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Understanding the Impact of ESG on Brand Trust and Customer Engagement

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Abstract

Businesses all over the world are paying more attention to environmental, social, and governance (ESG) investment initiatives. However, few studies discuss its impact on customers' attitudes and brand perception. The purpose of this research was to verify the causal relationship between ESG initiatives, brand trust, and customer engagement as perceived by customers in Thailand. An online survey was requested, and a total of 175 participants were chosen for data analysis. To conduct statistical analysis, partial least squares structural equation modeling (PLS-SEM) was used with the SMARTPLS3 program. The findings showed that the three elements of ESG have significant positive effects on brand trust and customer engagement. The result of the mediation analysis revealed that brand trust significantly mediates the causal association between the three elements of ESG and customer engagement. The environmental pillar of ESG (B = 0.527) has the largest impact on brand trust, followed by the social (B = 0.315) and governance (B = 0.239) pillars. On the one hand, the strongest predictor of customer engagement is the social pillar of ESG (B = 0.594), followed by the environment (B = 0.513) and the governance (B = 0.181) pillars. Additionally, it was established that the value created by businesses' ESG initiatives could have a direct effect on brand trust and customer engagement. Therefore, the study's objectives are to increase the diversity of scholarly perspectives on ESG and to offer valuable marketing implications for companies that desire to implement ESG strategies.

Keywords: Environmental, Social, and Governance (ESG); Brand Trust; Customer Engagement; Thailand.

1. Introduction

ESG (Environmental, Social, and Governance) factors are becoming more crucial for organizations in the current global marketplace [1]. ESG emphasizes a business's dedication to social responsibility, sustainable business practices, and corporate governance [2]. Businesses must make sure their operations, methods, goods, and services are in line with society's values as customers become more conscious of their environmental effects and the ethical standards of the brands they support. ESG is therefore more important than ever for businesses aiming to increase brand perception and customer loyalty [3]. ESG factors are important, and organizations that prioritize them can profit in many ways. One benefit is that it draws in customers who are concerned about their social and environmental impact and are more willing to support brands they believe in, according to Mohr et al. [4]. Effective ESG management is also associated with greater levels of employee engagement and more positive interactions with supply chain partners. Organizations should begin

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by defining their ESG objectives and including stakeholders in decision-making, regardless of the size or industry of the organization [5]. ESG strategies have been effectively used by numerous businesses, with a range of advantageous results. Unilever, for instance, released its "Sustainable Living Plan" in 2010, intending to reduce the environmental impact of its products by half by the year 2020. Unilever has concentrated on doing this by lowering the environmental impact of its products, using less water, and using more renewable energy sources. As a result of these initiatives, Unilever was listed among the world's 100 most sustainable organizations in Corporate Knights' 2022 ranking. This ranking was based on an analysis of approximately 7,000 public corporations with annual revenues exceeding US $1 billion. Microsoft is another business that has effectively applied an ESG strategy. Long devoted to sustainability, the IT behemoth has announced a target to achieve carbon zero by 2030. To accomplish this, Microsoft has invested heavily in clean energy sources, embraced cutting-edge data analytics and AI technology to increase efficiency, supported green projects in the areas where it operates, and made research and development investments to develop new clean technologies [6].

Prior studies have emphasized the benefits of firms' ESG implementation [7]. By building a strong and lasting relationship with its stakeholders, an organization's ethical behavior boosts its competitiveness. ESG has a long-term, major impact on business sustainability and values. By integrating ESG practices into management, a company can earn a competitive edge, enhance operational efficiency and reputation, cut waste, and ultimately raise stakeholders' shared value and sustainability [8]. Even though several studies have been undertaken on the application of ESG in a variety of industries, these studies have mainly concentrated on the connection between ESG and the performance of corporate finances. To the best of our knowledge, there are limited studies on customers' attitudes and behaviors from the perspective of ESG. Consequently, this research is one of the earliest studies to look into how ESG affects brand recognition and customer perception by testing and developing a more complex causal relationship between ESG, brand trust, and customer engagement. The goal of this paper was to look at how the three parts of ESG—environmental, social, and governance—affect customer engagement through the role of brand trust as a mediator. The remaining parts of the paper are organized as follows: The second part illustrates and presents a review of the relevant literature on ESG, brand trust, and customer engagement. The conceptual framework and hypothesis formulation are illustrated in Section 3. The fourth section explains the research methods utilized to acquire the data. The data analysis results are described in Part 5. Section six consists of the study's discussion and conclusion, followed by limitations and suggestions for future research in Part seven.

