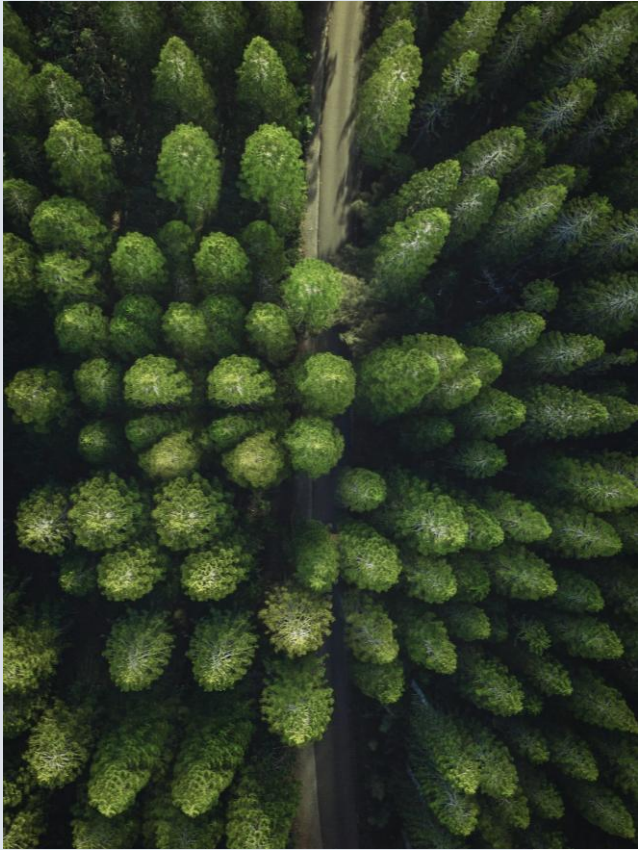


The impact of the digital sustainability reporting on business performance

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Keywords

#Sustainability

#Data analytics

#Information governance

#Digitalization

#Business performance

Crisis of integrating sustainability-related information governance



In 2025, the EC introduces the Omnibus package for CSRD.

The purpose: to remove 80% of companies from the CSRD scope.

The reason: *too high associated costs and additional administrative burden for the companies.*

CSRD triggers two main transformations:



internal review of the strategy

regarding compliance with market sustainability requirements



adaptation or improvement of the corporate reporting system

for accounting, management, and presentation of the sustainability information.

Practical gap of the research

1

Mismatch between business logic and the integration of sustainability policies.

2

Lack of practical focus on data-specific technology for sustainability accounting and reporting.

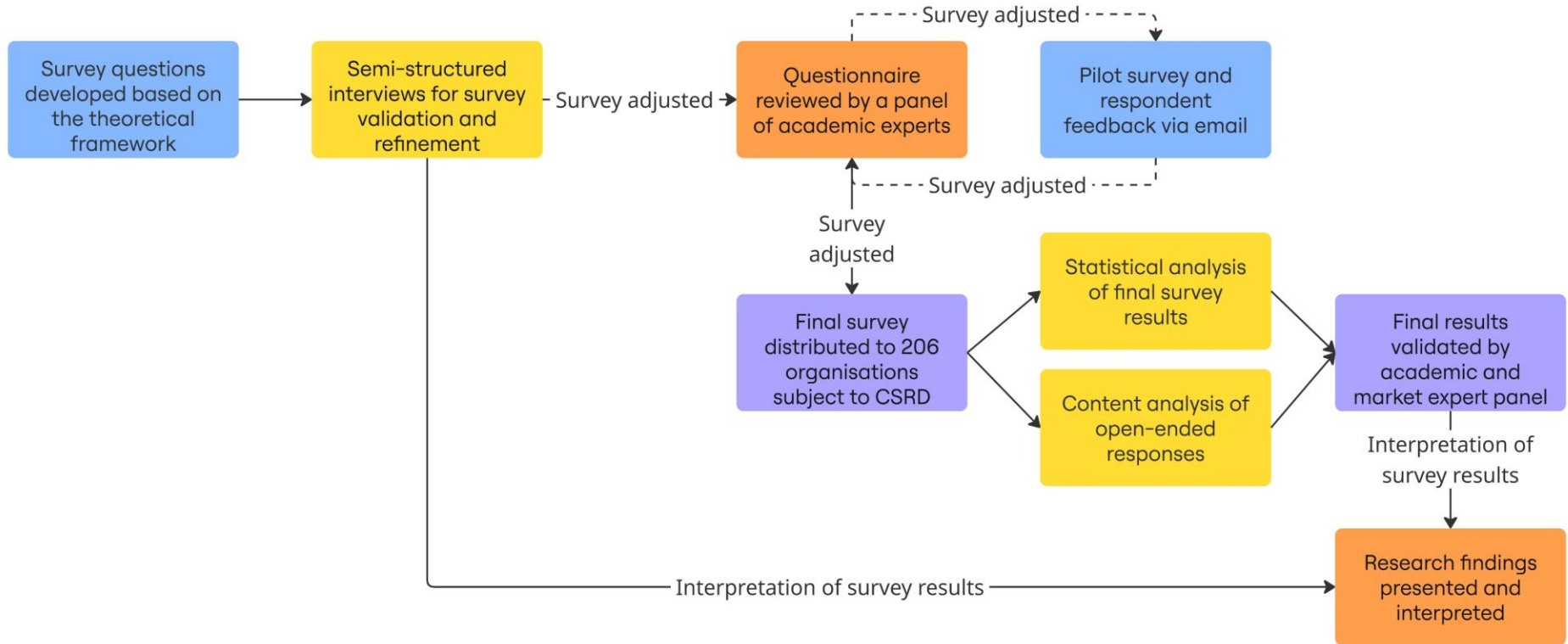
3

Discrepancy between organisational information processing capabilities and external market and regulatory requirements.

