WORKING PAPER

Unveiling the Shadows: The Impact of Reputational Events on ESG Reporting in Transition Economies

Anna Doś, Krakow University o Economics

Daniele Grechi, University of Insubria

Frakoulis Papagiannis, John Moores University in Liverpool

Chris Florackis, University of Liverpool

1. Introduction

Today, it is often reported with optimism that an increasing number of companies are disclosing their environmental, social, and governance (ESG) performance—a practice more broadly known as "sustainability reporting" or "non-financial reporting." The literature suggests that ESG reporting is essential for corporate accountability as it can support decision-making by stakeholders, help companies manage risk, foster innovation and efficiency, drive sustainable growth, and enable them to take responsibility for their economic, social, and environmental impacts (Pigatto et al., 2023; Huang et al., 2021; Ortiz-Martínez et al., 2023; Cuomo et al., 2024). Nonetheless, non-financial reporting practices are less well-defined than financial reporting standards. As a result significant divergences in non-financial reporting quality and managerial practices persist globally (Conca et al., 2021; Turzo et al., 2022). The current diversity in sustainability reporting results in discrepancies in ESG performance evaluation (Kimbrouch et al. 2024) and raises concerns about the prevalence of greenwashing (Khan et al., 2021). Not only do investors and stakeholders incur costs due to difficulties in comparing diverse corporate non-financial reports and assessing their credibility, but they may also face costs related to missing information in the reports. As a result, ESG reporting—originally intended to drive positive change—may instead result in an increased information asymmetry (Cho et al., 2012). Thus, enhancing the understanding of mechanisms that contribute to improved corporate transparency regarding Environmental, Social, and Governance (ESG) issues is of critical importance. Existing literature primarily emphasizes the roles of regulation, standardization, and corporate governance in shaping ESG disclosures (Chung et al., 2024; Doni et al., 2020; Krueger et al., 2024; Raimo et al., 2021; Wang et al., 2020 La Torre et al. 2020). Indeed, a number of sustainability accounting frameworks have evolved to improve standardized disclosure of environmental, social, and governance (ESG) information with GRI (Global Reporting Initiative), Sustainability Accounting Standards Board (SASB), and TCFD (Task Force on Climate-related Financial Disclosures) being the most prominent(Bais et al., 2024). The European Union (EU) adopted the Non-Financial Reporting Directive (NFRD) 2014/95/EU on the disclosure of non-financial information by large public interest firms. In USA Securities and Exchange

Commission (SEC) requires firms to disclose certain environmental, social, and governance (ESG)- and risk-related information in Regulation S–K (SEC, 2013). These mechanisms are studied as guidance and requirements on which ESG topics to disclose and how these topics should be presented. While corporate governance is studied as a mechanism that facilitates corporate decisions regarding the implementation of non-financial reporting frameworks (Raimo et al., 2021). It is evidenced that these efforts improve corporate non-financial disclosure (Breijer & Orij, 2022; Darnall et al., 2022; Doni et al., 2020; Cicchiello et al., 2023). However, in practice, companies have considerable discretion regarding their adherence to norms and recommendations, as well as they can employ various techniques and strategies to create a favourable image of their impacts (Ottenstein et al., 2022; Doni et al., 2020; Z. Yang et al., 2020). Ultimately, it is primarily the companies themselves that design and control the narratives surrounding their ESG performance. This self-directed approach—although guided by relevant frameworks—grants companies significant control over ESG-related accounts, potentially reinforcing their market position by exploiting the asymmetry of information around corporate ESG impacts. This paper aims to shift the focus towards a less frequently considered actor of corporate ESG accountability: the media. Unlike corporate disclosures, media narratives offer an independent and often more critical perspective on corporate sustainability and ethics. In recent decades, the media has increasingly focused on corporations' impacts on the climate, water, biodiversity, employees, human rights, indigenous communities, equality, and other issues categorized under ESG topics with a particular attention to controversies(K. Wang & Zhang, 2021). A direct and unfiltered portrayal of environmental impacts provided by the media offers alternative narratives to those presented (or omitted) in corporate disclosures. It enables stakeholders and the general public to form independent judgments regarding corporate conduct. Recent corporate scandals, such as Volkswagen—the German car manufacturer—installing software in over half a million cars to cheat emissions tests, and Deutsche Bank's DWS overstating its use of sustainability criteria in investments, have received extensive media coverage and triggered significant stakeholder actions, including considerable decrease in stock prices. Importantly, since ESG is considered financially material, investors and analysts collect information on corporate ESG performance, including media reports (Zou et al., 2024). Much of investors' attention is triggered by undesirable ESG behaviours that can directly affect their valuation of the underlying firms (H.-E. Kim et al., 2022; Wong & Zhang, 2022). The interplay between corporate narratives and media representation thus becomes crucial in shaping public perception and driving informed ESG stewardship by stakeholders.

Overall, media revelations of ESG controversies often uncover inconsistencies, omissions, or discrepancies in corporate narratives. These revelations can lead corporations to respond. However, the nature of these responses remains uncertain. Do companies involved in controversies meaningfully improve the quality of their ESG reporting to mitigate the harm caused to stakeholders? Or do they escalate greenwashing efforts, generating informational noise to overshadow negative media revelations? Alternatively, might corporations adopt a steadfast approach, ignoring the controversy and maintaining their reporting practices unchanged? The patterns of corporate responses to negative ESG news remain an underexplored area of study.