2. Literature Review

With the release of the UN Global Compact Initiative's report "Who Cares Wins: Connecting Financial Markets to a Changing World" in 2004, the term "ESG" was formally introduced [9]. Its determined goal was to integrate the three main ethical pillars of environmental, social, and governance. Each of them has a distinctive appraisal objective and encompasses a distinct set of issues. The environmental pillar focuses on issues like global warming, water and air pollution, deforestation, overuse of land, and loss of biodiversity. Therefore, it looks at how well a company manages its resources—waste, water, and energy—as well as how well it deals with waste and reduces greenhouse gas emissions. Earlier studies have endeavored to determine the connection between environmental factors and financial performance. Derwall et al. (2005) found that more environmentally friendly businesses saw greater stock returns than their less environmentally friendly peers [10]. The study of Manrique & Martí-Ballester (2017) also revealed that in both developed and developing nations, the adoption of environmental practices has a significantly positive effect on the financial performance of corporations [11]. Furthermore, this effect was stronger for businesses based in developing nations than for those in developed nations.

The ESG's social pillar covers a variety of subjects, such as human rights, health, and security; security; ethics; and Indigenous reconciliation, in addition to diversity and inclusion. The social pillar is mainly focused on the interactions between a corporation and its surrounding communities of people and institutions. The social pillar of sustainable investing comprises a company's advantages and disadvantages concerning politics, labor, and social trends. Profits and corporate responsibility can both rise with a focus on this issue. The governance pillar deals with things like the independence of the board of directors, shareholders' rights, management compensation, control strategies, anti-competitive behavior, and legal compliance. Tarmuji et al. (2016) found that good governance practices considerably affect economic performance [12]. Velte (2017) discovered that governance performance has a much larger influence on financial performance than environmental and social performance when comparing the effects of ESG on financial performance [13].

Since it is now widely acknowledged that non-financial ESG factors are a significant predictor of a company's investment value and sustainability, it is crucial to consider how businesses can use ESG practices to enhance their reputation, win over consumers' trust, and alter consumers' attitudes and purchase intentions. The value of ESG is prevalently discussed in both business and academics. Previous research has shown the benefit of ESG to firm performance [14] and brand [3]. Pulino et al. (2022) found that ESG disclosure has a positive effect on the performance of the firm [15]. Given the stakeholders' increased focus on the company's ESG practices, Pulino et al. (2022) examined the effect of ESG disclosure on business performance in the European context and discovered a positive correlation between ESG disclosure and firm performance [15]. From the brand and consumer research perspectives, Koh et al. (2022) studied the impact of ESG practices on customers' attitudes and found that the social and governance attributes of perceived ESG had positive effects on the credibility, image, and quality of the brand [3]. Bae et al. (2023) found that ESG has a significant positive effect on consumers' brand trust and word-of-mouth intentions [7]. Moon et al. (2022) looked at the causes and effects of ESG execution at Starbucks. They found that ESG practices could affect brand trust and repurchase intention directly or indirectly [16].

In a purchasing scenario characterized by ambiguity, susceptibility, a loss of control, and the individual thinking of the transaction partners, brand trust is described as the customer's belief that a brand will deliver a product of the quality that the customer anticipates [17]. The belief that a brand will not exploit unwitting customers is the basis for brand trust. As a two-party trade includes trust, it is largely a relational, market-based asset [18]. When a brand has consumers' trust, it is more likely to give them satisfying results [18]. As a result, brand trust is crucial when customers decide what to buy and helps to build a brand's reputation or image. In other words, if a brand acts opportunistically, customers will feel as though their trust has been betrayed [17]. Previous studies indicate that when a brand's identity reflects its interests and views, consumers find it more appealing and trustworthy. Because trust is established on a human level, for instance, consumers who are sensitive to those environmental and social issues may have a favorable perception of a brand's perceived social and environmental responsibility efforts [19, 20]. Therefore, the authors posit the following hypothesis:

H1: *ESG practices will have a positive effect on brand trust.*

H1a. *Environmental pillar will significantly affect brand trust.*

H1b. *Social pillar will significantly affect brand trust.*

H1c. *Governance pillar will significantly affect brand trust.*

Customer engagement has emerged as a construct of increasing importance in existing marketing literature and as a novel method for fostering consumer value. Additionally, academics have recognized that customer engagement provides businesses with a true competitive advantage and enhances their performance. Consequently, businesses are attempting in their acts to nurture relationships and build bonds with customers [21]. Customer engagement is the degree to which a specific customer is motivated, brand-associated, and context-related, as shown by degrees of cognitive, conative, and behavioral action during brand interaction [22], whereas van Doorn et al. (2010) describe customer engagement as customers' behavioral expressions toward the brand that extend beyond purchasing and are driven by motivational impulses [23]. Customer engagement includes all potential incorporation among stakeholders rather than just between buyers and sellers [24]. Earlier studies [25–28] have realized a relationship between social responsibility and customer engagement. Social responsibility practices can increase customer engagement and trigger a range of behavioral reactions, including repeat purchases, word of mouth, and customer response. Customer engagement was also found to have a significant effect on customer loyalty, which is a desired consequence for businesses [29].

Prior studies have demonstrated that customers tend to develop an emotional connection with companies that use CSR practices to work for the community's well-being [30]. According to Martnez & Rodrguez del Bosque (2013), CSR fosters the belief that firms care about their stakeholders' welfare and do not strive to take advantage of others [31]. Customers consequently tend to have faith in and confidence in socially conscious companies, feel secure developing relationships with them, and are increasingly receptive to them [21]. Thus, based on the above theoretical arguments, this study proposes that:

H2: *ESG practices will have a positive effect on customer engagement.*

H2a. *Environmental pillar will significantly affect customer engagement.*

H2b. *Social pillar will significantly affect customer engagement.*

H2c. *Governance pillar will significantly customer engagement.*

Brand trust plays an essential role in fostering associations between brands and customers. As a result of trust, customers consistently preserve loyal ties with the brand [32]. High levels of customer trust increase the likelihood that they will develop enduring relationships with the brand. According to social exchange theory, consumers are more likely to interact with a brand they trust [33]. Customer engagement makes the association between a customer and a brand better and stronger, which is good for both parties and builds trust [34]. Customer engagement can boost brand trust [35]. Customers that are highly engaged tend to like brands more, demonstrating loyalty to them [36, 37]. Therefore, based on the above theoretical arguments, this study proposes that:

H3: *Customer engagement positively influences brand trust.*

The conceptual framework and proposed hypotheses of this study can be illustrated in Figure 1.