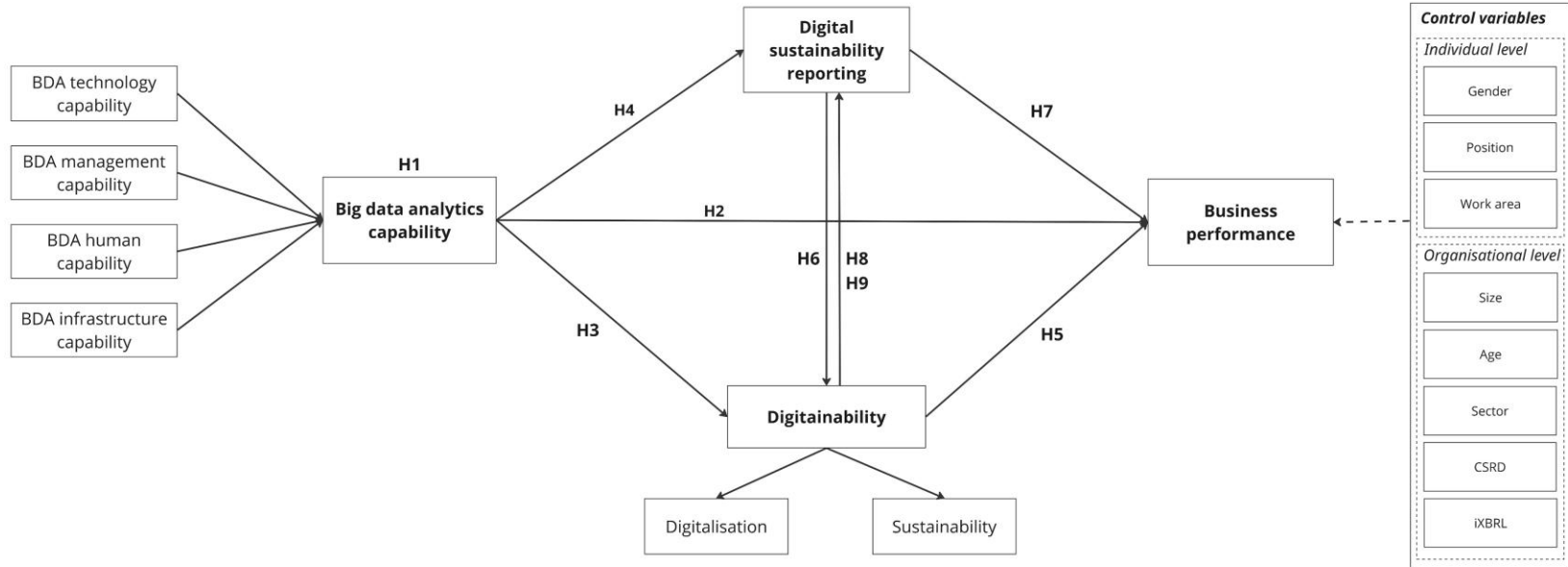
4

Information governance is standalone from digital sustainability reporting.

Research methods, December 2023 – May, 2025



Research model



SUSTAINABILITY

or

ESG?

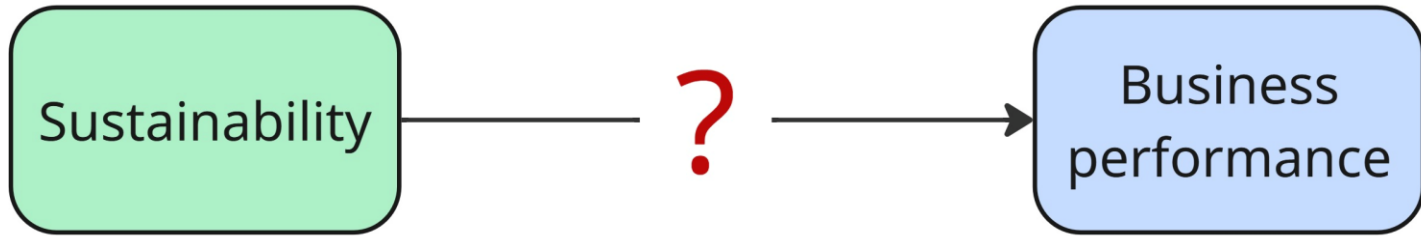


A brown sign with white text is mounted on a wooden post. The sign is rectangular with rounded corners and a white border. It is set against a background of dense green foliage, including palm fronds and other tropical plants. The text on the sign is arranged in four lines, reading: "Please Take", "Nothing But", "Pictures", and "Leave Nothing But Footprints". The sign is held in place by two blue screws, one at the top and one at the bottom.

Please Take
Nothing But
Pictures
Leave Nothing
But Footprints



Does sustainability impact business performance?



What does science tell us?

Opinions are divided...

Corporate sustainability efforts can **strengthen an organisational reputation among customers and other market stakeholders**, positively impacting financial performance (Alkaraan et al., 2024; Dohrmann et al., 2024)

Based on market analyses of top index organisations between 2011 and 2023, Bhue et al. (2025) found that **investments in sustainability help mitigate the effects of uncertainty's on market value, which supports long-term thinking in corporate sustainability practices.**

Based on an empirical analysis of a sample of listed EU organisations, Cerciello et al. (2023) found that, on average, **sustainability practices negatively impact business performance in the short and mid-term.**

“Telling firms that being socially responsible will deliver higher growth, profits and value is **false advertising**” (Cornell and Damodaran, 2020, p.90).



Findings: field research

Expert's interviews. 2024 (I)

- » Sustainability strategy is rather **intuitively-driven** than data-based.
- » Sustainability strategy is **looked at separately** from the main strategy.
- » The largest problem during the process of ESRS preparation is **data availability and quality**, specifically in value chain.
- » **Lack of methodological** understanding behind ESRS (double materiality).



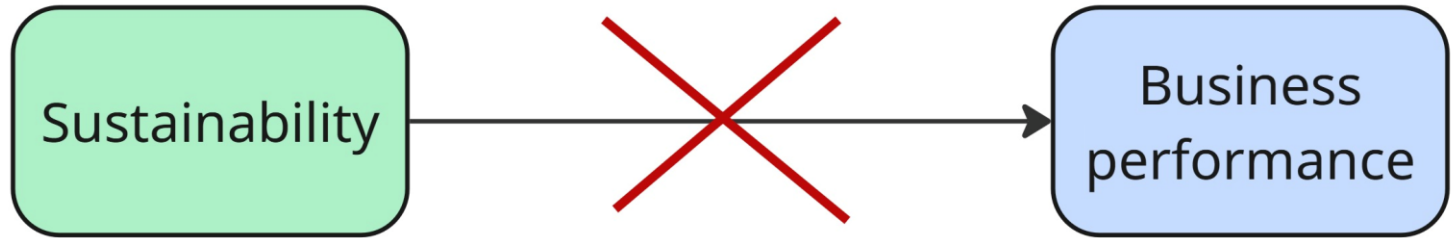
Findings: field research

Expert's interviews. 2024 (II)