So far a limited number of studies focused on the role of media for ESG transparency (N. Brown & Deegan, 1998; Hammami & Hendijani Zadeh, 2020; Moalla & Dammak, 2023; Bellucci et al., 2024). The early studies of Brown and Deegan (1998) and Reverte (2009) show, that higher levels of media attention are associated with higher levels of annual report sustainability-related disclosures. More recently Hammami and Hendijani Zadeh (2020) provide evidence of the positive role media coverage plays in enhancing ESG transparency measured using the Bloomberg ESG Disclosure Score. Media coverage includes both positive and negative news. Thus these studies reveal the effect of media attention rather than effect of media uncovering ESG scandals. In addition, although the Bloomberg ESG Disclosure Score serves as a relevant measure of ESG transparency, it does not allow for distinguishing between the quantity and quality of ESG reporting. The study of Moalla and Dammak (2023) showcases the favourable moderating effect of undesirable ESG news about companies to companies' commitment to high audit quality leading to disclose more transparent ESG information, measured with the Thomson Reuters ESG disclosure score: a metric that does not allow to capture differences between quality and quantity of ESG disclosures. Bellucci et al. (2024) study the effect of negative media coverage around environmental, social and governance (ESG) issues on the quality of Integrated Reporting (IR) of top 100 South African companies listed on JSE in the 2013-2018. They measure IR quality using the official ranking of IR quality for the top 100 listed companies provided by Ernst & Young (EY). Their findings show that the quality of Investor Relations (IR) is positively associated with both spikes in negative ESG media coverage and cumulative negative ESG media coverage. However, their study lacks the granularity needed to understand the variations in how companies adapt their reporting practices in response to negative ESG media attention. The non-financial reporting literature highlights two distinct approaches to corporate social and environmental disclosure: symbolic and substantive (Emma & Jennifer, 2021; Lodhia et al., 2023; Manes-Rossi & Nicolo', 2022). The symbolic approach involves providing a large volume of information that offers limited real value to stakeholders, primarily aimed at creating a favourable public image—a practice often categorized as "impression management." In contrast, the substantive approach focuses on disclosing relevant, objective, and comprehensive information, allowing stakeholders to accurately assess the company's social and environmental performance.

Given this context, the objective of this paper is to investigate if, and how, media exposure of ESG controversies influences both the quality and quantity of corporate ESG reporting. This analysis contributes to the more detail and broader understanding of the role of external actors in shaping corporate transparency and accountability in ESG reporting practices.

Our theoretical framework draws greatly from signalling theory and media agenda setting theory. However, we also position our paper within the critical accounting framework as we focus on power dynamics around non-financial reporting practices (Morales & Sponem, 2017).

Our research focuses on Poland, a large Central and Eastern European (CEE) economy that has recently been recognized as a developed country. In Poland, regulatory and industry-level initiatives have been undertaken to enhance corporate non-financial reporting (Kryk & Kożuch, 2024; Sulik-Górecka et al., 2024) . These efforts are part of a broader agenda aimed at increasing the recognition of Polish companies among international investors, a priority that has persisted since Poland began its transition from a planned economy to a free-market economy. Nevertheless, Polish companies ESG disclosure practices are lagging behind American and EU-based companies with only 5% of listed companies voluntarily publishing non-financial reports before the introduction of the NFRD (Aluchna, Kytsyuk, et al., 2018; Aluchna & Roszkowska-Menkes, 2019). Due to the Polish government's opposition to the EU's non-financial reporting policy, the NFRD was implemented at the minimum required level (Zarzycka & Krasodomska, 2022). Given the relatively weak regulatory support for improving corporate transparency on ESG issues in Poland, it is crucial to understand whether the media can effectively complement the governance of corporate accountability.

To understand the effects of media coverage of ESG controversies on the quality and quantity of ESG reporting by Polish companies, we use panel regression analysis on firm-level data covering the period from 2017 to 2022. The year 2017 marked the first year when reporting on environmental, social, and governance (ESG) aspects became mandatory for big companies under the NFRD implementation. In January 2023, Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) replaced Directive 2014/95/EU (NFRD). We collect data on ESG reputational events from the RepRisk Database. Information on the quality and quantity of ESG reporting is obtained through an in-depth manual text analysis of non-financial reports issued by companies listed on the Warsaw Stock Exchange. Several indices capturing the quantity and quality of ESG reporting are computed using the data from this text analysis. Key control variables are gathered from Bloomberg and the EMIS database. As a result, the final dataset is unique.

Taking into account the existing body of research on non-financial reporting, we contend that our findings offer incremental insights into the potential consequences of reputational events tied to ESG issues. Specifically, we expand on the understanding of multi-actor power dynamics surrounding reporting practices. This study contributes to existing knowledge by evidencing, that media, next to regulation, standardisation and corporate governance, are important element in the system of providing proper incentives, regulation, and control to enhance corporate transparency and accountability related to ESG issues in a country with a relatively weak regulatory ESG reporting environment.

2. Literature review

2.1. Corporate reputation and non-financial reporting – signalling theory perspective

Company's value is created and traded within a set of relationships among groups that have a stake in the activities that make up the business, these groups are known as stakeholders (Freeman et al., 2010). Stakeholders can gain or lose from a business's outcomes due to their stake in it. Therefore, they continuously evaluate the company's actions and events, adjusting their cognitive, attitudinal, and behavioural responses accordingly (Arikan et al., 2016; Perrini & Tencati, 2006). These responses, in turn, influence the strategic position and the market performance of companies in the highly competitive marketplace. Moreover, the survival, positioning, and growth of companies are highly dependent on corporate legitimacy - a social judgment of acceptance, appropriateness, and desirability (Zimmerman & Zeitz, 2002). As a result, companies are increasingly willing to commit to meeting societal expectations and achieving legitimacy (Chauvey et al., 2015; Ellerup Nielsen & Thomsen, 2018; Haniffa & Cooke, 2005). Information is a key input in the process of evaluating a company by stakeholders and general public. Based on publicly available information regarding corporate activities, stakeholders and public construct a company's reputation (Fombrun and Shanley, 1990). Today more than ever investors, customers, employees, the public sector, suppliers and partners, local communities and general public—despite having diverse priorities and relationships with the company—share a common interest in information about whether the company's environmental and social impacts are managed effectively and ethically (Khamisu et al., 2024; Tsang et al., 2023). However, information asymmetry between companies and stakeholders in ESG aspects of corporate activity exists because of inconsistent reporting standards, selective disclosures, gaps in data, and the limited verification of ESG disclosure (Dye et al., 2021)(Marquis et al., 2016)(Roszkowska-Menkes et al., 2024) (Gipper et al., 2022). While corporate commitments to sustainability and ethical practices may often be difficult to observe directly, these factors have increasingly emerged as critical components influencing corporate reputation (Gomez-Trujillo et al., 2020). Corporate reputation is conceptualized as an aggregate provision about the corporate based on the evaluation of the effects of financial, social, and environmental aspects of the corporate over a period of time (Barnett et al. 2006). It is a perceptual representation of a company’s past actions and future prospects that describe the firm’s overall appeal to all its key constituents when compared to other leading rivals (C. J. Fombrun, 1996). Reputation enables stakeholders, who often operate with imperfect information, to evaluate a company’s capabilities and reliability (Reuber & Fischer, 2005; Schnietz & Epstein, 2005). Consequently, reputation can mitigate the limitations of expensive monitoring and contractual mechanisms, thereby strengthening stakeholder relationships (Crane, 2020; T. Islam et al., 2021). Importantly, reputation is built on a company's history and serves as a signal of the difficulty to imitate company’s past interactions with stakeholders (Castriota & Delmastro, 2012; Schnietz & Epstein, 2005). Indeed, (Stiglitz, 2000) indicates that in markets inherently characterized by information imperfections ‘mechanisms like reputation—which played no role at all in traditional competitive theory—are central (Stiglitz, 2000). As such corporate reputation has been identified as one of the most important intangible resources that provide a firm sustainable competitive advantage and foster financial performance (Dolphin, 2004; S. Kim et al., 2021; Miller et al., 2020; Rehman et al., 2020).