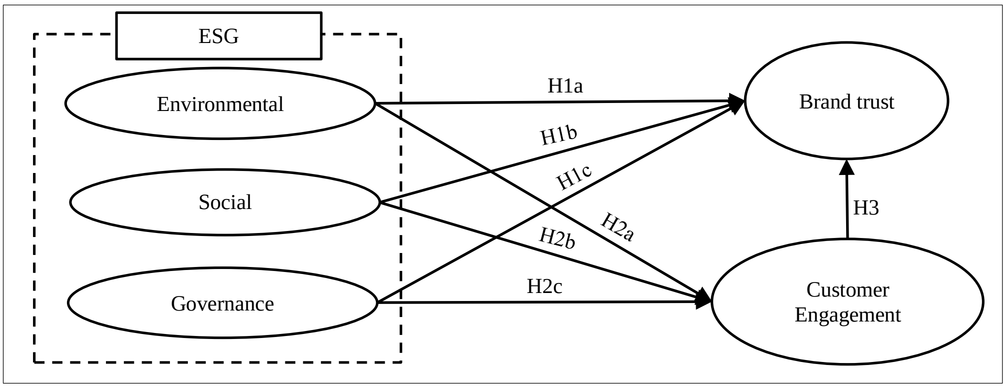

Figure 1. Conceptual framework

3. Research Methodology

3.1. Research Design

This research employed a research survey methodology by using an online questionnaire as the research instrument. A retrospective survey technique examining past events to see how the samples relate to outcomes was used in this study [38]. Partial least squares structural equation modeling (PLS-SEM) was applied to analyze the survey data. To validate the appropriateness of the samples, the respondents were primarily screened with screening questions. Respondents were initially asked, "Have you ever experienced any programs or campaigns that represent a company's commitment to social, environmental, and ethical business practices while facilitating interactions and transactions between you and brands or businesses?". Participants in the survey are respondents who answered "yes" to this question. The respondents were asked to recall their recent experiences with ESG practices by a particular brand. Then answer the questionnaires based on their perceptions of the brand's ESG initiatives. A total of 175 completed surveys were returned, which falls within the range of 100–200 cases regarded as adequate for PLS-SEM analysis [39].

3.2. Measurement Scale Development

The survey respondents' demographic data were gathered in the first section of the questionnaire. Then, 5-point Likert-scale questions were employed to estimate the major elements of our proposed conceptual model. For the ESG construct, ESG comprises three pillars, which are the environmental, social, and governance pillars. The authors adopted and modified 12 items (four items for environmental, four items for social, and four items for governance) from earlier studies [40–44]. The brand trust was measured by six items adapted and modified from Khan & Fatma (2019), Tuti & Sulistia (2022), and Kholis & Ratnawati (2021) [45–47]. Customer engagement was assessed by eight items based on earlier studies by Rich et al. (2010) and Kosiba et al. (2018) [48, 49]. The details of the questionnaire items are illustrated in Table 1.

Table 1. Questionnaire constructs

Constructs	Items	Observed Variables
Refer to any programs or campaigns that represent a brand's commitment to social, environmental, and ethical business practices while facilitating interactions and transactions between you and the brand, the (NAME)…		
Environmental dimension (ED)	ED1	takes every effort to reduce or get rid of negative environmental consequences.
	ED2	minimizes resource usage without endangering the environment.
	ED3	use environmentally friendly materials with a strong commitment.
	ED4	focuses on the effective management of waste and recycling disposal activities.
Social dimension (SD)	SD1	respects culture, traditions, and social norms.
	SD2	enhances societal well-being and people's quality of life over the long term.
	SD3	aids in the growth of society and the economy.
	SD4	supports charities that work to improve the lives of disadvantaged people.
Governance dimension (GD)	GD1	strictly adheres to the law when conducting its business.
	GD2	is focused on fulfilling its obligations to its partners and stockholders.
	GD3	has an ethical standards policy that takes precedence over financial performance.
	GD4	goes out of its way to avoid and prevent corruption in its dealings with the country.

Brand trust (BT)	BT1	These brand promises are reliable.
	BT2	I trust the quality of this brand.
	BT3	The product of this brand is quality assurance.
	BT4	This brand is interested in its customers.
	BT5	This brand is honest with its customers.
	BT6	This brand shows respect to customers.
Customer engagement (CE)	CE1	I am passionate about using the brand.
	CE2	I can continue using this brand for very long periods
	CE3	I feel enthusiastic when interacting with this brand.
	CE4	I am proud of this brand.
	CE5	I get absorbed when I interact with this brand.
	CE6	I feel happy when I am interacting with this brand.
	CE7	I feel very positive about this brand.
	CE8	I exert my full effort in supporting this brand.

4. Results

4.1. Sample Profile

The participant's demographic data is shown in Table 2. Online surveys were distributed, and after deleting any missing and incomplete responses, 175 respondents were qualified for further analysis. The demographic characteristics' findings were as follows. The majority of samples were female (51.8%), with bachelor's degrees (50.4%), single marital status (52.6%), and ages between 26-35 (31.3%).

Table 2. Descriptive statistics

Item	Description	Sample	(%)
Gender	Female	91	51.8
	Male	84	48.2
Age	18-25	40	23.1
	26-35	55	31.3
	36-45	50	28.5
	46-55	20	11.2
	More than 55 years	10	5.9
Marital status	Single	92	52.6
	Married	80	45.6
	Others	3	1.8
Education	Below undergraduate	23	12.8
	Undergraduate	88	50.4
	Postgraduate	64	36.8
Income (USD)	Below 978	69	39.1
	979 - 2794	77	44.1
	Above 2,794	29	16.8

Note: N = 175; 1 USD = 32.68 Baht.

