

Original Article

# Evaluating Social Dimension of ESG Ratings: Evidence from Rating Agency Assessment and Corporate Disclosures in India

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**Abstract:** Environmental, Social, and Governance (ESG) ratings have become an important factor to assess companies' sustainability performance and help investors to make responsible investment decisions. Different ESG rating agencies assign different scores to the same companies because of their methodologies and evaluation criteria. The research aims to examine and compare the social dimensions assessments of major ESG rating agencies, including MSCI, Refinitiv, Sustainalytics, and CRISIL. The study is based on secondary data collected from ESG rating reports and the annual or sustainability reports of selected Indian listed companies for the financial year 2023-24. The research employs comparative and content analysis to review the indicators used to evaluate the social dimension and to examine whether companies' disclosures are specific and transparent or generalized and lacking detail. The study finds notable variations in the social evaluation methods used by ESG rating agencies and highlights inconsistencies between ESG ratings and companies' actual disclosures. Variations in ESG rating methodologies reduce comparability across social performance assessments and may create room for selective presentation of information, allowing firms to highlight favourable aspects of their social performance while providing limited detail on weaker areas, thereby complicating the ability of stakeholders, including investors, analysts, and regulators, to identify potential social washing. These variations may increase the risk of social washing and highlight the need for more transparency and standardised ESG reporting practices.

**Keywords:** Corporate Disclosures, ESG Rating Agencies, Social Dimension, Social Washing, Sustainability Reporting.

## I. INTRODUCTION

Environmental, Social, and Governance (ESG) tools are becoming increasingly significant for assessing companies' sustainability performance. Among the three, the social pillar examines how a company handles employees, customers, and the community as a whole. It addresses issues such as human rights, diversity and equality, employee well-being, and community growth. In India, ESG ratings are assigned by various rating agencies, including MSCI, Refinitiv, Sustainalytics, and CRISIL, to assess a company's performance. Often, companies receive different scores from these agencies due to variations in methodology, evaluation criteria, and weightings.

The main concern is regarding the uniformity and accessibility of ESG data, which is not easily available. Some agencies publish social scores, but others don't provide detailed pillar-by-pillar scores to common investors. Most of the information is available only through a subscription, i.e., very little information is freely available. It is very difficult to compare scores, even within the same financial year, due to different score scales and the timing of rating changes. The possibility of social washing is higher when inconsistencies are present and sufficient data is unavailable. In such situations, companies may appear socially responsible based on their ratings, even though those ratings may not accurately reflect their actual performance. In this context, the research examined the social dimensions of ESG ratings by comparing how different rating agencies operate, analysing the social information provided by Indian-listed companies, and highlighting the challenges of comparing ESG scores.

## II. LITERATURE REVIEW

Senadheera *et al.* (2021) examined the scoring of the environmental pillar in ESG assessments. The study highlighted that although environmental metrics are increasingly used in sustainable investment decisions, differences in methodologies, biased scoring metrics, and limited data availability reduce the comparability and effectiveness of ESG environmental scores. The authors emphasized the need for more comprehensive and standardised environmental indicators to improve the reliability of ESG assessments.



Becchetti *et al.* (2022) examined the social pillar of ESG and proposed a relational approach to better define corporate social responsibility within ESG frameworks. The study emphasised that companies should evaluate both internal and external relationships, such as employee well-being, community engagement, participation, and trust, to enhance social impact. The authors also proposed indicators and metrics to assess firms' commitment to social responsibility, particularly for SMEs and start-ups.

Clement *et al.* (2022) examined the constraints of ESG scores as sustainability metrics. While ESG scores are widely used to assess corporate sustainability, the study claimed they often fail to fully capture the concepts of sustainable development, including long-term impact, resource management, and interdependence. The authors also remarked on the lack of transparency and measurement challenges in ESG rating methodologies, suggesting the inclusion of wider sustainability concepts to enhance the efficiency of ESG scores.

Bissoondoyal-Bheenick *et al.* (2024) compared ESG ratings from Sustainalytics, MSCI, and Refinitiv and found significant variations in the scores given to the same companies. It was observed that Refinitiv and Sustainalytics reveal some similarities, while MSCI ratings differ. The research concludes that ESG ratings are not always stable and indicates the need to apply multiple ratings for an in-depth assessment of a company's ESG performance.

Priya *et al.* (2024) studied the impact of ESG ratings on financial performance by comparing the top 100 Indian companies across 14 sectors, based on data from MSCI, Sustainalytics, and CRISIL. The research highlights key observations and identifies inconsistencies in methodologies, metrics, interpretations, and the weights given by different rating agencies, affecting investment decision-making. The study suggested the need for a standardised ESG evaluation criterion and highlighted the importance of sector-specific adaptations to enhance the accuracy and reliability of ESG assessments in the Indian corporate context.

Maleki Vishkaei *et al.* (2025) studied how businesses core values, integrate and convey social sustainability so as to avoid social washing. The study, which analysed 208 Italian companies, found that companies focus on key social objectives including decent work, health and wellness, gender equality, high-quality education, and lower inequality. The result revealed that companies convey their social sustainability through reports, websites and social media. Simultaneously, transparency, internal audits and international standards affect credibility and reduce the potential social washing.