Both reputation and legitimacy reflect how an organization is assessed by society. However, while legitimacy arises from an organization’s adherence to social norms, reputation is formed through comparisons among organizations based on various attributes (Deephouse & Carter, 2005). In addition, the corporate reputation results from “a competitive process in which firms signal their key characteristics to constituents” (Spence, 1978; Fombrun and Shanley 1990, p. 234). In the presence of information asymmetry regarding ESG issues between a company, its stakeholders, and the general public, companies signal their commitment to sustainability and ethics to differentiate themselves from competitors and enhance their corporate reputation (Brammer & Pavelin, 2004; Del Gesso & Lodhi, 2024). Signals can take various forms, but signalling theory identifies three key characteristics: observability, credibility, and the costliness of imitation (Spence, 1978; Ross, 1977; Conelly et al. 2011). Signals exhibiting these attributes can reduce information asymmetry by conveying latent or unobservable qualities, such as a company's sustainability efforts and ethical conduct.

A prominent way for a company to signal its outstanding adherence to stakeholder and public expectations regarding sustainable and responsible practices is the publication of a corporate report dedicated to non-financial aspects of company’s activity (Axjonow et al., 2018; Gomez-Trujillo et al., 2020; Y. Yang et al., 2021). Non-financial reports (or the relevant sections in the annual report) contain a broad range of qualitative and quantitative, but not necessarily monetary, information (Christensen et al., 2021). Despite the variety of formats in which such reports can be delivered to stakeholders—such as annual reports, integrated reports, corporate responsibility reports, sustainability reports, and ESG reports (Stolowy & Paugam, 2018)—non-financial reporting differs significantly from other channels of distributing ESG-related information, including press conferences, corporate websites, and social media in that it provides a more comprehensive, structured and detailed account of a company's ESG performance. Accordingly, corporate non-financial reports are observable signals of corporate sustainability. Existing standards and regulations—including the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC) as well as the NFRD and CSRD—guide companies in selecting topics to disclose, determining key metrics and their calculation methods, and specifying where and how the information should be presented. Adhering to these standards enhances the observability of various dimensions of corporate commitment to sustainability. Nevertheless, companies still have significantly more discretion in reporting non-financial information compared to financial information and a substantial portion of non-financial disclosures represents voluntary reporting on ESG aspects (Kimbrough et al., 2024; Christensen et al., 2021),

Sustainability reporting is expensive: reports can require significant financial and human resources due to data collection, analysis, third-party verification, and alignment with evolving regulations (Berger & Hann, 2007; Christensen et al., 2021). Companies may also face direct costs for consultants, internal audits, and external assurance processes (Whelan et al., 2022). Thus issuing a non-financial report is a costly signal. In addition, firms adopting non-financial reporting standards often must implement changes to their practices, policies, and organizational structures to achieve compliance. Consequently, imitation necessitates substantial managerial commitment and resource investment (H. S. Brown et al., 2009). Therefore, imitating non-financial reporting is difficult, particularly when firms adhere to one of the various standardized reporting frameworks designed to mitigate the risk of dishonest signalling (Friske et al., 2023).

Environmental accounting frameworks, though essential for tracking resource usage and emissions, are selective by nature and can obscure the full extent of environmental and social harm (Lohmann, 2009; Tweedie, 2024). In addition, doubts about the credibility of non-financial reports arise because companies have incentives to present self-serving and less reliable information regarding their impact on environment, society and corporate governance (L. Chen et al., 2011; Muslu et al., 2019). Self-serving, unsubstantiated, and misleading non-financial reporting practices—known as greenwashing—undermine the reliability of corporate reports as indicators of authentic approach to sustainability (Khan et al., 2021). Greenwashing causes skepticism, uncertainty, and confusion among stakeholders leading to decline in trust and reputation (Y.-S. Chen & Chang, 2013; Keilmann & Koch, 2024; Torelli et al., 2020) Consequently, a major drawback of non-financial reporting in signalling corporate commitment to sustainability is the uncertainty surrounding its credibility. Knowing that, companies invest further in signalling their commitment to sustainability by adhering to recognised standards of non-financial reports or seeking independent assurance of their non-financial reports (Cohen and Simnet, 2015; Clarkson et al. 2019).

Greenwashing poses a significant problem for stakeholders and the general public, as it creates false perceptions and can lead victims to take actions that ultimately harm their interests (Kurpierz & Smith, 2020). As a result, stakeholders aware of the potential for greenwashing look for signals of the company's environmental commitments from independent sources outside the company. Among alternative sources of information on companies' environmental, social and governance practices and outcomes there are nongovernmental organizations (NGOs) as well as media(Berrone et al., 2017; Guay et al., 2004; Xue et al., 2023; Garcia-Sanchez et al. 2014). environmental NGOs help point out and amplify the inconsistency between a firm's environmental claims and its emissions (Berrone et al. 2017)

2.2. Media, ESG controversies and corporate reputations

Companies determine the quantity and quality of their non-financial disclosures based on what they deem suitable and value-relevant—guided by non-financial reporting standards. While media coverage often reflects broader societal interests. Media agenda-setting theory posits that there is an association between the degree of importance of the topic to the community and the relative importance of that topic in the media (N. Brown & Deegan, 1998). This theory suggests a bidirectional dynamic wherein media significantly influences public perceptions by determining which issues are prioritized in public discourse(Wu & Coleman, 2009). Furthermore, agenda-setting theory emphasizes that the media can influence what people think about, rather than what to think (Mccombs & Valenzuela, 2007;McCombs, 2005). In this vein Lock (2024) found that firm-specific news media coverage affects corporate voluntary financial disclosure by directing investor attention toward firms and increasing investor demand for firm financial information.

