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ESG across Economies: A Comparative Review of Developed and Developing Markets

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Abstract

This study investigates the discourse of ESG practices in developed and developing economies through a systematic literature review (SLR). ESG has emerged as a critical framework for sustainable business practices, yet its adoption and interpretation vary significantly across institutional and economic contexts. The research draws on 20 peer-reviewed studies published between 2010 and 2025, systematically identified through leading academic databases, and synthesised using a narrative analysis approach guided by the PRISMA framework.

The findings reveal sharp contrasts in ESG discourse. In developed economies, ESG is institutionalised, standardised, and strategically embedded within corporate governance, driven by strong regulatory frameworks, investor activism, and stakeholder accountability. By contrast, ESG practices in developing economies are fragmented, externally influenced, and often symbolic, shaped by international investor demands, donor agencies, and global supply chain pressures. Comparative analysis highlights the risk of a two-tier ESG system, with developed economies setting global benchmarks while developing economies struggle to align due to institutional voids, compliance costs, and capacity constraints.

The study contributes to theory by applying stakeholder, legitimacy, and institutional perspectives to explain differences in ESG adoption and discourse. It offers practical implications for policymakers, investors, and corporations, emphasizing the need for stronger regulatory frameworks, context-sensitive evaluation criteria, and strategic integration of ESG. Directions for future research include empirical case studies and longitudinal analysis of ESG adoption in developing contexts. The research concludes that ESG is not a universal framework but a context-dependent discourse, with both convergences and divergences shaping its global trajectory.

Keywords: Environmental, Social, and Governance (ESG); Systematic Literature Review (SLR); Developed Economies; Developing Economies; Sustainability Reporting.

1. Introduction

In the last 20 years, Environmental, Social, and Governance (ESG) issues have rapidly and remarkably advanced from the periphery of corporate concerns to becoming fundamental components of corporate strategy, finance, and policymaking on a global scale. ESG's initial conceptualisation of fostering 'voluntary' adoption of 'sustainable' and 'ethical' business practices has now advanced to being an institutionalised 'must comply' feature of the global investment ecosystem, coupled with national frameworks (Kotsantonis et al. 2016). The Rising climate change impacts, social inequalities, and transparency demands from the business sector mean that ESG issues cannot be viewed as an 'optional extra' to business strategy; they have become an 'integrated and fundamental' element on the business agenda of any company operating internationally.

The global investment in ESG assets is projected to exceed US \$40 trillion by 2030, which amounts to almost a third of the total estimated assets (Bloomberg Intelligence, 2024). Such rapid growth is a testament to the extent ESG has been integrated across the financial systems of the world, as it has now become a mainstream investment approach, rather than a niche strategy.

The adoption and evolution of ESG practices experiences distinct struggles in various regions of the world. For example in, the European Union (EU) considers ESG practices as an intricate component of the EU Taxonomy while the United States Securities and Exchange Commission (SEC) proposes mandatory climate-related disclosures for public companies (La Torre et al, 2020). Such practices underscore the legislation and investor activism nexus in the institutionalization of ESG policy and practices in developed economies.

In contrast, developing markets face a different set of challenges. Within South Asia, for instance, India has instituted BRSR for the top listed firms while Pakistan has issued voluntary ESG proposals for companies on the Pakistan

Stock Exchange. However, the enforcement of BRSR remains relatively weak, and the overall climate of sustainability reporting is rather poor, with a significant portion of the firms operating under the Pakistan Stock Exchange adhering to the ethos of profit maximisation (Singhania et al., 2023). As a result, in developing markets, ESG discussions are driven more by the expectations of external investors and the development of goals, such as poverty alleviation and job creation, as opposed to strong regulations.

The difference between developed and developing economies provides another area of investigation. While ESG is a global movement, it is not a universal language; its understanding is a function of context and, therefore, history, culture, institutions and economic structure. Those disparities are critical to comprehend for businesses and investors operating internationally, but also for policymakers trying to align practices of sustainability with global economic growth.

Research Problem

Even though ESG research has significantly developed over the past couple of years, the dominant part of the literature still focuses on the reporting and 'measurement' efforts (performance outcome) of ESG compliance (Friede et al., 2015; La Torre et al., 2020). Even though such studies contribute to the existing literature, they are based on a simplistic premise: treating ESG as a framework devoid of a discourse, avoiding the institutions, culture and a constellation of socio-economic factors.