Mittal *et al.* (2025) examined the ESG ratings of Indian Banks and NBFCs using CRISIL ESG scores. The study discovered that banks had higher ESG ratings as compared to NBFCs. The reason for this is stricter rules and better governance practices. The research also underscores the significance of standardised ESG disclosures and contemporary frameworks in enhancing the ESG performance of financial firms.

Oehler *et al.* (2025) examined the connection between ESG disclosures and ESG ratings by studying the text in firms' annual reports. The findings of the research indicate that firm ESG disclosures can explain a large portion of ESG ratings, which implies that public ESG disclosure can be used as a proxy for ESG ratings. However, ESG ratings have variations and dispersions because of differences in comprehension of rating agencies.

Zhang (2025) examined recent positions on ESG rating systems and compared international and national frameworks, including those developed by MSCI, the China Securities Index Company (CSI), and Huazheng ESG Ratings. The study revealed that the presence of more than 600 ESG rating agencies worldwide has led to a lack of uniform assessment criteria, making it impossible to compare ESG performance. The findings indicated that international rating systems have a first-mover advantage, while domestic systems are improving through localisation but still need further development. The study revealed differences in rating approaches, company coverage, and the application of ESG ratings.

Existing studies indicate inconsistencies in ESG ratings due to variations in metrics, methodologies, and evaluation approaches. These differences affect the comparability and interdependence of ESG scores, as well as their effectiveness in decision-making. Additionally, the absence of standardised disclosure, lack of transparency, and limited social dimensions further reduce the importance of ESG assessments.

### III. OBJECTIVES OF THE STUDY

The main research objectives are:

- To examine and compare the social dimensions assessment approaches of ESG rating agencies such as MSCI, Refinitiv, Sustainalytics and CRISIL.
- To evaluate the quality of social disclosures and identify gaps in relation to ESG ratings to assess the potential for social washing.

**IV. METHODOLOGY**

**A) Sample and Source of Data**

The analysis is done on five large Indian companies namely, Reliance Industries Limited (RIL), Tata Consultancy Services Limited (TCS), Infosys Limited, Hindustan Unilever Limited (HUL), and Larsen & Toubro Limited(L&T) based on their ESG coverage and the availability of data across the four rating agencies for the selected study period. The study is descriptive and comparative in nature and based on secondary data collected through ESG rating reports, rating agencies' official websites, and annual as well as sustainability reports for FY2023-24. The analysis takes into account four major ESG rating agencies in India- MSCI, Refinitiv, Sustainalytics and CRISIL for the study, based on the accessibility of relevant data.

**B) Methodology Followed**

The comparative analysis was applied to the examination of scales, methodologies and social indicators of ESG ratings between rating agencies. The analysis seeks to identify similarities as well as distinctions in the rating approaches adopted by MSCI, Refinitiv, Sustainalytics and CRISIL. In addition, content analysis is used to assess the quality and measurability of the social indicators disclosed in the annual report of the selected companies. Both methods are useful for evaluating the efficiency of sustainability reporting procedures through a systematic assessment of corporate disclosures.

**V. ANALYSIS AND DISCUSSION**

**A) Comparative Analysis:**

Table 1 provides a comparative overview of ESG rating agencies regarding accessibility, data sources, and key social indicators used to evaluate the social pillar. The comparison shows key differences in ESG data availability, sources, and methodologies, which are very significant for understanding the variation in ESG social scores of different agencies.

**Table 1: Comparison of Methodologies, Accessibility and Key Social Indicators**

Agencies	Scale	Data Source	Social Scores Visibility	Methodology	Accessibility (free/paid)	Key Social Indicators Considered
MSCI	AAA-CCC	Company filings, news, government data	Not Public	Risk based	Paid	Human capital, labour management, health & safety, data privacy
Refinitiv	0-100	Company disclosures, ESG reports	Available	Disclosure-based	Paid	Workforce, diversity, human rights, community, product responsibility
Sustainalytics	Risk Scores	Risk exposure + external data	Not separate	Risk exposure model	Paid	Human capital risk, stakeholder relations, product governance
CRISIL	0-100	Public disclosures + KPIs	Available	KPI-based	Limited Free	Employee well-being, CSR, diversity, supply chain, customer impact

*Source: Author's Own Compilation*

The variations can be seen in the data accessibility, data sources, and key social indicators in this comparative analysis of ESG rating agencies, namely MSCI, Refinitiv, CRISIL, and Sustainalytics. We can easily observe that ESG Scores are not readily available, as almost all agencies offer them on a subscription basis. Refinitiv and CRISIL made social scores easily available; on the other hand, MSCI provides limited public access to ESG ratings, available only through subscription-based platforms, thereby limiting accessibility for general investors. The unavailability of necessary data that affects the comparability and verifiability of assessments directly impacts investor decision making.