In the recent decades media have significantly contributed to bringing sustainability-related issues to the forefront of public attention (Liu et al., 2011; Danner et al., 2022). Media are particularly interested in uncovering practices or events that are unethical or harmful to public goods, hoping to prompt action from the government or civil society (Li et al., 2017). Importantly, scandals attract greater attention from the public than positive news (Arango-Kure et al., 2014). Therefore, media are likely to expose ESG controversies, directing public focus toward corporate failures to deliver sustainable and ethical outcomes. Additionally, pervasive negativity bias weights negative assessments more heavily than neutral or positive assessments (Miller et al., 2020). From this perspective, corporate non-financial reports, which often highlight positive aspects of business activities, may be perceived as inconsistent, irrelevant, or as obscuring a company's actual approach to sustainability. Additionally, the public tends to place greater trust in information reported by the media as a third party than in disclosures made by enterprises themselves (Groza et al., 2011; Zingales, 2000). Consequently, when the media uncovers actions or events perceived by stakeholders as unethical or irresponsible, a company's reputation may suffer significant damage (Kölbel et al., 2017; C. Fombrun & Shanley, 1990). Thereby media constitute a reputation-relevant counter-accounting approach to narrative around corporate ESG policies and performance. Investors routinely proactively gather information from the media to inform their investment decisions (McGurk et al., 2020; Tetlock, 2007). The information sphere thus emerges as a battleground, where corporate narratives are contested, and the company's ability to maintain credibility and shareholder and other stakeholder confidence is put to the test.

Poland was one of the countries that opposed implementation of the Directive 2014/95/EU aimed at enhancing non-financial reporting at European-wide level. The Polish government favoured soft recommendations or guidelines than an introduction of changes in the accounting law (Szewc and Abec, 2015). The Directive was implemented at the minimum level by incorporating its requirements into the Act on Accounting in December 2016 (Accounting Act, 2016). Nevertheless, the implementation improved non-financial disclosure by Polish companies between 2015 and 2017, particularly in human rights and anti-corruption, with the greatest impact on firms with previously low NFD levels, leading to greater homogeneity across industries (Matuszak & Różańska, 2021). Also the number of reporting companies has increased, as only a few companies had reported prior to legislation (Aluchna, Roszkowska-Menkes, et al., 2018). However, it is stressed, that although laws and regulations have been the most important factors in promoting the quality of non-financial disclosure in Poland, other factors, such as the involvement of auditing firms or voluntary adoption of GRI standards, are also relevant (Dumitru et al., 2017). The role of factors beyond regulation and standardization in promoting non-financial transparency remains under-researched in the Polish context. While this context is significant globally, offering insights into the process of rapid development of market institutions following the socialist period (Sahakiants et al., 2024). The process is not always smooth. For instance, Cho et al. (2021) find that while U.S. companies exhibit more advanced non-financial practices and disclosures, they do not tend to impose these practices on their Polish subsidiaries , suggesting that direct foreign involvement by developed countries does not automatically enhance non-financial reporting in Poland. Therefore, examining how media coverage of ESG controversies involving Polish companies contributes to the maturation of market institutions is crucial for understanding the role of democratic mechanisms in this process.

Companies are fundamentally concerned with minimizing the negative impact on their reputation following corporate crises and scandals (Coombs, 2007). In this regard, voluntarily disclosing information to address the controversies is often recommended as a suitable and effective strategy for managing reputational crises (Deegan, 2002). However, the ultimate goal of increasing voluntary ESG-related disclosures, as reflected in the quantity and quality of the information provided in non-financial reports, has not been thoroughly explored.

The first potential reaction is for companies to defend their reputation by sending a stronger and unambiguous signal of commitment to sustainability. This can be a value-adding strategy as there is an evidence on corporate responsibility leading to improved firm value for highly-visible firms experiencing ESG controversies (Aouadi & Marsat, 2018). Accordingly, Menicacci and Simoni (2024) evidence, that firms exposed to negative media coverage of ESG issues show lower tax avoidance while Jia et al. (2016) show that negative media coverage effectively disciplines pollution of listed Chinese firms. In terms of non-financial reporting a strong and unambiguous signal could be by taking a substantive approach to disclosure expressed by an increased quality of non-financial report. Quality disclosures provide investors and other stakeholders with meaningful and credible insights into the company's social and environmental performance (Romolini et al., 2014). High-quality disclosure can serve as a strategic signal, indicating that the company has no additional controversies hidden from public view. Improved quality of non-financial report could provide added value for stakeholders and, as a result, help rebuild lost trust. Moalla and Dammak (2023) show that the higher is the ESG controversy score by firms, the more they commit to high auditing quality leading to the disclose more transparent ESG information. Therefore we hypothesize that:

Hypothesis 1: Media coverage of ESG controversies positively influences the quality of non-financial disclosure by the companies involved

The second potential reaction is that companies may take a symbolic approach to ESG disclosure through augmenting voluntary ESG disclosure, however providing with information that is of not higher quality. Although stakeholders can make use out of augmented volume of disclosure (Kimbrough et al., 2024) non-binding expressing of commitment to sustainability following unsustainable outcomes is a well-known tactic of impression management (García-Sánchez & Araújo-Bernardo, 2020). Patten

(2002) and Clarkson et al. (2008) similarly maintain that poorly performing firms are looking to explain or contextualize their poor performance by disclosing more company information in order to restore the image of the firm. Revelation of poor performance by media adds additional incentive for impression management – it is evidences, that firms with higher levels of media coverage are more likely to engage in CSR report impression management (Zhang and Chen, 2020). In the aftermath of major corporate scandals many firms try to offset the negativity linked to an incident by rendering such explanations amidst abundance of positive information (Rudkin et al., 2019). This necessitates increasing the amount of non-financial information disclosed. An in-depth cased study by Islam and Deegan (2010) also confirms, that corporations react to social and environmental issues attracting the greatest amount of negative media attention by providing more positive social and environmental disclosures. Thus a symbolic approach to disclosure can be expressed in increase in quantity of non-financial information that is not accompanied with a quality of disclosure. Quantity involves the sheer amount of non-financial information presented in the report (Zarzycka & Krasodomska, 2022). Therefore we hypothesize that:

Hypothesis 2: Media coverage of ESG controversies positively influences the quantity of non-financial disclosure by the companies involved