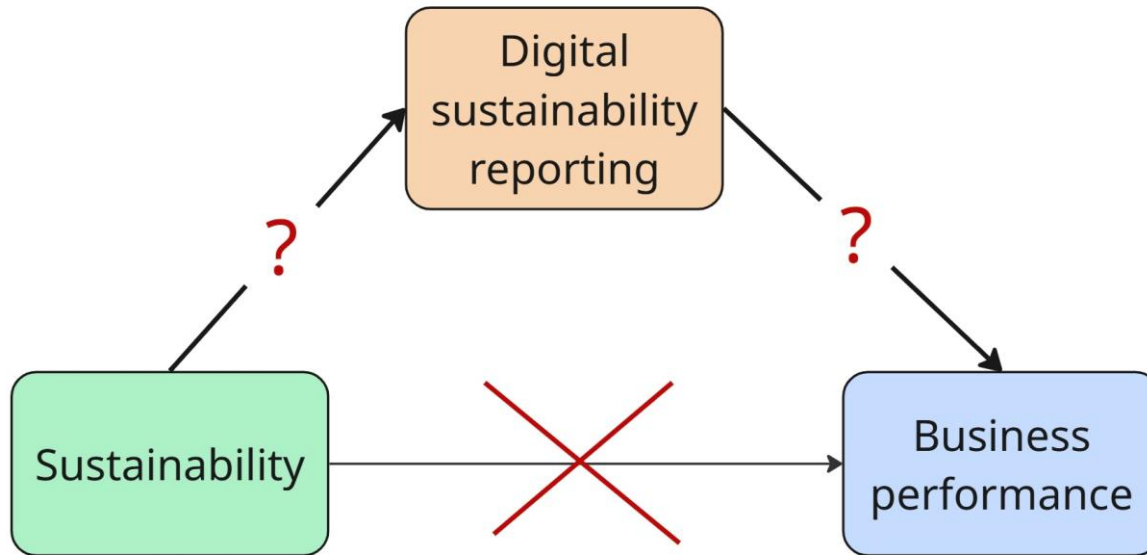
- » Lack of the **universalism of the analytical systems**.
- » **ESRS requires a serious level of automation** and real-time sustainability accounting.
- » **Sustainability accounting** is not integrated with conventional accounting.
- » The necessity for qualitative sustainability data management and iXBRL tagging tools is **raised by the operational level rather than management** (bottom-up approach).

Does sustainability impact business performance?

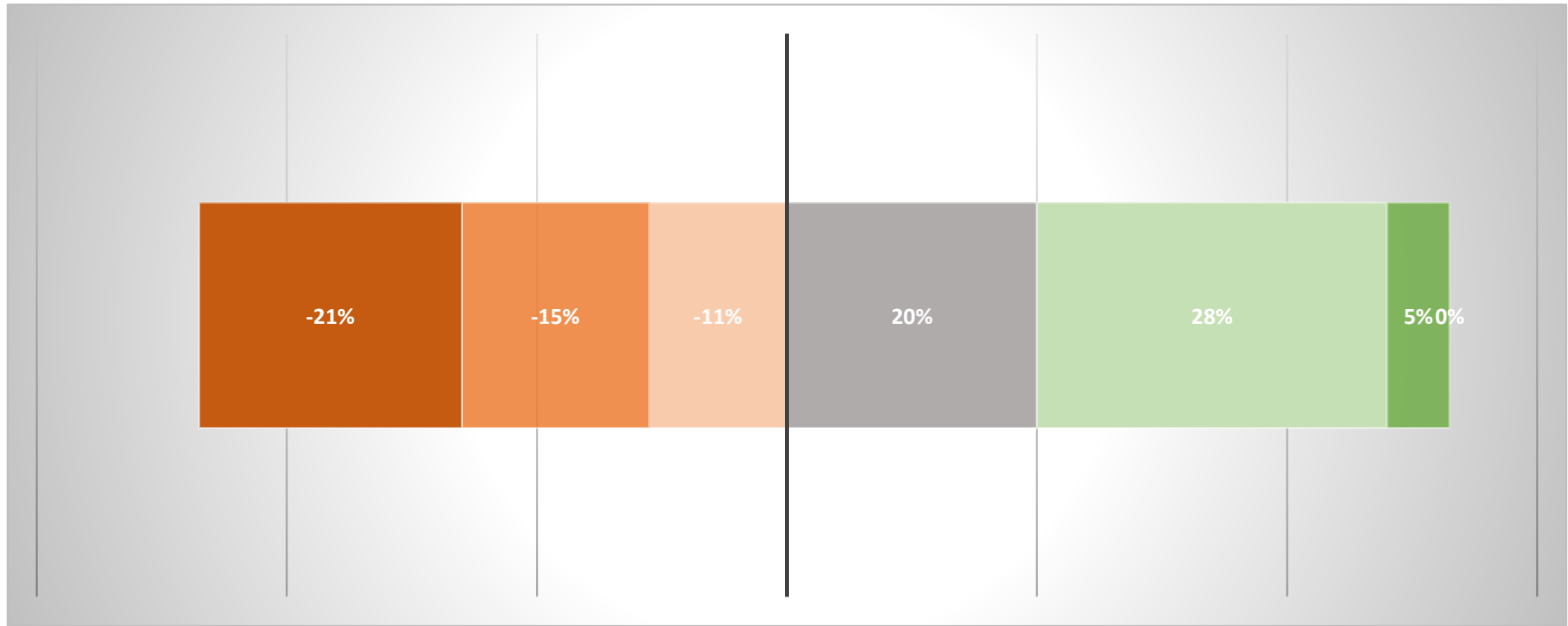
Quantitative survey results + interviews



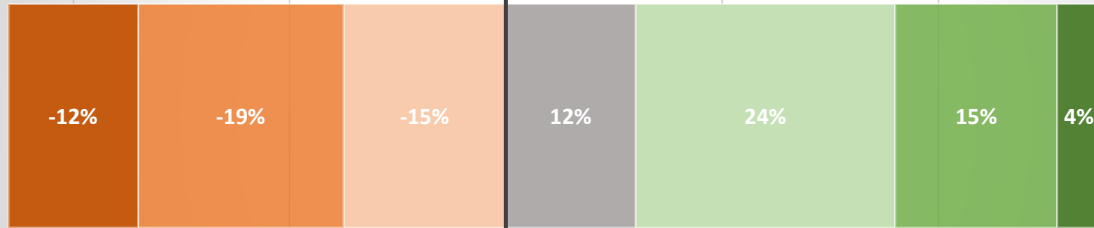
What does a digital sustainability report readiness change?