There is research bias on developing economies. Most ESG research is conducted in Europe and North America owing to developed regulatory systems which allow access to readily available data. For example, there is a substantial body of literature on the EU CSRD and the role of US institutional investors in climate disclosure advocacy (Kotsantonis et al, 2016). In contrast, much less research exists on the ESG discourse of developing economies, where weak

institutions, fragmented informal governance systems, and passive investor behaviour culminate in the nascent adoption of ESG (Rani et al 2025).

South Asia is a clear illustration of this gap. In India, steps have already been taken toward a regime of mandatory ESG disclosures, while the smaller economies of Pakistan and Bangladesh languish under a regime of voluntary reporting and the ESG initiatives of international donors. This results in a fragmented discourse where the developed world's vocabulary on sustainability is poorly reconstructed to suit local contexts. Without deeper comparative analysis, ESG frameworks developed at a global level will remain decoupled from the realities of developing economies.

Hence, the problem this review focuses on is the absence of a comparative approach to ESG discourse across developed and developing markets. In particular, the attention developed markets receive for their sophisticated frameworks and investor-centred practices comes at the expense of developing markets, which are increasingly important to the global supply chain and international investment. This absence, as proponents of the balancing approach to practice disparity point out, is a gaping hole in any attempt to harmonise practices of sustainability or facilitate cross-border investment.

Aim of the Study

The primary aim of this study is to conduct a thorough scrutiny on the difference in construction, interpretation, and prioritisation of ESG discourse in developed and developing markets, how these dissimilarities impact corporations, investors, and policymakers on the international stage and the overall ESG international business landscape, and their implications to the international business landscape.

Research Objectives

The study will pursue the following objectives:

1. To systematically review the discourse on ESG in the context of global business and trace the key milestones that have influenced its evolution.
2. To analyse the framing of ESG in both developed and developing countries and the institutional, cultural, and socio-economic contexts that shape its approach.
3. Evaluate the challenges of ESG implementation across differing market contexts for the global stakeholders, such as businesses, investors, policymakers, and others.

Research Questions

The research will be guided by the following questions:

1. What changes have taken place in the discourse on ESG in the field of international business and what constructs have influenced its growth?
2. What contextual elements account for the differences in the themes of ESG discussed in advanced and emerging economies?
3. What are the consequences of the differences in the ESG discourses for MNCs, global investors, and policymakers, in relation to their efforts to mainstream sustainable international business practices?

Justification of the Study

This research holds both practical and academic significance for the field. It seeks to fill the gap in the literature, prevailing ESG assessment frameworks concentrating on performance, to embrace the narratives and discourses that frame ESG understanding and communication. There is a dire need for discourse comparative analysis in both developed and developing countries as both are critical players in the global supply chain and sustainability conversation (La Torre et al., 2020; Singhania et al., 2023). This study aims to bridge this gap, thus enhancing the discourse on ESG.

Practically, the research is valuable for a variety of stakeholders. In the case of policymakers, especially in emerging markets, the articulation of ESG in developed markets serves as a basis for constructing appropriate regulatory policies and analytical reporting frameworks. The EU Taxonomy and India's BRSR, for example, could assist in crafting customised models for countries like Pakistan. In the case of investors, the research underlines the relevance of a nuanced contextual understanding of the market, given the variances in ESG risks and opportunities as a function of the market's development, maturity, and the quality of governance frameworks in place. Internationally operating corporations, on the other hand, must understand that ESG strategies and communication must be tiered to local discourses while observing the primary standards to control reputational and operational risks.

2. Literature Review

Over the past two decades, the Environmental, Social, and Governance (ESG) issues have been widely discussed in international business, illustrating the growing concern of the business world for the sustainable development challenges on the world stage. The ESG principles do not limit themselves to the financial performance of a business, but instead append the environmental, social, and governance reporting and considerations to the business processes and cross-border operations (Kotsantonis et al., 2016). This has been fueled by a set of interconnected global challenges, including but not limited to, climate change, growing inequality, and an unprecedented information supply (Christensen et al., 2022).

