Comparative Analysis of ESG and Financial Performance Across Technology, Healthcare, and Consumer Goods Industries: A Study of Dominant Companies

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Abstract. This study delves into the comparative analysis of Environmental, Social, and Governance (ESG) factors and financial performance across three distinct industries: Technology, Healthcare, and Consumer Goods. The research aims to understand the relationship between ESG integration and financial outcomes, examining dominant companies within each sector. In the technology sector, Apple Inc. exemplifies robust ESG practices, including renewable energy projects and sustainable material sourcing, which correlate with strong financial performance metrics. Johnson & Johnson, representing the healthcare industry, demonstrates significant progress in healthcare access and environmental sustainability, reflecting positively on financial indicators. Procter & Gamble (P&G) in the consumer goods sector exhibits notable efforts in waste reduction and sustainable sourcing, contributing to market leadership and financial stability. While ESG integration appears to positively influence financial performance across these industries, the extent of alignment varies, suggesting the need for further research and sector-specific strategies. The findings underscore the importance of transparent ESG reporting and tailored strategies to drive long-term value creation and resilience in today's evolving business landscape.

Keywords: ESG, financial performance, technology, healthcare, consumer goods.

1. Introduction

Numerous enterprises are presently endeavoring to integrate ESG performance metrics into their strategic processes when making decisions. These indicators encompass a range of key performance metrics, including but not limited to Environmental aspects such as climate change, adherence to environmental management systems, and resource efficiency (waste, water, energy). Social considerations incorporate workplace health and safety standards, effective human capital management, and adept stakeholder engagement conducive to maintaining operational legitimacy. Additionally, within the realm of corporate governance, emphasis is placed on the efficacy of boards and adherence to ethical corporate conduct, notably addressing issues such as bribery and corruption [1].

The importance of ESG is increasing. There has been a remarkable surge in ESG and impact investing. This growth can be attributed largely to mounting evidence stating that businesses prioritizing ESG issues tend to possess high-quality management teams and experience improved returns on investment [2].

The purpose is to analyze the relationship between ESG and financial performance. In this paper, the author will analyze this connection through three industries, which are technology, healthcare, and consumer goods, and the dominant company will be picked from each industry.

2. Literature Review

The chase to reveal a connection between ESG criteria and corporate financial performance dates to the early 1970s. Chouaibi, S. wrote an essay to analyze the relationship and to examine how social and ethical practices moderate this relationship. The researchers employed linear regressions with panel data, utilizing information from the Thomson Reuters ASSET4 and Bloomberg databases. The dataset comprised 523 publicly listed companies selected from the ESG index spanning from 2005 to

2019. The empirical findings reveal an increasing interest in corporate social responsibility and environmental disclosure (ED). The results suggest that integrating ED into corporate strategies positively impacts FP, serving as a tool to mitigate information asymmetry and facilitate strategic and financial analysis [3]. Though there are many positive examples, the results are ambiguous or opposing. Aupperle, Carroll, and Hatfield claimed that while the correlation between ESG and financial performance, many have shown tendencies towards either ideological tendency or restricted methodological approaches. Furthermore, the challenge of accurately assessing corporate social responsibility has hindered research efforts in this area [4].

3. Overview of Selected Industries and Companies

3.1. Technology

The first industry is Technology due to its distinct characteristics and significant societal impact. The Technology sector will focus on environmental practices like energy usage and social initiatives like diversity efforts. The emphasis on ESG is growing, and it pushes to integrate social responsibility principles into technology industries in the U.S. Since the 21st century, technology industries worldwide have experienced substantial expansion. In the U.S., technology firms of the listed companies on the S&P 500 Index make up the market capitalization accounting for 32%, and they are the largest components of the Nasdaq Composite and Nasdaq-100 indices. Undoubtedly, technology companies have seen weighty growth in the past decade [5].