Note that different agencies have different criteria for data collection. For instance, MSCI draws from company filings, government data and media sources, whereas Refinitiv primarily uses company disclosures. CRISIL uses a structured set of Key Performance Indicators (KPIs), whereas Sustainalytics uses a risk-based approach. There are significant differences in social indicators, but some common themes, such as human capital, diversity, and community engagement, are always present. Refinitiv, for example, offers comprehensive coverage of workforce and human rights indicators, while MSCI also considers risk-associated factors such as labour management and data privacy. Ultimately, these variations can lead to inconsistent ESG social scores and make comparisons difficult, which suggests the need for proper standardisation and transparency.

**B) Content Analysis of Social Disclosures:**

Table 2 presents the results of content analysis of social disclosures for selected sample companies and rating agencies based on key social indicators.

**Table 2: Assessment of Social Disclosures Practices among Selected Companies and Rating Agencies**

Company	Agency	Employee Welfare & Safety	Diversity & Inclusion	CSR & Community	Measurability of Data	Disclosure Type	Social Washing Risk
RIL	MSCI	Strong	Moderate	Moderate	High	Quantitative+ Model--based	Moderate
	Sustainalytics	Strong	Moderate	Strong	High	Risk based	Low-Moderate
	Refinitiv	Moderate	Moderate	Strong	Very High	Highly Quantitative	Moderate-High
	CRISIL	Strong	Moderate	Strong	High	Mixed	Moderate
TCS	MSCI	Strong	Strong	Strong	High	Quantitative+ Model--based	Low
	Sustainalytics	Strong	Strong	Strong	High	Risk based	Low
	Refinitiv	Strong	Strong	Strong	Very High	Highly Quantitative	Low
	CRISIL	Strong	Strong	Strong	High	Mixed	Low
Infosys	MSCI	Strong	Strong	Strong	High	Quantitative+ Model--based	Low
	Sustainalytics	Strong	Strong	Strong	High	Risk based	Low
	Refinitiv	Strong	Strong	Strong	Very High	Highly Quantitative	Low
	CRISIL	Strong	Strong	Strong	High	Mixed	Low
HUL	MSCI	Moderate	Moderate	Strong	Medium	Quantitative+ Model-based	Moderate
	Sustainalytics	Moderate	Moderate	Strong	Medium	Risk based	Low-Moderate
	Refinitiv	Moderate	Strong	Strong	High	Highly Quantitative	Moderate
	CRISIL	Moderate	Moderate	Strong	Medium	Mixed	Moderate
L & T	MSCI	Strong	Limited	Moderate	Medium	Quantitative+ Model-based	Moderate
	Sustainalytics	Strong	Limited	Moderate	Medium	Risk based	Moderate
	Refinitiv	Moderate	Limited	Moderate	High	Highly Quantitative	Moderate-high
	CRISIL	Strong	Limited	Moderate	Medium	Mixed	Moderate

Source: Author's Own Compilation

The above table presents a comparative assessment of selected companies with four different agencies, namely MSCI, Sustainalytics, Refinitiv, and CRISIL, based on key social dimensions. The evaluation highlights variation in ratings across companies and agencies. Companies like TCS and Infosys Ltd. consistently deliver strong performance across all disclosures, including welfare, diversity, and community engagement. The same is reflected in high ratings and low social-washing risk across all agencies, advising strong disclosure practices and better social performance. At the same time, RIL, HUL, and L&T show variation in ratings, specifically in the diversity and measurability of data. The key observations highlight the differences in evaluation approaches adopted by the various ESG rating agencies. Refinitiv mainly uses quantitative data, which often yields clear metrics, but with limited coverage of qualitative dimensions. Sustainalytics applies a risk-based, quantitative approach, considering indicators such as controversy and stakeholder impact, and offers a structured assessment of social risk. MSCI combines publicly available information with model-based data to assess companies, giving a mix of perspectives, and CRISIL provides a balanced assessment based on Indian corporate disclosures. Overall, the analysis indicates that variations in methodologies, data sources, and disclosure weighting lead to differences in ESG ratings. As a result, the same company can receive significantly different social scores from various agencies, making comparisons difficult and complicating the interpretation of ESG performance. This inconsistency may also limit the ability of stakeholders to evaluate the quality and depth of corporate social disclosures reliably and, in certain cases, may create scope for selective presentation of information by companies, thereby raising concerns regarding the potential for social washing.

**VI. CONCLUSION**

The study assesses the social dimensions of ESG ratings by comparing the methodology of different rating agencies, such as MSCI, Refinitiv, Sustainalytics, and CRISIL, with the social disclosures of selected Indian companies. The results reveal that variations in methodologies, data sources, and indicators result in differences in ratings for the same company. Simultaneously, the limited availability of ESG scores and dependence on both quantitative and qualitative disclosures show gaps between disclosures and evaluation. The absence of standardised, transparent information reduces the reliability of social scores and increases the risk of social washing, underscoring the need for more consistent, transparent ESG assessment guidelines.

**Interest Conflicts**

The authors declare that there is no conflict of interest concerning the publication of this paper.

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