4.2. Evaluation of the Measurement Model

The proposed model was tested in two steps, which are the measurement model and the structural model [39]. To evaluate the instrument's validity and reliability as well as the research framework, partial least based structural equation modeling (PLS-SEM) with the Smart PLS program was used. The measuring model's findings for internal consistency reliability, convergent validity, and discriminant validity are shown in Tables 3 and 4. The Cronbach's alpha value and the composite reliability (CR) values were used to analyze the internal consistency among the components in each construct. The Cronbach's alpha values of all constructs ranged from 0.816 to 0.871, which were higher than the threshold value of 0.7 as suggested by Nunnally (1978) [50]. The composite reliability (CR) values of all constructs were higher than the suggested value of 0.7 [51], ranging from 0.845 to 0.897. These evaluations ensured reliability and internal consistency among these constructs.

Table 3. Validity and reliability assessments for the data

Constructs	Items	Outer Loadings	Cronbach's α	CR	AVE
ED	ED1	0.836	0.871	0.883	0.655
	ED2	0.851			
	ED3	0.796			
	ED4	0.751			
SD	SD1	0.801	0.858	0.845	0.577
	SD2	0.756			
	SD3	0.754			
	SD4	0.725			
GD	GD1	0.787	0.825	0.865	0.622
	GD2	0.824			
	GD3	0.705			
	GD4	0.833			
BT	BT1	0.824	0.857	0.894	0.628
	BT2	0.821			
	BT4	0.796			
	BT5	0.795			
	BT6	0.723			
CE	CE1	0.796	0.816	0.897	0.593
	CE2	0.803			
	CE3	0.789			
	CE4	0.754			
	CE6	0.765			
	CE7	0.711			

Notes: Environmental dimension (ED); Social dimension (SD); Governance dimension (GD); Brand trust (BT); Customer engagement (CE); Composite Reliability (CR), Average of Variance Extracted (AVE); BT3, CE5, and CE8 were removed because of factor loading less than 0.7.

Table 4. Discriminant validity analysis

Latent Variable	BT	CE	ED	GD	SD
Fornell-Larcker criterion					
BT	**0.792**				
CE	0.505	**0.819**			
ED	0.387	0.352	**0.770**		
GD	0.559	0.642	0.414	**0.789**	
SD	0.408	0.623	0.297	0.491	**0.760**
Heterotrait-Monotrait Ratio					
CE	0.696				
ED	0.389	0.349			
GD	0.548	0.646	0.263		
SD	0.595	0.627	0.311	0.493	

Note: The square roots of the variance between the constructs and their measurements are represented by the diagonal elements in bold (AVE).

The convergence validity of the measurement model was assessed based on factor loadings and average variance extracted (AVE). In the beginning, a total of 26 measurement items were used for the confirmatory factor analysis; nevertheless, three items (BT3, CE5, and CE8) have been excluded from further analysis because their factor loading was under 0.5. The AVE values of the constructs that were applied to assess the common variance in a specific construct were higher than the suggested value of 0.5, ranging from 0.577 to 0.655 [52]. These assessments implied validity in the convergence of the measurement model.

Discriminant validity was examined using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio criterion to determine how much a construct differs from other constructs within its components [53]. For the Fornell-Larcker criterion, Table 4 shows that the square root of the AVE for each construct had the highest value compared to other correlation values, showing a relationship with other factors. The Heterotrait-Monotrait (HTMT) ratio values of all constructs are also below 0.850, which is a good sign for the data's discriminant validity. In short, the internal consistency, reliability, convergent validity, and discriminant validity of the measurement model all met the criteria. This shows that the measurement model used in this study is appropriate for further structural model analysis.

4.3. Evaluation of the Structural Model

The next step in the PLS-SEM is to analyze the structural model after analyzing the measurement model and determining that it is satisfactory. It includes assessing the collinearity, path coefficients, significant value, determination coefficients R^2, prediction value Q^2, the magnitude of the effect f^2 of the model, and hypothesized relationships among the constructs. The main effects of the three ESG dimensions on brand trust and customer engagement are shown in Table 5, along with the main effect of customer engagement on brand trust.