Apple Inc. is a global company that makes and sells smartphones, computers, and so on. They produce various products, including the iPhone, MacBook, iPad, and accessories like AirPods and Apple Watch. They also offer services like AppleCare, cloud services, and the App Store, where customers can find and download apps, music, books, and more. They also have Apple Card for credit card services and Apple Pay for cashless payments. Apple sells its products in many ways, like retail stores and online stores, wholesalers, and cellular carriers. Founded in 1976, Apple is based in Cupertino, California. Apple Inc.'s composite credit rating is AA+, Moody’s rates them AAA, and Standard & Poor’s gives them a rating of AA+.

Apple Inc. has outlined various practices, which include renewable energy projects like solar and wind power generation, energy storage, and green building initiatives with high certifications such as LEED Gold or above or BREEAM Very Good and Better. Other functions include renovating existing facilities to reduce carbon footprint and transitioning to sustainable materials like bio-based or recyclable materials. Apple is committed to ensuring the environmental sustainability of these projects through collaboration with external consultants like Sustainalytics. Specific initiatives listed for fund utilization include salvaging used iPhones, constructing a second campus powered by renewable energy sources like biogas fuel cells and photovoltaic panels, and using alternative materials to reduce toxicity. The second campus emphasizes energy efficiency with LED lights and innovative cooling solutions, aiming to achieve significant energy savings compared to traditional systems [6].

As shown in Table 1, the market price of Apple is 2.908 billion dollars, which shows Apple’s core position in the market. Apple had a slightly higher Berta coefficient of 1.29, which was less volatile than the overall market. Apple's price-earnings ratio (PE), on the other hand, remains attractive at 30.8, reflecting investors' willingness to pay for earnings. The dividend is 0.50%, meaning that shareholders received very little. Apple offered to pay 0.94 hard currency and 0.99 securitized transport to cover its short-term debt, though that was clear. However, as a result of the efficient use of the assets, the total asset turnover (TAT) was 1.087. Apple reported a strong symbiotic return of 25.31%, an impressive ratio of ROA and ROE to assets and shareholders at 20.26% and 171.95%, respectively. Overall, Apple's financial performance suggests that it has provided a solid foundation for sustainable growth and shareholder value. According to Yujia Lu’s revenue forecast of Apple Inc. from 2024 to 2027, she estimates that Apple will showcase an increasing trend. For example, the revenue of the iPhone in 2023 was 25,134, and the revenue in 2027 increased to 582,908. Additionally, the total revenue in 2027 rises from 476,223 in 2023 to 1,019,702 [7].

Table 1. Basic information of Apple

Characteristic	Value
Market Cap	2.908T
Beta	1.29
PE (trailing)	30.68
DY (trailing)	0.50%
Quick Ratio	0.94
Current Ratio	0.99
TAT	1.087
Profit Margin	25.31%
ROA	20.26%
ROE	171.95%

3.2. Healthcare

The second industry is the Healthcare industry. The Healthcare industry's ESG analysis will center on access to healthcare and ethical considerations in research. The healthcare sector plays a key role during the pandemic, and its status, development, and capacity are critical. Especially in meeting investment requirements. It is more important than ever for the industry to raise capital quickly and on the best terms to meet the needs of the current situation. The problem of reducing costs associated with equity and debt financing is multifaceted. Therefore, there is great value in conducting research aimed at identifying ways to reduce funding costs. Understanding the connections and dependencies involved and identifying actionable steps. A growing body of literature suggests that CSR and ESG disclosures are becoming increasingly important due to expanding legal frameworks and evolving actors' priorities. Invest Businesses and consumers alike recognize that adopting ESG principles can strengthen their relationships with shareholders. Attract investment Reduce capital costs and facilitate more effective strategic decision-making [8].

Johnson & Johnson is a global healthcare company known for its wide range of products and services. The Medical Innovation Division focuses on treatments such as immunology, infectious diseases, neuroscience, oncology, and cardiovascular health. And Pulmonary Hypertension This segment sells prescription products through various channels. The company's Medtech division also offers interventional solutions for heart rhythm disorders. Heart regeneration technology Nervous system and vascular care with a history dating back to 1886, Johnson & Johnson, a provider of orthopedics, plastic surgery, and eye care products under brands such as ACUVUE and TECNIS, is a leader in health care innovation. Continuing. By serving patients, health professionals, and consumers around the world.

