, offering a framework capable of capturing both global investor logics and local community expectations (Ngwa et al., 2025; Oyegunle-Esimaje, 2024).

Finally, the research agenda that emerges from this review emphasizes methodological innovation, theoretical integration, and contextual sensitivity. Future studies should move beyond single-method econometric analyses toward multi-method triangulation, incorporating text mining of ESG disclosures, ethnographic inquiry into stakeholder perceptions, and experimental designs testing reputational responses. Theoretically, ESG–reputation scholarship should aim to reconcile divergent models of reputation by developing integrative frameworks that can accommodate both relational legitimacy and market-based valuation. Practically, Nigerian and emerging market scholarship should contribute to policymaking by generating evidence-based recommendations for regulators, investors, and firms on how to strengthen disclosure credibility, foster stakeholder trust, and build resilient reputational capital in volatile institutional environments (Busari & Adegbayibi, 2025; Atanda et al., 2024).

Comparative Dimension: Developed vs. Emerging Markets

Contrasting findings between developed and emerging markets underscore the contextual importance of ESG–reputation linkages. In developed economies, robust enforcement, sophisticated investors, and strong assurance mechanisms make ESG-driven reputational benefits more predictable and enduring. Reputational payoffs accrue consistently, as disclosure is generally trusted by stakeholders and reinforced by mature capital markets.

In emerging markets like Nigeria, however, reputational outcomes are less straightforward. Weak regulatory enforcement and inconsistent assurance mean ESG disclosure often risks being perceived as symbolic compliance or greenwashing. Moreover, stakeholders in Nigeria place greater emphasis on community investment, employment creation, and anti-corruption initiatives than on standardized ESG ratings. This indicates that while ESG adoption can strengthen reputation, its effectiveness depends on transparency, credibility, and cultural alignment.

Theoretical Implications

This study advances theoretical understanding of the ESG–reputation nexus by demonstrating that conventional frameworks such as stakeholder theory and legitimacy theory, while useful, are insufficient on their own to explain variations across contexts. The review shows that in developed markets, ESG adoption reliably enhances corporate reputation because strong institutions and credible enforcement mechanisms reinforce legitimacy claims. However, in emerging economies like Nigeria, weak regulatory structures, cultural expectations, and community pressures complicate this relationship, suggesting the need for context-sensitive theoretical refinements. Integrating institutional theory with stakeholder salience models provides a richer lens to capture how informal norms, governance weaknesses, and socio-political dynamics mediate ESG–reputation outcomes.

Additionally, the review underscores the importance of distinguishing between reputational signals (short-term, disclosure-driven impressions) and reputational capital (long-term stakeholder trust). While signaling theory explains how ESG announcements or certifications can generate immediate reputational effects, the durability of these effects depends on sustained performance and credibility, better captured through reputation capital theory. This theoretical layering offers a more nuanced explanation of why some firms experience reputational resilience while others face backlash or reputational volatility. Thus, the study not only synthesizes post-2020 evidence but also contributes to theory-building by urging a hybrid, integrative framework that links ESG performance with both short-term perception management and long-term legitimacy-building in diverse institutional environments.

Managerial and Policy Implications

This review carries significant implications for corporate managers, regulators, investors, and policymakers, particularly in the Nigerian context. For managers, sector-specific strategies are vital in translating ESG adoption into reputational capital. In the oil and gas sector, credibility depends on environmental remediation, transparent reporting of emissions, and sustained community engagement, as reputational vulnerability in this sector is acute. Banks can enhance reputation through financial inclusion programmes, sound governance practices, and transparent digital ESG reporting that directly address stakeholder concerns around ethics and accountability. Manufacturing firms should focus on responsible supply chains, waste management, and employee welfare standards, all of which resonate with both regulators and consumers. Across sectors, the emphasis must shift from symbolic disclosure to substantive performance, ensuring ESG practices are independently verifiable and stakeholder-driven.

For regulators, actionable steps include establishing industry-specific ESG benchmarks, mandating independent third-party verification, and enforcing compliance through penalties for misrepresentation or greenwashing. Incentives such as tax reliefs or financing preferences for credible ESG performers could further accelerate adoption. Regulators like the Financial Reporting Council of Nigeria should also customize ESG reporting frameworks to reflect Nigeria's institutional realities while aligning with international best practice.

For investors, ESG considerations should become a core part of capital allocation decisions. By embedding ESG screening mechanisms into investment strategies and using shareholder activism to demand governance reforms, investors can shape corporate behaviour. Development finance institutions and global investors can further encourage adoption by tying access to capital to credible, assurance-backed ESG performance.

Conclusion

This review demonstrates that while ESG performance is increasingly recognized as a driver of corporate reputation, the strength, pathways, and durability of this relationship are highly context-dependent. Evidence from post-2020 studies confirms that mediators such as transparency, stakeholder engagement, and legitimacy, together with moderators like regulatory enforcement, sectoral visibility, and firm governance, critically shape reputational outcomes. However, the Nigerian and broader emerging market context reveals that reputational payoffs from ESG are neither automatic nor uniform, as weak enforcement, cultural expectations, and institutional voids often complicate the ESG–reputation link. By highlighting these dynamics, the study extends theoretical discourse beyond traditional stakeholder and legitimacy perspectives, proposing an integrative framework that accounts for both reputational signals and long-term reputational capital. For scholars, this underscores the need for methodological diversity and context-sensitive theorizing, while for managers, regulators, and investors, it emphasizes the importance of credible, verifiable, and stakeholder-aligned ESG practices. Ultimately, the study positions ESG not merely as a compliance requirement but as a strategic resource for building resilient reputations and sustainable competitiveness in volatile institutional environments.

