

BETWEEN LEGITIMACY AND STAKEHOLDERS: ANALYSIS OF ESG DISCLOSURE IN STATE-OWNED AND PRIVATE COMPANIES

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Introdução

Environmental, Social, and Governance (ESG) factors have reshaped corporate strategies, with disclosure emerging as a tool for transparency and institutional trust. Legitimacy Theory views disclosure as compliance with social expectations, while Stakeholder Theory links it to engagement and relational value. Despite their relevance, joint analyses of these perspectives remain scarce, especially in emerging contexts. In Brazil, differences between private firms and state-owned enterprises shape distinct ESG disclosure patterns.

Problema de Pesquisa e Objetivo

Although ESG disclosure has gained prominence, it is unclear whether companies disclose primarily to maintain legitimacy or to engage stakeholders. The problem lies in understanding how ownership structures - private versus state-owned - affect motivations behind disclosure practices. This study aims to analyze ESG disclosure in Brazilian companies through Legitimacy and Stakeholder Theory, examining governance and communication dimensions, and highlighting theoretical and managerial implications of different ownership types.

Fundamentação Teórica

ESG emerged from the Who Cares Wins report (UN, 2004) as a measure of non-financial risks. Recent studies show investors demanding reliable and audited ESG data (EY, 2023), while broader disclosure reduces idiosyncratic risks. Legitimacy Theory emphasizes alignment with social expectations (Deegan, 2019), while Stakeholder Theory frames disclosure as engagement and trust-building (Kamal, 2021). Two constructs guide analysis: Governance, linked to legitimacy and compliance (Silva, 2021), and Communication, focused on transparency and dialogue (Sausen et al., 2021).

Metodologia

The study uses a qualitative, exploratory, and descriptive approach with documentary analysis of sustainability reports (2016-2023) and journalistic coverage. Eight Brazilian listed companies were selected, including state-owned and private firms from sanitation, banking, energy, and oil and gas. Constructs of Governance (legitimacy) and Communication (stakeholders) were applied across observable dimensions, such as compliance, responsibility, and channels of engagement. Triangulation allowed interpretation of disclosure motivations and comparative insights.

Análise e Discussão dos Resultados

From 64 pieces of evidence, 76.56% related to Governance and 23.44% to Communication. Responsibility was the most frequent dimension, showing disclosure as a defensive tool for reputational repair. Communication records were sparse and concentrated in social themes. State-owned firms focused on legitimacy and accountability, while private ones showed stronger signs of stakeholder orientation, especially in finance. Results confirm ESG reporting is shaped by institutional pressures rather than dialogical engagement.

Considerações Finais

ESG disclosure in Brazil remains predominantly legitimacy-oriented, with governance and compliance mechanisms outweighing genuine stakeholder dialogue. State-owned enterprises adopt more defensive disclosure, while private firms pursue strategic engagement, though communication remains largely one-way. Findings highlight the need for cultural change toward participatory accountability. Future research should expand samples, integrate mixed methods, and include longitudinal analyses to assess how motivations and strategies evolve across sectors and contexts.

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Palavras Chave

ESG disclosure, Stakeholder Theory, Legitimacy Theory

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1 INTRODUCTION

Environmental, Social, and Governance (ESG) factors have been reshaping corporate positioning, and ESG disclosure has emerged as a strategic mechanism for enhancing transparency and building institutional trust (Reber; Golf; Gold, 2022). Two theoretical perspectives frame this debate: Legitimacy Theory, which interprets disclosure as a response to institutional pressures and a means of achieving social conformity (Deegan, 2019), and Stakeholder Theory, which associates disclosure with engagement of strategic publics and the generation of relational value (Kamal, 2021; Torelli; Balluchi; Furlotti, 2020). Despite the recognition of these approaches, recent studies highlight gaps in analyses that jointly consider both perspectives, particularly in emerging contexts (Lokuwaguge; Silva, 2020; López-Concepción et al., 2022).

In Brazil, structural differences between private companies - driven by financial returns and pressured by investors and regulators (Hill, 2020) - and state-owned enterprises, whose actions are tied to public interest (Octaviani; Nohara, 2019), directly affect levels of transparency and engagement with the ESG agenda. This asymmetry is particularly relevant in sectors with high public exposure, such as energy, sanitation, and finance, which are marked by reputational risks and intense social and regulatory scrutiny.

Within this context, this article aims to analyze ESG disclosure in Brazilian state-owned and private companies through the lenses of Legitimacy Theory and Stakeholder Theory, exploring governance and communication dimensions, as well as the theoretical and managerial implications stemming from differences in ownership structures.

2 THEORETICAL FRAMEWORK

The theoretical framework is grounded in Legitimacy Theory and Stakeholder Theory to understand the motivations that drive ESG disclosure. The ESG concept emerged with the report *Who Cares Wins* (UN, 2004) and has since been consolidated as a tool for assessing non-financial risks. More recently, Hill (2020) highlighted that ESG reflects corporate approaches to sustainability, while EY (2023) showed that investors demand greater reliability of disclosed information, including independent audits. Reber, Golf, and Gold (2022) demonstrated that broader ESG disclosure is associated with reduced idiosyncratic risk, and the ISSB has advanced in establishing standardized reporting norms (KPMG, 2020).