Another possibility is that companies may adopt a defensive strategy toward non-financial reporting following a scandal. A "nothing really happened" communication approach can drive value, as improved disclosure after a scandal may be perceived as hypocrisy. Research shows that promoting desirable traits like transparency tends to evoke greater skepticism from stakeholders when a company already has a poor reputation or is embroiled in a scandal(Morsing & Schultz, 2006). Hypocrisy leads to stakeholder punishment. For example, Janney and Gove (2011) demonstrate that firms with strong CSR reputations in corporate governance faced harsher negative market reactions to stock option backdating scandals. As a result, companies involved in ESG controversies may choose a cautious approach, avoiding improvements in the quality or quantity of disclosures. Corazza et al. (2020) analyzing Costa Crociere's reporting after the Costa Concordia catastrophe, show that the company suspended voluntary sustainability reporting to reshape perceptions by erasing memories of the tragic, avoidable sinking. Similarly, D'Amore et al. (2024) argue that ESG controversies prompt independent directors to scale back environmental disclosures, particularly within highly visible companies. Furthermore, any improvements in ESG reporting introduced due to external pressures must be maintained. Frequent changes in communication strategies can result in inconsistent messaging, which in turn can harm an organization's reputation (Kuipers & Schonheit, 2022). Abandoning such improvements may be perceived as corporate hypocrisy (Zhao et al., 2020). In addition, inconsistent communication risks eroding stakeholder trust, since investors and other stakeholders depend on reliable and consistent ESG data for their analyses (Fieseler, 2011). By contrast, a stable communication strategy facilitates a coherent narrative and effectively engages stakeholders (Scandelius & Cohen, 2016). Consequently, companies that benefit from not disclosing ESG information are unlikely to respond to negative media coverage by enhancing either the quality or the quantity of their ESG disclosures. In this vein, we hypothesize:

Hypothesis 3: Media coverage of ESG controversies has no effect of the quantity neither on quality of non-financial disclosure by the companies involved.

3. Methodology

Methodology and Data

Panel data, also known as longitudinal data, are a combination of cross-sectional data and time series (Hsiao, 2005). The data represent a collection of information based on a set of statistical units that can be represented by individuals, companies, countries, or institutions during a specific time period. In fact, each unit is repeated in different periods to provide time variation and the difference between occurrences.

Panel analysis reduces bias and improves accuracy by controlling for unobserved heterogeneity at the individual level, better isolating the effect of variables of interest (Wooldridge, 2002, 245-254.). It is more efficient than cross-section or time series approaches because it provides more information and increases sample size. It allows for the identification of causal relationships by controlling for individual characteristics that are constant over time (Ahn & Schmidt, 1997). It captures temporal changes, useful for understanding the dynamics of phenomena such as income or health status (Han, Orea, Schmidt, 2005). It also allows for the analysis of effects at the individual level, facilitating the understanding of differences between individuals in response to political or economic changes.

In this specific case, the focus is on a sample initially composed of almost 700 observations, specific to 160 companies, which constitute almost 40% of companies listen in Warsaw Stock Exchange main market. The sample is a mix of small, medium and large companies from different sectors. The companies were selected based on the availability of data mainly from RepRisk database.

The information is obtained from EMIS, corporate websites, annual reports, and GPW. The RepRisk Database provides information related to reputational risks.

A key methodological contribution of this study is the in-depth manual textual analysis of non-financial reports published by companies listed on the Warsaw Stock Exchange, which serves as the basis for assessing the quality and quantity of ESG reporting. This analysis could not be conducted using AI tools, as the reports contain both textual and graphical elements whose interpretive value in the ESG context depends heavily on nuanced, context-specific judgments—necessitating expert human evaluation. All reports analyzed are in Polish. The data extracted through this process were used to construct a set of indices capturing ESG disclosure quality and quantity, developed on the basis of an extensive review of the relevant literature..

Specifically, the first model – the fixed effects model – can analyze data while keeping time periods and subjects constant (capturing variability between subjects). In contrast, the random effects model captures variability between periods and subjects.

Considering the data and having verified the Hausman test, a random effects model was chosen.

4. Data and variables

4.1. Negative media coverage measurement

Data on negative media coverage were obtained from the RepRisk database, which systematically records and categorizes corporate reputational risks. The following variables were employed to capture the characteristics of ESG-related controversies:

- Number of incidents – the annual count of distinct negative events involving a given company that received media coverage.
- Reach – a categorical measure indicating whether media coverage of the event reached a limited (local) or broad (national or international) audience.
- Novelty – a binary variable distinguishing between events reported for the first time and those already known to the public through prior media coverage.
- Severity – an assessment of whether the event constitutes a major scandal or a relatively minor incident.
- Number of countries affected – the count of countries directly implicated or impacted by the reported event.
- International scope – a binary measure indicating whether the event had exclusively domestic relevance (Poland) or an international dimension.

4.2. ESG disclosure quantity and quality measurement

The measurement of ESG disclosure quality and quantity needs to take into consideration the specificity of the studied environment (Omair Alotaibi & Hussainey, 2016). To understand the effects of media coverage of ESG controversies on the quality and quantity of ESG reporting by Polish companies, we use panel regression analysis on firm-level data covering the period from 2017 to 2022. The year 2017 marked the first year when reporting on environmental, social, and governance (ESG) aspects became mandatory under the NFRD implementation. This requirement applied to companies of significant public relevance with more than 500 employees, including local companies based in the EU and foreign companies listed on EU stock markets with a balance sheet total of at least €20 million or a net turnover of at least €40 million. In January 2023, Directive (EU) 2022/2464 on corporate sustainability reporting

(CSRD) replaced Directive 2014/95/EU (NFRD), introducing enhanced requirements for corporate sustainability reporting. Therefore, the study period represents a time of a consistent regulatory framework. In Poland non-financial information can be disclosed as a stand-alone report or as a section of annual reports (Szadziewska et al., 2018). Therefore, in order to gather the data on non-financial reporting both annual as well as stand-alone non-financial reports are taken into consideration.

We employ manual content analysis to gather the data. There is a risk of considerable researcher judgment involved in the process of coding disclosure scores (Schwoy et al., 2024). Taking this into account we decided to build disclosure quality and quantity metrics that are based on objective pieces of information included in the reports. We measure the quantity of ESG disclosure in two ways: focusing on occurrences (presence/absence of a ESG disclosure item in corporate reports) and on abundance of ESG information (ESG disclosure volume). Disclosure occurrence counts the number of items in a checklist or disclosure index with at least some disclosure while disclosure abundance counts the amount of disclosure (D'Amore et al., 2024; Joseph & Taplin, 2011; Cordazzo et al., 2020). Both disclosure abundance and disclosure occurrence begin with a checklist of disclosure items. Disclosures not covered by this list are ignored under both measurement approaches. We develop the checklist based on the regulation related to non-financial reporting and the prevailing non-financial disclosure standards, including the Polish SIN (Non-Financial Information Standard), promoted by the Warsaw Stock Exchange, playing an important role in guiding companies on the environmental, social, and governance information that should be disclosed (Fijałkowska & Macuda, 2019).