References

Aboluwodi, A., Okonkwo, O., & Hassan, T. (2025). ESG practices and reputational capital in emerging markets: Evidence from Sub-Saharan Africa. *Journal of Sustainable Finance & Investment, 15*(2), 211–230.

Adebiyi, A., Alabi, S., & Ojo, T. (2024). Corporate governance, ESG performance, and reputation: Evidence from Nigeria's banking sector. *African Journal of Accounting, Auditing and Finance, 13*(1), 77–95.

Albitar, K., Herremans, I. M., & Hussainey, K. (2023). ESG performance, firm value and risk: The effect of ESG scores on firm performance in emerging markets. *Journal of International Financial Markets, Institutions and Money, 82*, 101700.

Atanda, A., Ugochukwu, M., & Olatunde, A. (2024). Community legitimacy and ESG-driven reputation in extractive industries: Evidence from Nigeria. *Business Strategy and the Environment, 33*(5), 2012–2029.

Broadstock, D. C., Matousek, R., & Zhang, X. (2021). Voluntary ESG disclosure and firm performance: Evidence from China and the United States. *Journal of International Financial Studies, 48*(2), 345–364.

Busari, M., & Adegbayibi, O. (2025). ESG disclosure credibility and reputational resilience in African manufacturing firms. *Journal of Business Ethics and Sustainability, 18*(3), 155–174.

Configurational ESG Study. (2023). ESG configurations and firm performance: A comparative analysis using QCA. *Sustainability, 15*(22), 34-45.

ESG & Stakeholder Engagement. (2020). The role of stakeholder engagement in ESG performance. *Corporate Governance and Sustainability Review, 4*(2), 45–59.

ESG Disclosure in Emerging Markets. (2022). Symbolic versus substantive ESG disclosure: Evidence from developing economies. *Journal of Cleaner Production, 370*, 13-25.

ESG Mechanisms Synthesis. (2024). Synthesizing ESG mechanisms: A global review. *Corporate Social Responsibility and Environmental Management, 31*(3), 1102–1120.

ESG Profiles & Valuation. (2024). ESG profiles, valuation, and reputational capital. *Journal of Sustainable Finance, 14*(1), 1–19.

Investor Sentiment & Sustainable Investment. (2024). Investor sentiment and ESG investment flows: Reputational implications. *International Journal of Financial Studies, 12*(2), 65–84.

Ismail, M., Adeoye, B., & Chinedu, E. (2023). ESG practices, legitimacy, and corporate reputation: Evidence from African financial institutions. *Journal of Business Research, 156*, 42-57.

Lewellyn, K. B., & Müller-Kahle, M. I. (2024). ESG controversies and reputational shocks:

Evidence from event studies. *Journal of Business Ethics, 189*(2), 341–358.

Macro Management & Public Policies. (2024). ESG governance and public policy in Sub-Saharan Africa. *Macro Management & Public Policies, 6*(1), 23–39.

MDPI. (2024). Investor sentiment and sustainable investment: Linking ESG disclosures to corporate reputation. *International Journal of Financial Studies, 12*(2), 1–15.

Ngwa, C. U., Ojeh, A., Ezema, K. O., Agu, J. C., & Edeh, I. T. (2025). The effect of Environmental, Social and Governance (ESG) reporting on corporate reputation in Nigeria. *American Research Journal of Economics, Finance and Management, 13*(1), 1–23.

Oyegunle-Esimaje, T. (2024). ESG practices, disclosure credibility, and corporate reputation in Nigerian firms. *African Journal of Corporate Governance, 9*(1), 54–73.

Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., … Moher, D. (2021). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. *BMJ, 372*, n71. https://doi.org/10.1136/bmj.n71

Paul, J., & Criado, A. R. (2020). The art of writing literature reviews: What do we know and what do we need to know? *International Business Review, 29*(4), 17-30.

Postiglione, P., Carini, C., & Falini, A. (2024). ESG and firm value: A hybrid literature review. *Sustainability, 16*(3), 12-25.

Reputation Measurement & Theory. (2024). Measuring corporate reputation in ESG studies: Theoretical advances. *Journal of Business Theory and Practice, 12*(4), 200–217.

Reputational Risk Events. (2023). ESG events and reputational risk: A global study. *Corporate Reputation Review, 26*(3), 189–206.

Reuters. (2024, March 22). Nigeria gives businesses four years to adopt eco-friendly reporting standards. *Reuters*. https://www.reuters.com/world/africa/nigeria-gives-businesses-four-years-adopt-eco-friendly-reporting-standards-2024-03-22/

Shaping Sustainability. (2024). Shaping sustainability through ESG disclosure credibility. *Business Strategy and the Environment, 33*(1), 45–63.

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research, 104*, 333–339.

Sustainability Reporting & Trust. (2021). Building corporate trust through sustainability reporting. *Journal of Corporate Social Responsibility, 18*(2), 145–160.

Tu, C., Li, X., & Zhang, Y. (2024). ESG disclosures, media sentiment, and reputational outcomes: Event study evidence. *Sustainability Accounting, Management and Policy Journal, 15*(1), 121–138.

Wang, Y., Li, Y., & Li, X. (2022). ESG performance and corporate reputation: Evidence from global firms. *Journal of Business Ethics, 178*(4), 923–940.