Legitimacy Theory argues that companies adopt disclosure practices to align themselves with societal expectations and maintain trust, especially in contexts of crisis or regulatory pressure (Deegan, 2019). Stakeholder Theory, in turn, understands disclosure as a mechanism for engagement and relational value creation, emphasizing responsiveness and the strengthening of trust between organizations and their audiences (Kamal, 2021; Torelli; Balluchi; Furlotti, 2020; López-Concepción et al., 2022).

From these approaches, two analytical constructs were defined: Governance, linked to Legitimacy Theory and related to compliance, control structures, and accountability (Silva, 2021), and Communication, derived from Stakeholder Theory, focusing on transparency, engagement, and the existence of dialogue channels with stakeholders (Sausen et al., 2021; Kamal, 2021). These constructs guide the empirical analysis by allowing the identification of whether disclosure practices are predominantly motivated by the pursuit of institutional legitimacy or by stakeholder engagement..

3 METHODOLOGY

This research adopted a qualitative, exploratory, and descriptive approach, appropriate for analyzing complex and symbolic organizational phenomena such as ESG disclosure. The method employed was documentary analysis, based on two main sources: sustainability reports published by companies between 2016 and 2023, and journalistic content from widely circulated media outlets. Triangulating these sources made it possible to capture both the corporate discourse and its social and institutional reception (Amorim; Souza, 2022; Reber; Golf; Gold, 2022).

The temporal scope beginning in 2016 is justified by the enactment of Law No. 13,303/2016 (the State-Owned Enterprises Law), which established new transparency and governance requirements for public companies. The sample consisted of eight large Brazilian publicly traded companies listed in the Valor 1000 ranking (Valor Econômico, 2022), encompassing both state-owned and private organizations across four strategic sectors: sanitation (Sabesp, Aegea), banking (Banco do Brasil, Itaú), energy (Eletrobras, CPFL), and oil and gas (Petrobras, Raízen).

The interpretive analysis was based on the theoretical constructs of Governance (Legitimacy Theory) and Communication (Stakeholder Theory), operationalized into observable dimensions such as committees, codes of ethics, sustainability policies, transparency mechanisms, and listening channels (Panta; Gupta; Sharma, 2022; Kamal, 2021). The procedure included thematic mapping, categorization of evidence, analysis of recurrence, and classification of the predominant motivations for disclosure, whether oriented toward institutional legitimacy or stakeholder responsiveness. This methodological path enabled a comparative analysis between state-owned and private companies, connecting empirical evidence with theoretical foundations and allowing for the interpretation of the rationalities that guide ESG disclosure in Brazil.

4 ANALYSIS AND DISCUSSION OF RESULTS

The analysis of the 64 pieces of evidence collected revealed that 76.56% are associated with the Governance construct, linked to Legitimacy Theory, while only 23.44% correspond to the Communication construct, derived from Stakeholder Theory. This result, summarized in Table 1, confirms the predominance of disclosure practices oriented toward maintaining institutional legitimacy, consistent with studies that emphasize the centrality of regulatory and reputational pressures in this process (Deegan, 2019; Tilling, 2004).

Table 1 – Distribution of Constructs and Dimensions in the Sample Analyzed

Construct	Dimensão	Qty.	%
Communication – Stakeholder Theory	Communication Channels and Opinion Surveys	7	10.94%
	Disclosure of Impacts and Risks	4	6.25%
	Transparency	4	6.25%
	Total	15	23.44%
Governance – Legitimacy Theory	Compliance	10	15.63%
	Structure and Processes	15	23.44%
	Responsibility	24	37.50%
	Total	49	76.56%
Grand Total		64	100.00%

Source: Authors (2025)

Within the Governance construct, the most expressive dimension was Responsibility, with 24 records (37.50%), highlighting the use of disclosure as a tool for justification or remediation in the face of past actions with reputational impact. Following this, Structure and Processes accounted for 15 occurrences (23.44%), and Compliance for 10 (15.63%). These results suggest that companies rely on formal governance mechanisms and compliance policies to signal commitment to sustainable practices, characterizing processes of institutional isomorphism (DiMaggio; Powell, 1983).

Evidence related to the Communication construct was considerably smaller, distributed among Communication Channels and Opinion Surveys (10.94%), Disclosure of Impacts and Risks (6.25%), and Transparency (6.25%). This pattern suggests that organizations have not yet consistently incorporated practices of active stakeholder engagement, keeping communication predominantly unidirectional, focused more on formalizing commitments than on building collaborative relationships (Kamal, 2021; López-Concepción et al., 2022).

When the constructs are related to ESG pillars, presented in Table 2, most evidence is found in the Governance pillar (42.19%), followed by the Environmental (29.69%) and Social (28.13%) pillars.