While having worldwide meanings and nuances, ESG practices differ greatly on the local level. As an example, the United States and most of Western Europe integrate ESG practices in a comprehensive institutional and regulatory context, and there is a greater interest from investors. In most developing countries, on the other hand, the ESG decision-making processes will most likely be subject to

the constraints of inadequate institutional frameworks, poor enforcement of laws, and more fundamental, pressing issues of economic development and poverty reduction (Singhania et al, 2023). Such instances demonstrate the need for more in-depth research on the discourse of ESG in other parts of the globe.

The goal of this study is to conduct a systematic literature review (SLR) on the scholarly and policy-oriented discourse on ESG. The SLR methodology enables a clear and methodical framework for the identification, analysis, and synthesis of relevant literature. Unlike conventional narrative reviews, systematic reviews operate on the basis of the formulation of inclusion and exclusion criteria, ensuring the literature is assessed and thematically structured in a critical manner (Tranfield et al. 2003). If this SLR is executed in a pragmatic and orderly fashion, it will be possible to answer all relevant questions and to illustrate the discourse gaps that exist between the developed and the developing markets. It will contribute to the growing body of knowledge on ESG and international business.

Systematic Literature Review

A structured review approach is adopted to compare ESG practices across developed and developing economies. Only peer-reviewed studies relevant to ESG performance, reporting, or regulation are considered to ensure credibility and consistency.

Methodology

The review follows PRISMA guidelines and is carried out in three stages: defining the research design, selecting relevant literature, and synthesizing results.

Research Design

The primary research design chosen for this study is a systematic literature review. The reason for adopting this approach is that it is the most methodical

and most clear concerning assessing and amalgamating critical scholarly work done on a specific topic (Snyder, 2019). In comparison to other narrative reviews that tend to be biased and selective, systematic reviews articulate a repeatable approach that aims at reducing bias and covering all pertinent information (Tranfield et al., 2003). This is the most appropriate design capable of addressing the current research which aims to assess the ESG discourse in both developed and developing regions. Considering the complexity and rapidly evolving nature of ESG, disentangling its intricate components across different academic contexts provides the foundational requirements needed to determine existing patterns, discrepancies, and research gaps.

Search Strategy and Data Sources

The literature search incorporated several databases: Scopus, JSTOR, Science Direct, and Web of Science. These databases were selected for their extensive inclusion of scholarly articles in the domains of management, business, and sustainability. The search synthesised the terms “ESG,” “sustainability reporting,” “CSR,” and “comparative analysis,” “developed economies,” and “developing economies”. More focused search strings were created using Boolean limits (i.e. “ESG AND developing economies,” “sustainability reporting or CSR and developed economies”).

For this study, ESG is defined as an integrated framework combining environmental, social, and governance criteria. CSR refers to voluntary corporate social responsibility initiatives, while sustainability reporting is the disclosure mechanism through which ESG/CSR activities are communicated. Since prior literature often uses these terms interchangeably, all three were included in the search to capture the full body of relevant work, but ‘ESG’ is used consistently throughout this review.”

The defined timeframe for the search strategy relies on the fact that certain studies were published from the year 2010 and onwards and including the year 2025 as an attempt to balance contemporary relevance and a historical perspective. The only restriction applied was that the documents selected were published in academic journals, which were also peer-reviewed, in the English language. The first iteration of search results yielded a considerable number of records, which were filtered through a selection process compliant with primary PRISMA criteria.

Procedures to Choose Studies

For this research, the studies to be used were selected according to the PRISMA method (Page et al. 2021) to enhance understanding and allow for easier use in the future. This method provides for four chronological stages, which are: identification, screening, eligibility, and inclusion.

For the identification phase, 450 records were obtained from database searches, and an additional 20 records were located via manual and citation searches, which resulted in a total of 470 records. After the deletion of duplicates, 380 records were kept for the purpose of screening due to their uniqueness. In the screening phase, the records' titles and abstracts were assessed for relevance, which resulted in the deletion of 280 records that were inconsistent with the focal point of the research which was on ESG discourse.