Table 5. Results of the structural model

H	Hypothesized Relationship	Path Coefficient	F^2	Results
1a	ED → BT	0.527^{***}	0.383	Supported
1b	SD → BT	0.315^{***}	0.255	Supported
1c	GD → BT	0.239^{**}	0.078	Supported
2a	ED → CE	0.513^{***}	0.375	Supported
2b	SD → CE	0.594^{***}	0.425	Supported
2c	GD → CE	0.181^{**}	0.069	Supported
3	CE → BT	0.453^{***}	0.339	Supported

Note: *** $p < 0.001$; Effect Size (f^2). Variance explained: BT ($R^2 = 0.569$), and CE ($R^2 = 0.553$).
Predictive validity: BT ($Q^2 = 0.323$), and CE ($Q^2 = 0.378$).

To avoid problems with multicollinearity, the structural model's VIF values were checked and found to be less than 5. Using PLS predict, the Q^2 values were confirmed by comparing the errors in the PLS path model's predictions with predictions based on the simple mean. If the Q^2 value is greater than zero, the prediction error of the PLS-SEM results is lower than the prediction error of simply using the mean values. In that case, the PLS-SEM models show better predictive performance. The R^2 values for brand trust and customer engagement are 0.569 and 0.553, respectively, which are greater than the recommended threshold (0.10) by Falk and Miller (1992) [54]. Cohen (1988) described the assessment criteria for f^2 and suggested that a f^2 value of 0.02 is small, 0.15 is medium, and 0.35 is large, and there is no effect if the value is less than 0.02 [55]. The findings demonstrated that the environmental pillar has a large impact on both brand trust ($f^2 = 0.383$) and customer engagement ($f^2 = 0.375$). The social pillar has a medium impact on brand trust ($f^2 = 0.255$) and a large impact on customer engagement ($f^2 = 0.425$). The governance pillar has a small impact on brand trust ($f^2 = 0.078$) and customer engagement ($f^2 = 0.069$). These findings demonstrate coherence between path coefficients and f^2 results. Therefore, H1 and H2 are supported. Customer engagement was found to be a significant antecedent of brand trust ($b = 0.453$) with a large impact ($f^2 = 0.339$). Consequently, H3 is also supported. The predictive relevance of the model was then determined by using Stone-Geisser's Q^2 value. If Q^2 is greater than zero, predictive relevance is established. In this situation, brand trust and customer engagement were determined to have Q^2 values of 0.323 and 0.378, respectively. Consequently, the predictive validity of the model is established.

5. Discussion and Implications

This research aims to examine how ESG affects customer engagement and brand trust. Based on 175 samples of Thai respondents' experiences with brands' ESG practices, a survey research method with an online questionnaire as the research instrument was employed. PLS-SEM was applied to test the proposed hypotheses. The results found that ESG practices significantly affect customer engagement and brand trust. This result is consistent with earlier research [25, 30, 56]. Consumer perception of ESG is also found to positively and significantly affect brand trust, which is consistent with previous studies [21, 26], which show that sustainability activities like ESG initiatives are an effective antecedent of customer engagement. This proves that ESG makes customers feel a sense of emotional attachment to the brand and a sense of belonging. As a result, individuals start to view the brand favorably and form positive thoughts about it; as a result, their commitment to the brand grows, and they consequently become more engaged. Consumer perception of ESG is also found to affect brand trust positively and significantly, which is consistent with previous studies [18, 57, 58]. The perceived ESG practices of a brand positively influence brand trust by making a favorable impression on customers. Customers perceive less risk and acquire less information when making purchases from a trustworthy brand. ESG builds connections between customers and brands by increasing brand credibility through ESG practices.

Businesses' ESG practices can significantly enhance the brand image that drives customers' trust in the brand [3, 7]. The findings of the hypothesis testing of the association between the three pillars of ESG and brand trust reveal that the environment pillar plays the strongest role (b = 0.527) in brand trust, followed by the social pillar (b = 0.315) and the governance pillar (b = 0.239). This finding is consistent with earlier studies [59] that different types of sustainability practices impact customers' attitudes differently. Therefore, brands and businesses must consider the different impacts of each ESG pillar when they implement ESG practices and communicate them to customers. The hypothesis testing on the relationship between the three pillars of ESG and customer engagement also found that the social pillar strongest influences customer engagement (b = 0.594), followed by the environmental (b = 0.513) and governance (b = 0.181) pillars. Our result extends an earlier study by Kim & Li (2021) [60], who reported that different ESG categories have different impacts on corporate financial performance.