Table 2 – Distribution of Constructs and Dimensions in Relation to ESG Pillars

Dimension	Environmental	Social	Governance	Total
Communication Channels and Opinion Surveys	-	7	-	7
Disclosure of Impacts and Risks	-	4	-	4
Transparency	-	2	2	4
Communication / Stakeholder Theory	-	13	2	15
Compliance	-	-	10	10
Structure and Processes	1	3	11	15
Responsibility	18	2	4	24
Governance / Legitimacy Theory	19	5	25	49
Grand Total	19	18	27	64
%	29.69	28.13	42.19	100

Source: Authors (2025)

The Environmental pillar was dominated by the Responsibility dimension (18 records), indicating that the disclosure of environmental issues is often used to demonstrate compliance and mitigate reputational risks. In the Social pillar, however, evidence was primarily linked to the Communication construct, suggesting greater engagement efforts in areas such as labor relations, communities, and human rights—topics traditionally subject to public scrutiny. In contrast, the Governance pillar showed an almost complete absence of Communication-related records, underscoring the disconnect between technical governance arrangements and participatory dialogue mechanisms.

From a sectoral perspective, Table 3 shows that the Oil and Gas sector concentrated 15 Governance records, reflecting strict regulation and the need for symbolic repair due to high socio-environmental impacts. The banking sector, in turn, displayed greater balance, with six Communication records and ten Governance records, reflecting its exposure to sustainability indices and the green finance agenda. The Energy and Sanitation sectors revealed intermediate profiles, with Governance predominance but also signals of openness to more responsive communication practices, given the social relevance of their services.

Table 3 – Distribution of Constructs and Dimensions by Sector

Sector	Water & Sanitation	Banking	Energy	Oil & Gas	Total
Communication Channels and Opinion Surveys	2	1	4	-	7
Disclosure of Impacts and Risks	3	-	1	-	4
Transparency	1	2	-	1	4
Communication / Stakeholder Theory	6	3	5	1	15
Compliance	3	3	1	3	10
Structure and Processes	2	3	5	5	15
Responsibility	5	7	5	7	24
Governance / Legitimacy Theory	10	13	11	15	49
Total	16	16	16	16	64

Source: Authors (2025)

The comparative analysis between state-owned and private companies, summarized in Table 4, shows that both presented the same total number of records (32), but with different distributions. State-owned enterprises concentrated 16 records in the Responsibility dimension, reflecting a defensive disclosure strategy oriented toward reactive legitimation under intense social and regulatory scrutiny (Janang et al., 2020). Private companies, in contrast, recorded a higher proportion of Communication evidence (10 versus 5 in state-owned enterprises), indicating more strategic disclosure practices aimed at engaging clients, investors, and other stakeholders (Kamal, 2021; López-Concepción et al., 2022). This difference suggests that ownership structure influences not the quantity but the predominant motivation behind ESG disclosure.

Table 4 – Distribution of Constructs and Dimensions by Ownership Structure

Ownership Type	State-Owned	Private	Total
Communication Channels and Opinion Surveys	3	4	7
Disclosure of Impacts and Risks		4	4
Transparency	2	2	4
Communication / Stakeholder Theory	5	10	15
Compliance	4	6	10
Structure and Processes	7	8	15
Responsibility	16	8	24
Governance / Legitimacy Theory	27	22	49
Total	32	32	64

Source: Authors (2025)

Overall, the results reinforce that ESG disclosure practices in Brazilian companies remain largely structured under the paradigm of Legitimacy Theory. Communication, when present, is punctual and concentrated on social issues, not yet constituting a systematic engagement strategy with stakeholders. Thus, while progress can be observed, cultural and institutional changes remain necessary to foster more substantive, transparent, and relational accountability.

5 CONCLUSIONS

This study analyzed ESG disclosure in Brazilian state-owned and private companies, showing that disclosure practices remain predominantly guided by Legitimacy Theory. The predominance of the Governance construct, especially the dimensions of Responsibility, Structures and Processes, and Compliance, demonstrates that the main function of disclosure is still to ensure compliance, reinforce reputation, and respond to institutional pressures. This pattern was most evident in state-owned enterprises and in sectors with the greatest socio-environmental impact, such as oil and gas.

By contrast, Stakeholder Theory appeared less prominently, limited to occasional records in the Communication construct. Some private companies, particularly in the financial sector, showed greater efforts to enhance transparency and engagement channels, yet communication with stakeholders remains predominantly unidirectional and reactive. Sectoral analysis revealed that the Responsibility dimension is transversal, indicating a common rationality based on the justification of actions and the symbolic construction of institutional image.

As a practical implication, the findings reinforce that the effectiveness of ESG disclosure depends not only on the amount of information disclosed but also on the intentionality behind such communication. Regulators, investors, and civil society need to distinguish between symbolic compliance practices and authentic engagement strategies in order to foster stronger accountability standards. For organizations, the challenge lies in moving toward communication models that are participatory, transparent, and integrated into strategic decision-making.

For future research, it is suggested to broaden the sample to encompass different institutional and sectoral contexts, incorporating mixed methodologies that capture stakeholders' perceptions of disclosure. In addition, longitudinal analyses may contribute to understanding the evolution of organizational motivations and strategies around ESG, fostering the consolidation of more substantive accountability practices aligned with contemporary demands of corporate sustainability.

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