Our checklist allows for the classification of ESG information into two levels of categories (Table 1)(Cordazzo et al., 2020). The first level contains three categories, where firms disclose information on Environment, Society and Governance. The second level includes the categories relative to the first level, where firms provide information by applying the accounting law, GRI Sustainability Reporting Guidelines and/or Polish SIN.

Table 1. The analytical framework

Firts-level categories (3)	Second-level categories (25)
Environmental issues	Materials
	Energy
	Water
	Biodiversity
	Emissions
	Effluents and waste
	Product and services

	Environmental compliance
	Transports
	Supplier environmental assessment
Social issues	Employment
	Labour/management relations
	Occupational health and safety
	Training and education
	Diversity and equal opportunity
	Labour practices grievance mechanisms
	Human rights
	Freedom of association and collective bargaining
	Local communities and charity activity
	Grievance mechanisms for impacts on society
	Customer health and safety
Governance	Governance
	Ethics and integrity
	Anti-competitive behaviour and anticorruption
	Stakeholder engagement

The volume of ESG-related information is measured in both unscaled and ways scaled. The unscaled measurement is based on the number of pages in the corporate report dedicated to the topics listed in Table 1.

$$ESG\ DI_{number\ of\ pages\ jt} = \sum_{j=1}^{n} N_j$$

N_j – number of pages dedicated to j-category of second level

To measure ESG-related disclosure in a scaled manner, several indexes have been developed. The ESG occurrence is measured with Disclosure Index Items (ESGDI Items) is calculated by counting the number (percentage) of the second-level categories disclosed by an individual firm to the total number of the second-level categories as follows:

$$ESG\ DI_{Items\ jt} = \sum_{i=1}^{n} \frac{d_j}{N}$$

dj = 1 if firm discloses the second-level category j at the end of year t; 0 otherwise; N = 25, the total amount of the second-level categories.

The disclosure items indexes (measuring occurrence) were created also separately for environmental, social and governance issues, as follows:

$$E_{Items\ jt} = \sum_{i=1}^{n} \frac{dE_j}{N}$$

Where: dE_j =1 if the firm discloses the second-level category related to Environmental categories at the end of year t; N = 25, the total amount of the second-level categories.

$$S_{Items\ jt} = \sum_{i=1}^{n} \frac{dS_j}{N}$$

Where: dS_j =1 if the firm discloses the second-level category related to Social categories at the end of year t; N = 25, the total amount of the second-level categories.

$$G_{Items\ jt} = \sum_{i=1}^{n} \frac{dG_j}{N}$$

Where: dG_j =1 if the firm discloses the second-level category related to Governance categories at the end of year t; N = 25, the total amount of the second-level categories.

The abundance of ESG (Environmental, Social, and Governance) information is measured by the number of pages dedicated to all second-level ESG items in relation to the total number of pages in the reports where non-financial information is disclosed. This can include the total number of pages in the annual report if non-financial information is a section within it, or the combined number of pages of the non-financial report and the annual report if non-financial information is disclosed separately, as follows:

$$ESG\ DI_{Abundance\ jt} = \sum_{i=1}^{n} \frac{p_{ESG}}{NP}$$

p_{ESG}= number of pages dedicated to second-level ESG categories at the end of year t; NP = number of pages of annual report or sum of number of pages of annual report and non-financial report.

This abundance indexes were created also separately for environmental, social and governance issues, as follows

$$E\ DI_{Abundance\ jt} = \sum_{i=1}^{n} \frac{p_E}{NP}$$

p_E= number of pages dedicated to second-level Environmental categories at the end of year t; NP = number of pages of annual report or sum of number of pages of annual report and non-financial report.

$$S\ DI_{Abundance\ jt} = \sum_{i=1}^{n} \frac{p_S}{NP}$$

p_S= number of pages dedicated to second-level Social categories at the end of year t; NP = number of pages of annual report or sum of number of pages of annual report and non-financial report.

$$G\ DI_{Abundance\ jt} = \sum_{i=1}^{n} \frac{p_G}{NP}$$

p_G= number of pages dedicated to second-level Governance categories at the end of year t; NP = number of pages of annual report or sum of number of pages of annual report and non-financial report.

Measuring quality of non-financial disclosure is subjective and varies across studies. Common qualitative characteristics include relevance, reliability, comparability, and credibility (Baalouch et al., 2019)

Finally, the index of ESG disclosure quality was calculated. The quality of ESG disclosure is multidimensional. Most important dimensions include:

a) Relevance
b) Verifiability
c) Clarity
d) Comparability
e) comprehensiveness

We approximated relevance by checking whether stakeholder importance matrix was disclosed in the report (1 if reported, 0 otherwise)[1].

[1] Schröder, P. (2022). Mandatory non-financial reporting in the banking industry: assessing reporting quality and determinants. *Cogent Business & Management*, *9*(1), 2073628.

We measured verifiability by checking, whether report issued at a given year was audited or not (1 if audited, 0 otherwise).

Clarity and comparability are improved if the report follows an established standard. We measured clarity and comparability by checking the level of compliance with GRI standard (the most popular in Poland): 1 if the report is "in accordance" with a standard (which means adopting to all GRI requirements), 0,5 if a report is "with reference" to standard (which means that some standard requirements are not met) and 0 if the report is neither "in accordance" nor "with reference" to GRI standards.

We measure comprehensiveness of a report by ESGDI Items index. Our final ESG quality index formula is as follows:

$$ESG\ DI_{quality} = 0{,}25 * Relevance + 0{,}25 * Verifability + 0{,}25 * Clarity\ and\ comparability + 0{,}25 * Comprehensiveness$$

4.3. Control variables:

The control variables, that include:

Sales: value of sales

Total assets: value of total assets

D/E: Debt to equity ratio

Firm age: number of years from date of firm establishing to the year of observation

Family: whether the company is a family (based on Warsaw Stock Exchange classification of family and non-family businesses) (binary variable)

MB size: number of directors in managing board

SB size: number of directors in supervisory board

Environmentalsensitivity: whether the company operates in a sector that is known as a polluter (based on the literature) (binary variable) (Brammer & Pavelin, 2008)

Consumerproximity: whether the company operates in a sector that sales directly to individual customers (based on the literature) (binary variable) (Brammer & Pavelin, 2008)

4.4. Results

The entire dataset was used for the analysis. No observations were excluded as outliers, as the variation in the amount of information reported by companies was intentional rather than accidental. Specifically, some companies reported very limited information, while others reported extensively, and this variation was part of the study design. Similarly, the data on reputational risk were retained in their entirety and not treated as outliers. Some observations were excluded due to low sales levels, which resulted in negative values for the natural logarithm of sales.