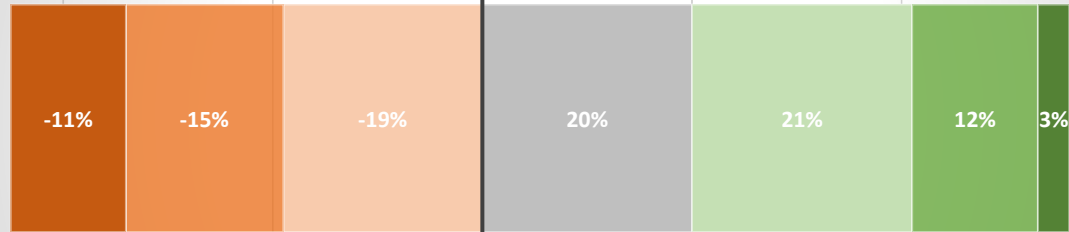
We are ready for regulatory ESRS digital reporting.



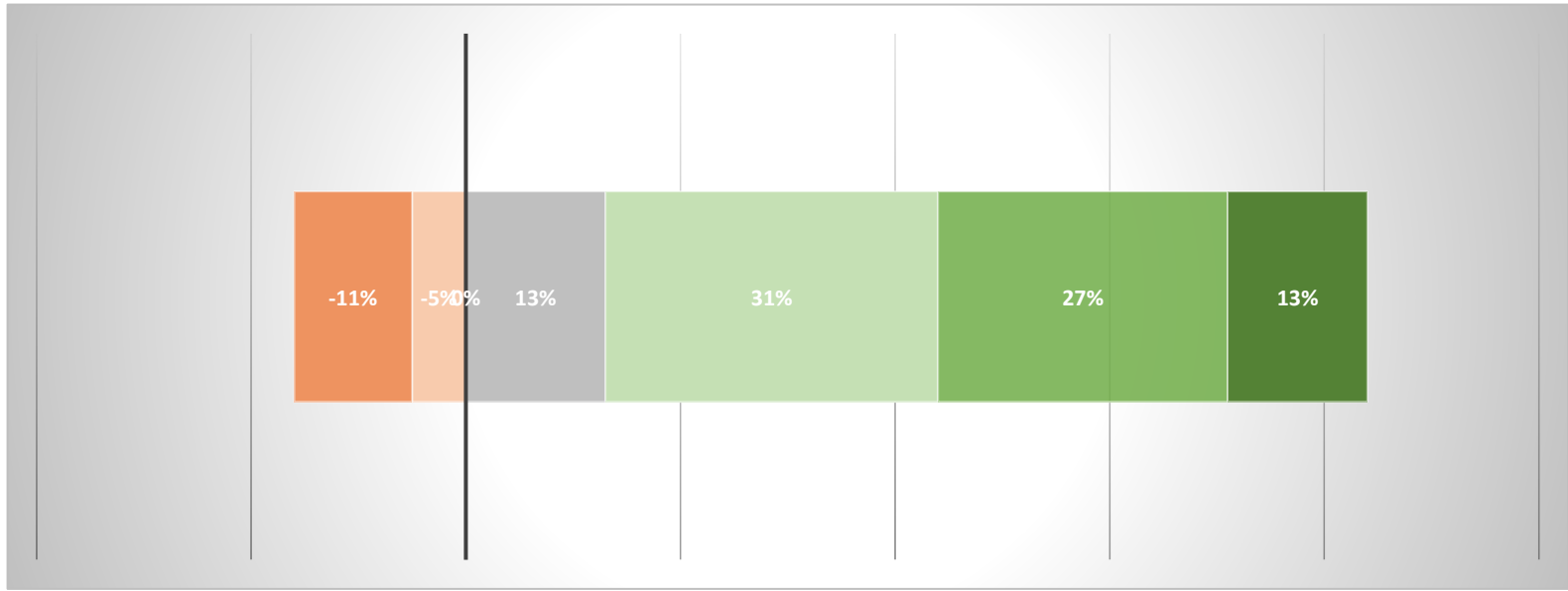
We have integrated governance controls and policies for sustainability reporting process.



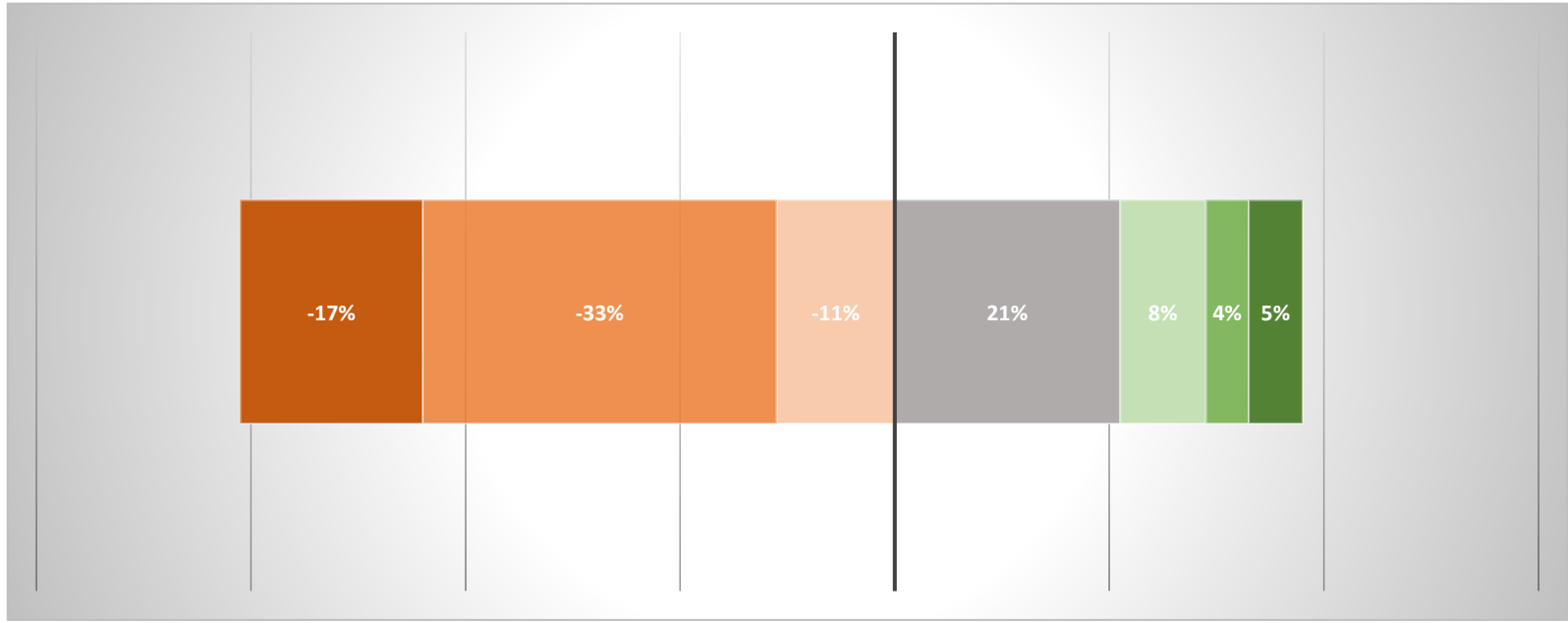
We ensure the integrity of the sustainability report with financial reports.