The rise in environmental consciousness within society is shaping the landscape for companies, compelling them to adopt greener policies. Being environmentally friendly and sustainable is no longer just a trend but a necessity in today's business environment. Consumers are increasingly focused on corporate social responsibility, prompting companies to enhance their disclosure of non-financial aspects such as environmental protection, social responsibility, and corporate governance. As a result, producing reports on CSR/ESG practices has become essential for companies to maintain transparency and credibility. According to Wilburn, Kathleen, and Ralph Wilburn, Johnson & Johnson (J&J) is a noticeable player in the healthcare industry, involved in the research, development, manufacturing, and sales of healthcare products. Their commitment to sustainability and citizenship aligns with the Global Reporting Initiative Standards, particularly focusing on People, Places, and Practices in their Health for Humanity reports. J&J measures its progress annually against targets set for ESG, showcasing achievements on its progress dashboard. For instance, they have made significant strides in providing better healthcare to millions, achieving targets related to surgical care and environmental health improvements. J&J has exceeded its goals, such as providing care to prevent diseases, and has collaborated with organizations like UNICEF to aid healthcare providers in developing nations. Additionally, their local initiatives, like supporting Operation Smile, demonstrate their commitment to making a positive impact on communities worldwide [9].

As shown in Table 2, with a market capitalization of $381,179 million, Johnson & Johnson has a beta of 0.53, indicating lower volatility compared to the overall market. The price-to-earnings ratio (PE) is hovering at 30.42x, suggesting that investors are optimistic about its future growth prospects. Additionally, the final dividend yield is 2.95%, reflecting the return on investment in the form of dividends received by shareholders. Although the quick ratio is 0.91, which is slightly below the ideal value, the current ratio of 1.16 indicates good liquidity and the ability to cover short-term liabilities with current assets. Nevertheless, a total asset turnover (TAT) of 0.08 means that assets are being utilized efficiently in generating revenue. Johnson & Johnson's profit margin is 41.28%, indicating high profitability supported by an ROA of 8.22% and an ROE of 18.31%. Overall, Johnson & Johnson appears to be a stable and profitable company, although its efforts to optimize its liquidity ratios could further strengthen its financial position.

Table 2. Basic information of Johnson & Johnson

Characteristic	Value
Market Cap	381.179B
Beta	0.53
PE (trailing)	30.42
DY (trailing)	2.95%
Quick Ratio	0.91
Current Ratio	1.16
TAT	0.08
Profit Margin	41.28%
ROA	8.22%
ROE	18.31%

3.3. Consumer Goods

Sustainability remains a dominant focus in corporate discourse. Concurrently, the push for sustainability reporting frameworks has gained momentum, with consolidation observed across global platforms. Notably, the Sustainability Accounting Standards Board (SASB) has garnered support from over 260 institutional investors, representing a staggering US$81 trillion in assets, guiding their investment strategies. Furthermore, a significant portion of the S&P Global 1200 companies are now SASB reporters, signifying a rapid adoption of these standards within evolving industry norms. While enhanced accounting policies may not directly alleviate poverty, their integration into corporate practices is crucial for fostering development mechanisms, as overlooking them could impede progress. The relevance of ESG information appears to have less direct alignment in the consumer goods industry. According to BlackRock's assessment in 2019, SASB (Sustainability Accounting Standards Board) indicators within the consumer sector correlated with only about 30 percent of the SDG indicators. Furthermore, research conducted by S&P Global indicates that environmental and social risks within the consumer goods sector are generally moderate and evenly balanced from a credit perspective [10].

Procter & Gamble is a global provider of branded consumer packaged goods across a variety of sectors, operating in the beauty, dressing, and healthcare fields. Clothing and Home Care Under these business groups, providing care for infants, women, and families. The company offers an array of products, including hair care products, Skin care products, Personal hygiene, Oral care, laundry services, house cleaning, and baby care products. Famous brands include Head &Shoulders, Olay, Gillette, Crest, Tide, Pampers, Charmin, etc. The company sells products through various channels.