Table 1. The first model: result for ESG Disclosure quantity (Number of pages dedicated to ESG issues) as a dependent variable ($ESG\ DI_{number\ of\ pages\ jt}$)

	Coefficiente	*Errore Std.*	*rapporto t*	*p-value*	
const	19,1218	5,50432	3,474	0,0006	***
MBsize	0,195187	0,294611	0,6625	0,5080	
SBsize	−0,254286	0,317593	−0,8007	0,4238	
Consumerproximity	−3,58496	12,8184	−0,2797	0,7799	
Severity	−5,74118	2,19112	−2,620	0,0091	***
Reach	1,42022	2,07057	0,6859	0,4931	
Novelty	3,28859	2,06795	1,590	0,1125	
Numebrofincidentsinayear	2,17360	0,422756	5,141	<0,0001	***
Sales	8,51733e-06	8,31080e-05	0,1025	0,9184	
Totalassets	0,000430446	5,45230e-05	7,895	<0,0001	***
DE	0,00242604	0,00584849	0,4148	0,6785	
Firmage	−0,0847453	0,0667580	−1,269	0,2050	

Mean dependent variable	**26.85566**	**Std. dev. dependent variable**	**23.89787**
Sum of squared residuals	54,897.23	Std. error of regression	11.13200
R-squared (LSDV)	0.837354	Within R-squared	0.302082
LSDV F(148, 443)	15.41013	P-value (F)	1.1e-110
Log-likelihood	−2180.806	Akaike criterion	4659.612
Schwarz criterion	5312.755	Hannan–Quinn	4914.020
rho	0.186082	Durbin–Watson	1.093139

Joint test on regressors –

Test statistic: F(11, 443) = 17.4313

with p-value = P(F(11, 443) > 17.4313) = 8.77509e-29

Test for the difference in group intercepts –

Null hypothesis: the groups have a common intercept

Test statistic: F(136, 443) = 7.49433

with p-value = P(F(136, 443) > 7.49433) = 2.16703e-59

Table 2. The second model: result for ESG Disclosure quantity (abundance) as a dependent variable

	Coefficiente	*Errore Std.*	*z*	*p-value*	
const	0,157739	0,0180965	8,717	<0,0001	***
MBsize	−0,00174216	0,00132408	−1,316	0,1883	
SBsize	−0,000374930	0,00143053	−0,2621	0,7933	
Consumerproximity	0,0210077	0,0195465	1,075	0,2825	
Environmentalsensitivity	0,0325523	0,0191722	1,698	0,0895	*
Severity	−0,0149535	0,00980151	−1,526	0,1271	
Reach	−0,00122409	0,00929439	−0,1317	0,8952	
Novelty	0,0173511	0,00937617	1,851	0,0642	*
Numebrofincidentsinayear	0,00223816	0,00188760	1,186	0,2357	
Sales	−1,72556e-07	3,09449e-07	−0,5576	0,5771	
Totalassets	4,06752e-07	1,39618e-07	2,913	0,0036	***
DE	3,99523e-06	2,66602e-05	0,1499	0,8809	
Firmage	−0,000592458	0,000302547	−1,958	0,0502	*

Mean dependent variable	**0.179159**	**Std. dev. dependent variable**	**0.102607**

Sum of squared residuals	6.127436	Std. error of regression	0.102784
Log-likelihood	512.9245	Akaike criterion	−999.8491
Schwarz criterion	−942.8635	Hannan–Quinn	−977.6524
rho	0.026084	Durbin–Watson	1.282324

Between variance = 0.00961089

Within variance = 0.00261518

Mean theta = 0.725788

Joint test on regressors –

Asymptotic test statistic: Chi-squared(12) = 32.0156

with p-value = 0.00137615

Breusch–Pagan test –

Null hypothesis: variance of the unit-specific error = 0

Asymptotic test statistic: Chi-squared(1) = 531.118

with p-value = 1.61348e-117

Hausman test –

Null hypothesis: GLS estimates are consistent

Asymptotic test statistic: Chi-squared(11) = 9.57716

with p-value = 0.568774

Table 3: Model 3: results for ESG disclosure quantity (Items) as a dependent variable

	Coefficiente	*Errore Std.*	*z*	*p-value*	
const	0,355149	0,0406769	8,731	<0,0001	***
MBsize	0,00155014	0,00257632	0,6017	0,5474	
SBsize	−0,00221349	0,00278213	−0,7956	0,4263	
Consumerproximity	0,0427435	0,0450860	0,9480	0,3431	
Environmentalsensitivity	0,107262	0,0452767	2,369	0,0178	**
Severity	−0,00923453	0,0190487	−0,4848	0,6278	
Reach	0,0105810	0,0180574	0,5860	0,5579	

Novelty	0,0101309	0,0181903	0,5569	0,5776	
Numebrofincidents inayear	0,00285753	0,00368134	0,7762	0,4376	
Sales	−5,88404e-07	6,26830e-07	−0,9387	0,3479	
Totalassets	1,29470e-06	3,08591e-07	4,196	<0,0001	***
DE	2,01275e-05	5,16555e-05	0,3896	0,6968	
Firmage	−0,00219548	0,000587222	−3,739	0,0002	***

Mean dependent variable	**0.440068**	**Std. dev. dependent variable**	**0.253266**
Sum of squared residuals	34.75681	Std. error of regression	0.244797
Log-likelihood	−0.812779	Akaike criterion	27.62556
Schwarz criterion	84.61114	Hannan–Quinn	49.82221
rho	0.153114	Durbin–Watson	1.048177