We are well informed about the requirement to publish the ESRS report in iXBRL (ESEF) format.



We use ESRS XBRL taxonomy to create the structure of our sustainability report.



Integrated governance controls and sustainability reporting policies



have the strongest impact on **sustainability**.



have the strongest impact on **economic business performance**.



What else matters?

Quantitative survey results + interviews

- » **ESRS risk, impact and opportunity assessment readiness impacts business performance**



What else matters?

Quantitative survey results + interviews

- » ESRS risk, impact and opportunity assessment readiness impacts business performance
- » High level of *management understanding of iXBRL* sustainability reporting positively correlates with business performance.



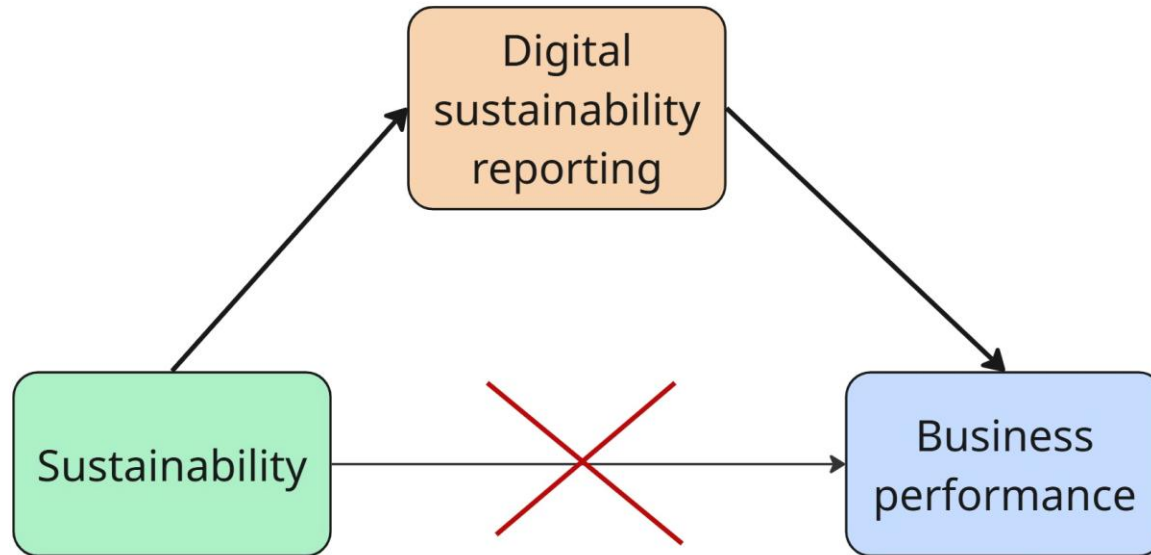
What else matters?

Quantitative survey results + interviews

- » ESRS risk, impact and opportunity assessment readiness impacts business performance
- » High level of *management understanding of iXBRL* sustainability reporting positively correlates with business performance.
- » *IT department's awareness of sustainability policy* positively affects sustainability.

Does sustainability impact business performance with digital sustainability reporting as a mediator?

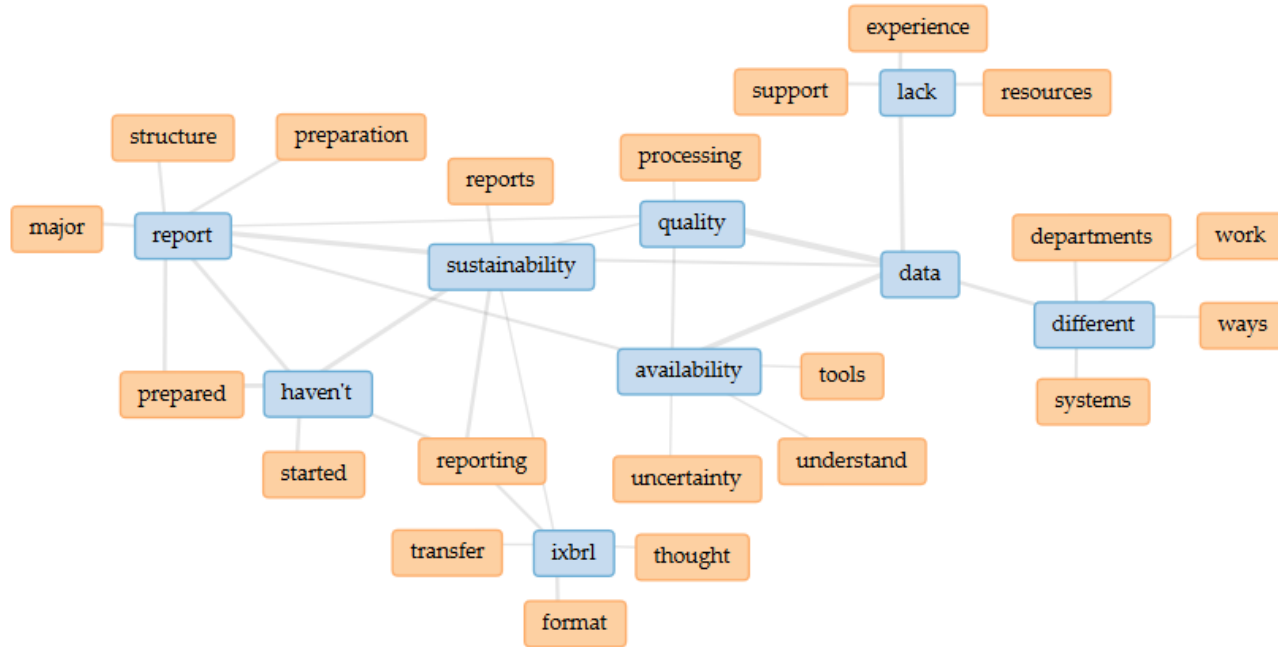
Quantitative survey results + interviews