Including general merchants' e-commerce, grocery stores, pharmacies, and direct-to-consumer platforms. Founded in 1837, Procter & Gamble Company is headquartered in Cincinnati, Ohio.

Procter & Gamble (P&G) is a leading provider of beauty, home care, and family care products. The company has a long history of corporate citizenship, with reports dating back to 1999 and a dedicated GRI Content Index. P&G is committed to utilizing the UN Guiding Principles on Business and Human Rights. Their 2018 Corporate Citizen's Report focuses on Citizenship, for example, Ethics & Corporate Responsibility, Community Impact, Diversity & Inclusion, Gender Equality, and Environmental Sustainability, all connected to the ESG. While universal access to clean water is prominently featured in their Environmental Sustainability section, others are not as visible in the report. However, on its website, Business for 2030, P&G lists its alignment with specific SDGs and targets, detailing its initiatives and goals. For instance, P&G's Pampers Mobile Clinic Program has provided health services to over 1.8 million mothers and children in several countries. Similarly, their initiatives focus on promoting hygiene in schools, reaching millions of students. Additionally, P&G's Protecting Futures Program aims to educate girls on personal hygiene and menstruation, contributing to their continued education and well-being. What's more, P&G has made significant strides in reducing manufacturing waste by achieving zero waste to landfill at 70 sites. Through innovative initiatives, such as reusing scrap absorbent materials from its Feminine Care plant in Canada, P&G collaborates with external partners to repurpose these materials for emergency spill containment and control products, aiding in environmental cleanup efforts like the Lac-Megantic train disaster. P&G is committed to combating deforestation by leveraging sustainable sourcing practices. By 2020, the company aims to achieve zero net deforestation, with a focus on responsibly sourcing materials like palm oil and palm kernel oil. P&G has implemented traceability plans for these materials and collaborates with small farmers to enhance sustainable practices, ensuring forest protection and conservation.

As shown in Table 3, Procter & Gamble (P&G) has a significant market cap of $380.86 billion. This reflects its large presence in the market. With a beta of 0.43, indicating low volatility, P&G stock has a relatively low-risk profile. However, its price-to-earnings (PE) ratio of 27.11 suggests a relatively high valuation. This is tempered by a dividend yield (DY) of 2.31%, which shows that the stock is paying investors back. What's more, P&G has a total asset turnover (TAT) ratio of 0.18, although the condition ratio Is quick liquidity, 0.44, and the current ratio is 0.64, which is below the ideal threshold of 1, indicating potential liquidity concerns. As is clear from this, it Demonstrates strong management efficiency and its assets. Additionally, P&G's impressive profit margin of 17.6%, coupled with an ROA of 10.96% and an ROE of 31.78%, underscores its ability to be Profitable through strong returns on resources and shareholder investment and shows that it is used efficiently.

Table 3. Basic information of P&G

Market Cap	380.86B
Beta	0.43
PE (trailing)	27.11
DY (trailing)	2.31%
Quick Ratio	0.44
Current Ratio	0.64
TAT	0.18
Profit Margin	17.6%
ROA	10.96%
ROE	31.78%

4. Analysis of ESG Factors Impact on Financial Performance

4.1. ESG Metrics

In the Technology sector, Apple Inc. stands out as a global leader in the production and sale of smartphones, computers, tablets, wearables, and accessories. The company has implemented various ESG practices, such as renewable energy projects and sustainable material sourcing, to mitigate its environmental impact. Apple's financial performance indicators, including market capitalization, profitability ratios, and return on investment, suggest a solid foundation for sustainable growth. In the Healthcare industry, Johnson & Johnson is renowned for its diverse range of healthcare products and services. The company's promise to sustainability and citizenship aligns with the Global Reporting Initiative Standards, focusing on improving healthcare access and ethical research practices. Johnson & Johnson's financial metrics reflect stability and profitability, with strong returns on assets and equity. In the Consumer Goods sector, Procter & Gamble (P&G) is a leading provider of beauty, home care, and family care products. P&G has demonstrated a long-standing commitment to environmental sustainability and social responsibility, as evidenced by its initiatives to reduce manufacturing waste and combat deforestation. Despite facing potential liquidity concerns, P&G's financial performance remains robust, with impressive profitability ratios and returns on investment.