This study's findings have a wide range of managerial implications. Firstly, this study confirmed that the environmental (E), social (S), and governance (G) pillars of ESG directly affect customer engagement and brand trust. To constantly increase a brand's integrity, a sustainable vision needs to be communicated, and sustainability issues must be integrated into the brand. Because it may foster trust in a bond that is hard to break, consistent branding around sustainable measures is effective brand management. Secondly, our findings may assist marketers in comprehending the underlying logic behind current trends in ESG-integrated marketing communication strategies and help brands effectively decide what kinds of ESG categories they should emphasize and implement to earn customer engagement and brand trust. Brands can then assess their current operations to determine where they can make improvements in terms of environmental sustainability, social responsibility, and corporate governance. According to Ng (2022), while social and governance issues are frequently tied to environmental and climate-related aims and promises, they are generally ignored or given only passing consideration in marketing campaigns [61]. Marketers lose out on the opportunity to discuss the social ramifications or governance issues that were considered while developing an ESG effort if they just discuss how that program affects the environment. To design a thorough marketing strategy, it is important to step back and consider how new ESG initiatives will affect the "E", "S", and "G" pillars. Brands should also work closely with the compliance and product teams to gain a deeper understanding of a product or service. Brands must take it upon themselves to improve communication given the constant change in ESG practices and expectations. Marketers are in a good position to uphold the truth and influence people's opinions to convince them to support the brand's mission and the highest ESG and sustainability standards. Brands can make sure they are making responsible decisions that effectively impact customers' attitudes, such as customer engagement and brand trust. Brands may strengthen their brand perception and draw in more customers, investors, and staff who are concerned about their influence on the environment, society, and governance by investing in an effective ESG strategy. Companies must be ahead of the curve when adopting an effective ESG strategy since ESG practices are becoming more and more significant in today's competitive environment.

6. Conclusion

This study's objective was to investigate how ESG affects brand trust and consumer engagement. A total of 175 respondents to an online survey were chosen for data analysis. To validate the proposed hypotheses, partial least squares structural equation modeling (PLS-SEM) was applied. This study confirmed a direct relationship between customer engagement and brand trust and the environmental (E), social (S), and governance (G) pillars of ESG. Considering the effects of three ESG categories on brand trust, the results of the hypothesis testing show that the environment pillar has the highest impact on brand trust, followed by the social and governance pillars. In terms of how ESG has affected customer engagement, the social pillar has the greatest effect, followed by the environmental and governance pillars. Varieties of sustainability practices have different effects on consumers' attitudes. As a result, brands need to consider the various effects of each ESG pillar when putting them into practice and communicating them to customers.

The study has some limitations that need to be considered. Firstly, this study only included a limited number of constructs that we anticipated would be influenced by ESG. Additional components, such as buying intentions and word of mouth (WOM), could be tested with empirical data in future research. Increased ESG activity is often associated with higher expenses and financial flows from those projects. In additional studies of the worth of ESG operations, financial factors including the cost of capital, the cost of equity, and cash flow should be considered. The samples were also obtained in Thailand. It is advised to use caution when generalizing the findings. Customer perceptions regarding ESG may be impacted by cultural differences.

7. Declarations

7.1. Author Contributions

Conceptualization, S.T. and W.P.; methodology, S.T. and W.P.; software, S.T. and W.P.; validation, S.T. and W.P.; formal analysis, S.T.; investigation, S.T.; resources, W.S.; data curation, S.T.; writing—original draft preparation, S.T. and W.P.; writing—review and editing, S.T. and W.P.; visualization, S.T.; supervision, W.S.; project administration, S.T.; funding acquisition, W.S. All authors have read and agreed to the published version of the manuscript.

7.2. Data Availability Statement

The data presented in this study are available on request from the corresponding author.

7.3. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

7.4. Institutional Review Board Statement

Not applicable.

7.5. Informed Consent Statement

Participant consent was waived due to the minimal risk to the subjects involved.

7.6. Declaration of Competing Interest

The authors declare that there is no conflict of interests regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

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