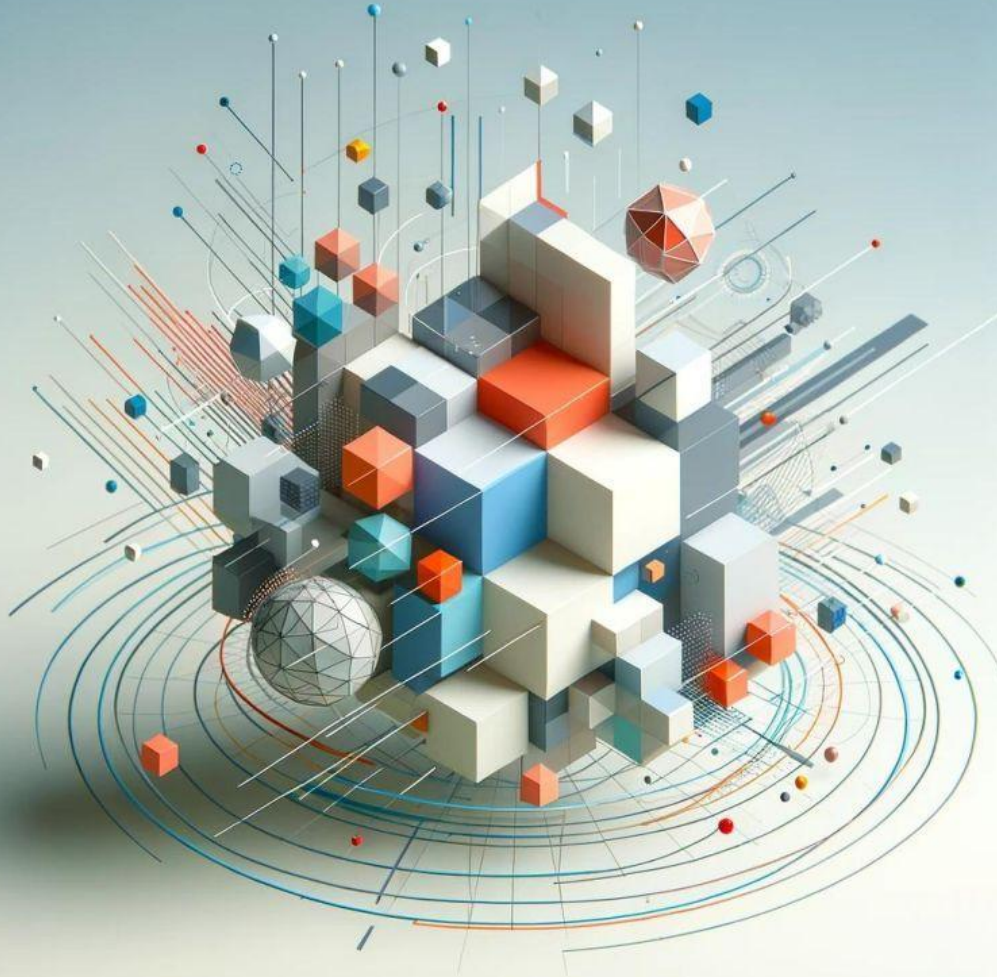


The most common challenges companies face in the sustainability reporting process?



Correlating links for words in the open-ended questions





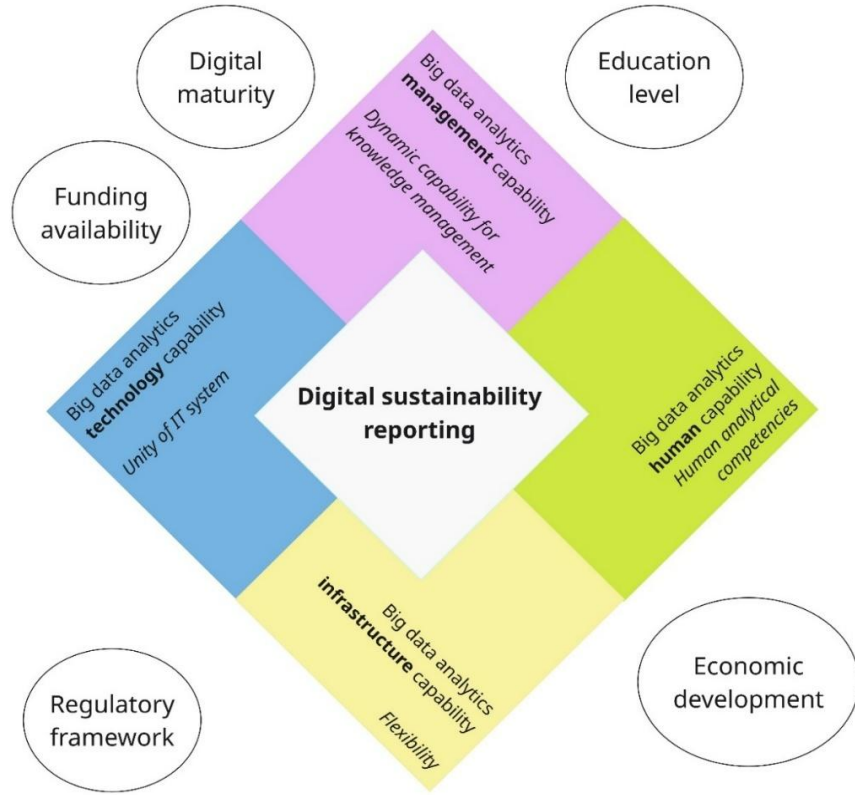
BIG DATA ANALYTICS CAPABILITY (BDAC)

*What is it in
management?*



BIG DATA ANALYTICS CAPABILITY is the organisational ability to leverage big data insights for more sound, effective, and efficient strategic decisions facilitated by information governance tools, techniques, and processes (adopted from Gupta and George, 2016; Mikalef et al., 2020b; Farouk et al., 2025).