4.2. Financial Performance Across Industries

The financial performance across the technology, healthcare, and consumer goods industries, represented by dominant companies Apple Inc., Johnson & Johnson, and Procter & Gamble (P&G), respectively, showcases varying degrees of stability and profitability. Apple Inc. demonstrates robust financial metrics, including a high market capitalization of $2.908 trillion and impressive profitability ratios, reflecting investor optimism about its future growth prospects. Johnson & Johnson exhibits stability and profitability, with a market capitalization of $381.179 billion and strong liquidity ratios, indicating good liquidity and the ability to cover short-term liabilities. Procter & Gamble (P&G), with a market capitalization of $380.86 billion, faces potential liquidity concerns but demonstrates strong management efficiency and profitability, underscoring its ability to generate returns on assets and shareholder investment. Despite differences in industry focus and financial metrics, all three companies exemplify the importance of integrating ESG factors into strategic decision-making processes to enhance long-term sustainability and financial performance.

4.3. ESG Scores and Financial Performance Indicators

Methodologically, quantitative assessments are utilized to understand the impact of ESG integration on financial outcomes. Apple's ESG practices include renewable energy projects and sustainable materials, reflecting strong profitability and efficiency. Johnson & Johnson emphasizes environmental sustainability and healthcare access, showing stability and profitability in financial metrics. Similarly, P&G's ESG initiatives encompass environmental sustainability and social responsibility, with notable profitability despite potential liquidity concerns. Overall, the study aims to shed light on the relationship between ESG efforts and financial performance, providing insights into sustainability's influence on business success.

5. Conclusion

This article investigates the impact of ESG factors on financial performance across three industries: Technology, Healthcare, and Consumer Goods. Each industry is represented by a dominant company: Apple Inc. for Technology, Johnson & Johnson for Healthcare, and Procter & Gamble (P&G) for Consumer Goods. The importance of integrating ESG metrics into strategic decision-making processes has grown significantly in recent years, driven by evidence suggesting that companies prioritizing ESG issues tend to exhibit high-quality management and improved returns on investment. However, while there is a growing interest in the relationship between ESG and financial performance, research findings have been mixed, with some studies showing positive correlations while others remain inconclusive or contradictory. Key findings revealed varying degrees of alignment between ESG practices and financial indicators. In the technology sector, Apple Inc. showcased robust ESG initiatives, such as renewable energy projects and sustainable material usage, correlating with strong financial performance metrics like market capitalization, profitability, and return on investment. Similarly, Johnson & Johnson in the healthcare industry demonstrated significant progress in healthcare access and environmental sustainability, reflecting positively on financial indicators. In the consumer goods sector, Procter & Gamble (P&G) exhibited notable ESG efforts, particularly in waste reduction and sustainable sourcing, contributing to its market leadership and financial stability. However, while ESG integration appears to positively influence financial performance in these industries, the extent of alignment varies, suggesting the need for further research and industry-specific strategies.

Based on the findings, it is recommended that companies prioritize transparent and comprehensive reporting of ESG practices to enhance investor confidence and attract socially responsible investment. Moreover, companies should develop tailored ESG strategies that address sector-specific concerns, such as energy efficiency for technology firms and healthcare companies' access to healthcare. Additionally, active stakeholder engagement is crucial for understanding ESG priorities and fostering accountability, necessitating collaboration with investors, customers, employees, and communities. Ultimately, embracing ESG principles as integral components of business strategy can drive long-term value creation and resilience, mitigating risks, seizing opportunities, and enhancing competitive positioning in the market.

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