Between variance = 0.0562973

Within variance = 0.00984164

Mean theta = 0.775969

Joint test on regressors –

Asymptotic test statistic: Chi-squared(12) = 54.0486

with p-value = 2.67854e-07

Breusch–Pagan test –

Null hypothesis: variance of the unit-specific error = 0

Asymptotic test statistic: Chi-squared(1) = 735.512

with p-value = 5.6697e-162

Hausman test –

Null hypothesis: GLS estimates are consistent

Asymptotic test statistic: Chi-squared(11) = 5.47112

with p-value = 0.906226

Model 4 presents results for ESG disclosure quality as dependent variable

	Coefficiente	*Errore Std.*	*rapporto t*	*p-value*	
const	0,226935	0,0575350	3,944	<0,0001	***
MBsize	0,00136788	0,00307948	0,4442	0,6571	
SBsize	−0,00484977	0,00331970	−1,461	0,1448	
Consumerproximity	−0,00949554	0,133987	−0,07087	0,9435	
Severity	−0,0728957	0,0229031	−3,183	0,0016	***
Reach	0,0373413	0,0216430	1,725	0,0852	*
Novelty	0,0256683	0,0216157	1,187	0,2357	
Numebrofincidentsinayear	0,00681435	0,00441894	1,542	0,1238	
Sales	−2,08776e-06	8,68704e-07	−2,403	0,0167	**
Totalassets	3,10638e-06	5,69913e-07	5,451	<0,0001	***
DE	−8,14837e-05	6,11326e-05	−1,333	0,1832	
Firmage	−0,000687648	0,000697802	−0,9854	0,3249	

Mean dependent variable	**0.250431**	**Std. dev. dependent variable**	**0.253625**
Sum of squared residuals	5.998020	Std. error of regression	0.116360
R-squared (LSDV)	0.842226	Within R-squared	0.111775
LSDV F(148, 443)	15.97844	P-value (F)	2.0e-113
Log-likelihood	519.2432	Akaike criterion	−740.4865
Schwarz criterion	−87.34397	Hannan–Quinn	−486.0786
rho	0.256904	Durbin–Watson	1.107194

Joint test on regressors –

Test statistic: $F(11, 443) = 5.06798$

with p-value = $P(F(11, 443) > 5.06798) = 1.76844e\text{-}07$

Test for the difference in group intercepts –

Null hypothesis: the groups have a common intercept

Test statistic: $F(136, 443) = 12.6659$

with p-value = $P(F(136, 443) > 12.6659) = 2.36797e\text{-}93$

5. Discussion and conclusion

This study examined the relationship between media coverage of ESG-related controversies and the quality and quantity of non-financial disclosures by companies listed on the Warsaw Stock Exchange, with particular attention to the context of a transition economy with relatively weak ESG reporting regulation. Drawing upon signalling theory, media agenda-setting theory, and the critical accounting perspective, we investigated whether negative media attention functions as a catalyst for substantive or symbolic changes in corporate ESG reporting, or whether it prompts no significant change at all.

The empirical results offer a nuanced picture. Across the models estimating disclosure quantity (measured in terms of the number of pages, disclosure abundance, and disclosure items), media-related variables displayed limited and inconsistent influence. The number of incidents in a given year positively and significantly affected the total number of pages devoted to ESG topics, suggesting that heightened reputational pressure may motivate firms to expand the breadth of their non-financial reporting. This aligns with the symbolic disclosure hypothesis (Hypothesis 2), where quantity increases serve as a visible but potentially low-cost means of addressing stakeholder concerns in the wake of controversy. However, the magnitude of these effects is modest, and other media-related characteristics—such as the severity, novelty, and reach of controversies—were largely insignificant in driving quantity-related measures.

In contrast, the analysis of disclosure quality yielded a different pattern. Severity of the controversy was negatively and significantly associated with ESG disclosure quality, implying that more serious reputational events may deter firms from engaging in substantive improvements to their reporting. This finding resonates with the "defensive" strategy outlined in Hypothesis 3, whereby firms may perceive enhanced disclosure after a major scandal as risky, potentially attracting further scrutiny or accusations of hypocrisy. The only media variable marginally positively related to quality was the reach of coverage, suggesting that when controversies are widely disseminated, some firms may make limited efforts to improve reporting credibility.

Firm-specific characteristics played a more consistent role in shaping ESG reporting practices. Larger asset bases were strongly and positively associated with all three quantity measures and with quality, indicating that resource availability remains a decisive enabler of both symbolic and substantive reporting. Firm age showed a negative association with certain quantity measures, possibly reflecting a lower propensity for older firms to adapt reporting practices in response to external pressures.

Taken together, the findings indicate that, in the Polish context, media exposure to ESG controversies appears more likely to elicit symbolic responses—expanded disclosure volume—than substantive enhancements to disclosure quality. The divergence between the effects on quantity and quality underscores the persistence of impression management in corporate ESG communication strategies, particularly in environments where regulatory enforcement is minimal and reporting discretion remains high.

From a theoretical standpoint, these results refine our understanding of media's role within the multi-actor governance system of corporate accountability. While media coverage can pressure firms to address ESG controversies, the absence of consistent quality improvements suggests that media scrutiny alone may be insufficient to overcome incentives for greenwashing or defensive non-disclosure. This is consistent with critical accounting perspectives, which highlight the structural power asymmetries allowing corporations to control the narrative even under reputational threat.

From a policy perspective, the findings support calls for stronger integration of independent oversight mechanisms into ESG disclosure systems, particularly in transition economies. Regulatory frameworks such as the CSRD may offer an opportunity to bridge the observed quality gap by introducing more stringent, verifiable, and comparable reporting requirements. Moreover, civil society actors, including NGOs and investigative journalists, could play a complementary role by coupling negative exposure with sustained demands for credible disclosure.

6. Limitations and future research

This study is subject to several limitations. First, the manual content analysis, while tailored to the Polish context and designed to enhance measurement validity, necessarily involves some degree of researcher judgment. Second, the focus on a single country limits generalisability to other institutional settings, although it provides valuable insight into the dynamics of ESG reporting in transition economies. Third, our analysis captures associations rather than definitive causal effects; future research could employ natural experiments or event studies to isolate the causal impact of specific controversies.

Future work should also examine the interaction between media coverage and other governance mechanisms, such as third-party assurance, board oversight, or stakeholder activism. Additionally, qualitative investigations could explore managerial decision-making following controversies to better understand the strategic calculus underlying symbolic versus substantive reporting responses.

7. Conclusion

In conclusion, this study demonstrates that in Poland, media exposure of ESG controversies tends to influence the volume rather than the credibility of corporate ESG reporting. While this expansion of disclosure may serve impression management purposes, it raises questions about the effectiveness of media scrutiny as a standalone mechanism for enhancing ESG transparency in contexts with weak regulatory enforcement. To ensure that ESG reporting fulfils its intended role as a tool for accountability rather than public relations, a combination of regulatory reform, independent monitoring, and sustained stakeholder engagement will be necessary.

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