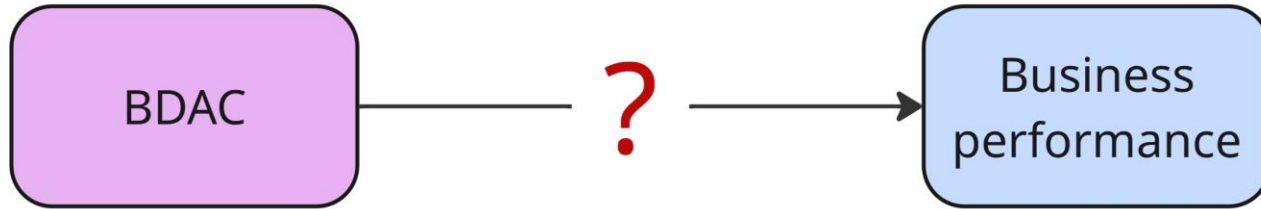




Digital sustainability reporting: *key success factors*

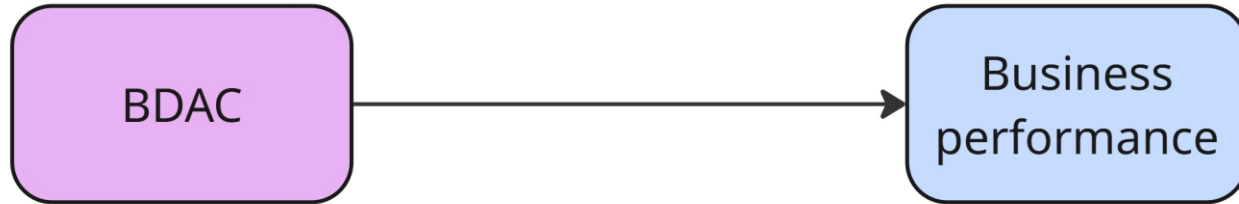


Does BDAC impact business performance?



Does BDAC impact business performance?

Quantitative survey results + interviews





**No individual BDAC element has
an independent impact on
business performance.**

They work only together.



Impact of BDAC elements:

Quantitative survey results + interviews

» *BDA human capability* impacts sustainability



Impact of BDAC elements:

Quantitative survey results + interviews

- » *BDA human capability* impacts sustainability
- » *BDA technology capability* impacts digital sustainability reporting readiness and sustainability

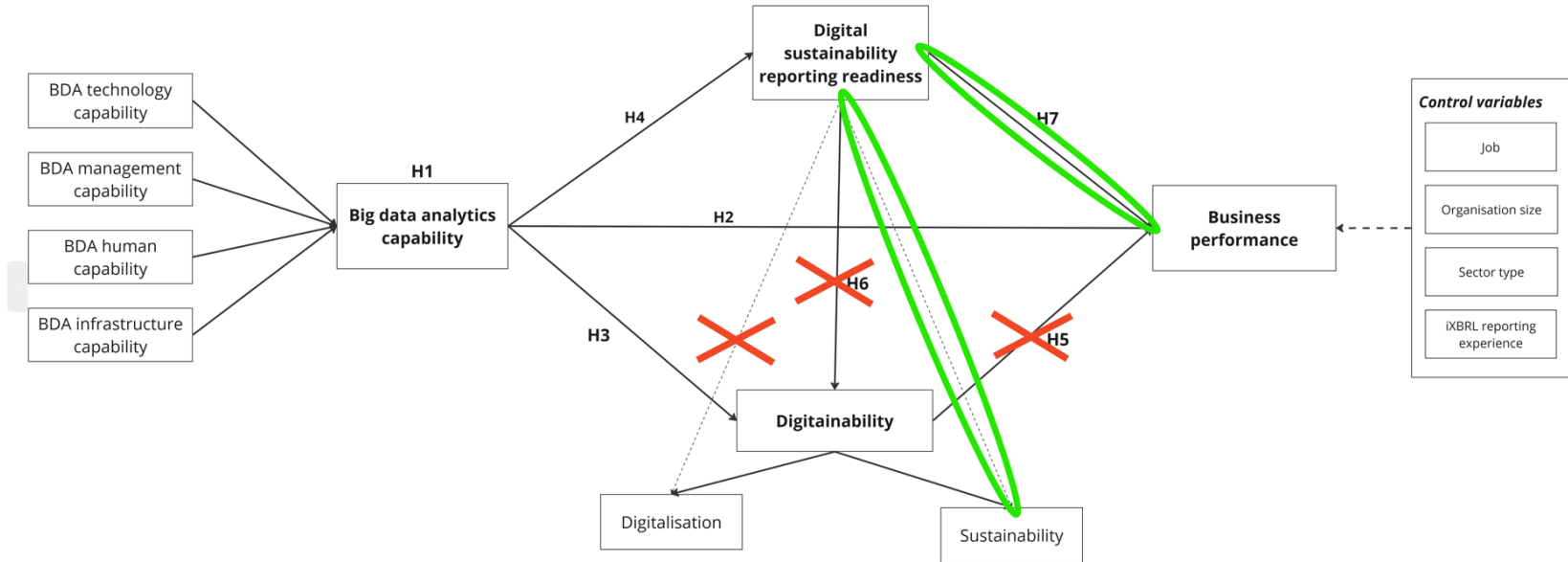


Impact of BDAC elements:

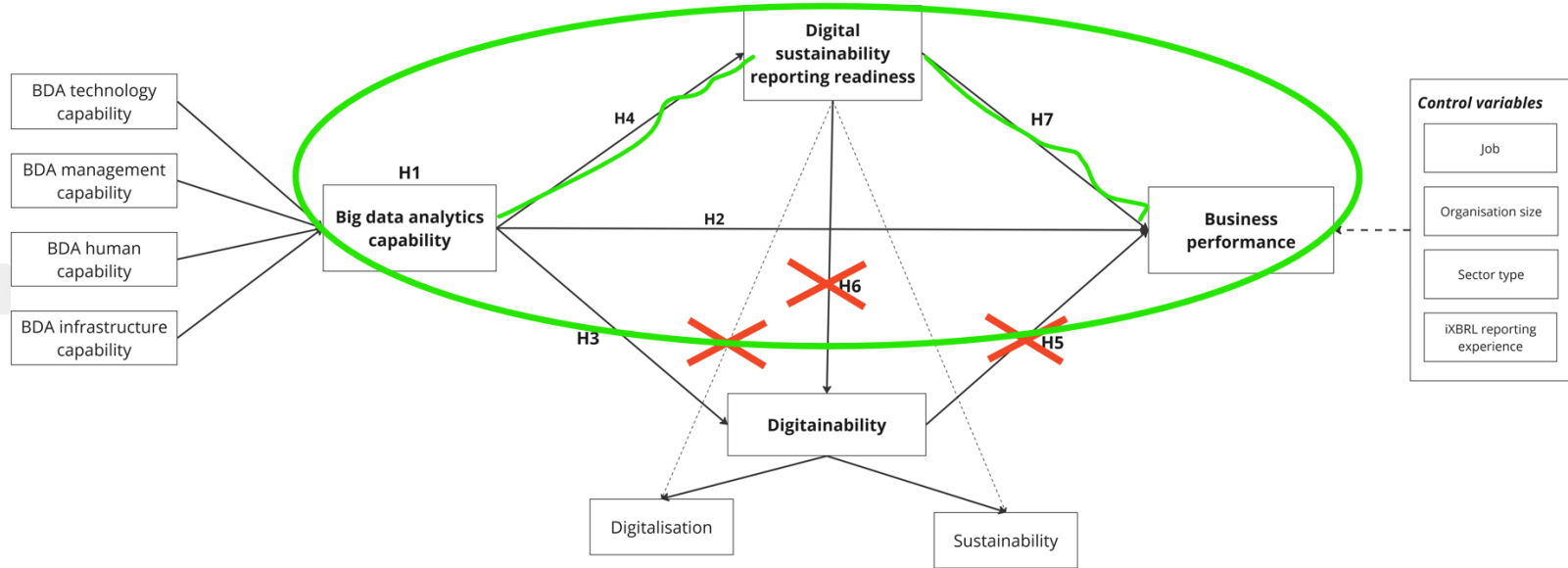
Quantitative survey results + interviews

- » *BDA human capability* impacts sustainability
- » *BDA technology capability* impacts digital sustainability reporting readiness and sustainability
- » *BDA management capability* impacts digitalization

Research model – results (1)

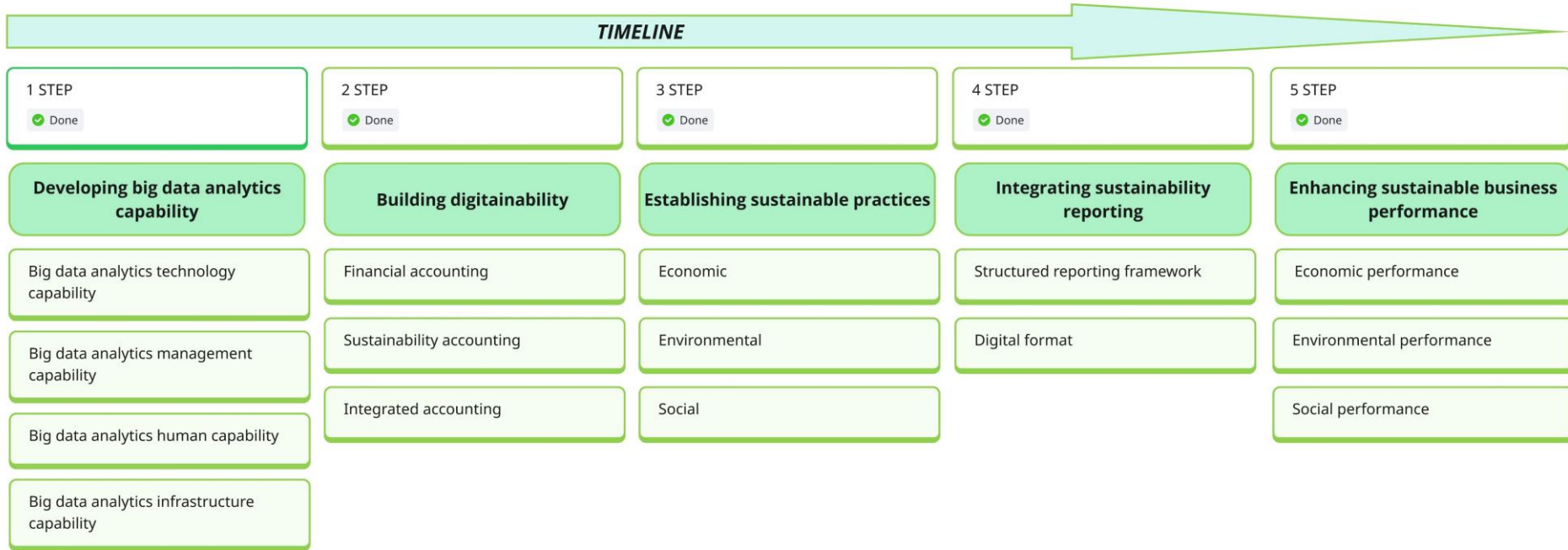


Research model – results (2)





Sustainable business development model driven by BDAC and sustainability framework



DIGITAL SUSTAINABILITY REPORTING



TECHNOLOGY



- Information integrity
- Data commensuration



HUMAN



- Access to key information
- Readiness to change the existing routines
- Readiness to acquire new competencies
- Pay-for-performance and noncash incentives
- Sustainability committee

Information availability



MANAGEMENT



- Board size and independence
- Majority election rules
- Board gender diversity

Rules for orchestrating decision execution flows, decision rights



INFRASTRUCTURE



- Ownership and responsibility for the information
- Clear processes of extracting and transforming BDA results into information
- Data input and output control
- Information confidentiality (protection)

Decision intelligence platform

Unity of IT system

Dynamic capabilities & knowledge management

Human analytical competencies

Flexibility

BIG DATA ANALYTICS CAPABILITY



Social

Economic

Environmental

SUSTAINABLE BUSINESS PERFORMANCE

The management model for orchestrating BDAC's impact on business performance in a digital sustainability reporting framework



The main insight

Corporate information governance, aligned with the digital sustainability report readiness, plays a critical role in ensuring that sustainability practices generate economic business value.



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