The eligibility stage was characterized by a detailed analysis of 100 full-text articles. Out of these, 80 were excluded on the basis of not focusing on the ESG discourse, falling outside the specified timeframe, and lacking a comparative analysis of developed and developing contexts. Ultimately, 20 studies that fell within the parameters of the systematic review were retained. These studies were included on the basis of meeting all the inclusion criteria, making substantive methodological contributions, and providing relevant discourse in ESG for both developed and developing economies. The complete

procedure is depicted in the PRISMA flow diagram (Appendix Figure 1) which illustrates the record tracking from identification to the stage of final inclusion.

Inclusion and Exclusion Criteria

Inclusion and exclusion criteria were applied in a precise manner to ensure the final studies remained relevant and high quality. Inclusion criteria considered the publication in a peer-reviewed journal, the focus on the ESG discourse or some related sustainability reporting, and target the economies of the world, both developed and/or developing. Studies had to be published in English and be within the years 2010-2025. Both conceptual and empirical studies were included, as long as the ESG discourse was relevant to the research goals.

Non peer-reviewed exclusion criteria included, but were not limited to, conference papers, reports, and working papers, in addition to studies which were exclusively on the ESG discourse and environmental science, financial modelling, or non-related governance issues. Studies which had no clear methodological frameworks, developed and developing contexts, or were outside of the years 2010-2025 were also omitted.

Data Extraction and Synthesis

The final stage was to extract relevant information from the 20 studies to facilitate synthesis. Data was extracted into a structured table (Appendix Table 1) which included author(s), year, focus of the research, geography, methods used, and major findings. This table allowed for cross study comparison and aided in pattern, divergence, and theme identification. Because the approach needed understanding the findings based on different methodologies and contexts, constructing a narrative synthesis was the most appropriate (Popay et al, 2006). This synthesis was interested in cross-national ESG discourse comparisons and developing thematic literature on the differences in primary regulatory systems, stakeholder pressures, and strategic incorporation. The most critical research

gaps, including the dominance of developing economies, the prevalence of quantitative research, and a focus on discourse framing, often went unaddressed in the systematic review of the literature.

This approach strengthened the rigor and transparency of the synthesis and guaranteed review reproducibility, substantially increasing the likelihood that the objectives set for this study would be met.

Theoretical Frameworks in ESG Research

The research on ESG practices is supported by different theories which explain how organizations cognize, embrace, and articulate the practices of sustainability. These theories are critical to the understanding of contextual differences, rationale, and the inexpugnable proof of the theories on the fact that ESG is more elaborately integrated into developed economies than are developing economies.

Stakeholder Theory

The rationale behind stakeholder theory claims that a company is under obligation to strike a delicate balance between the demands of a myriad of stakeholders, which include the stock owners, the personnel of the firm, the consumers, the regulators, and the entire society (Freeman et al, 2010). There is a strong concordance with ESG and this theory of stakeholder because ESG attempts to measure and quantify stakeholder interests. There is growing evidence that reinforce the association between stakeholder engagement and the adoption of ESG metrics: García-Sánchez et al. (2021) indicate that firms with stronger stakeholder relationships are more likely to engage in proactive ESG reporting and Rani et al. (2025) argues that in the context of developing economies, ESG discourse is often designed to meet the requirements of global stakeholders like foreign investors and NGOs, instead of local constituents.

Legitimacy Theory

Legitimacy theory discusses how firms practice activities to conform to placement expectation to gain and maintain legitimacy (Suchman, 1995). ESG rhetoric functions to pragmatically maintain ESG-related legitimacy under growing societal scrutiny. In more developed countries, legitimacy pressures usually emanate from legal requirements, investor activism, and the press (Christensen et al., 2022). In less developed countries, legitimacy pressures tend to be more symbolic: firms engage in ESG reporting to attract foreign investment or to meet the requirements of donors, while real internal transformations in the organization are minimal (Singhania et al., 2023).\

Institutional Theory

Institutional theory focuses on the functions of formal and informal organizations in relation to organizational practices (Scott, 2014). The strength of ESG discourse is partly a function of how robust institutional frameworks are: advanced economies with robust legal frameworks (for instance, the EU's CSRD) are likely to require ESG reporting and disclosures, while developing economies are often in the "institutional voids" of a lacking enforcement and capacity for substantial adoption (La Torre et al., 2020). Jain and Jamali (2016) in a comparative study have shown that institutional pressures shape the adoption of ESG practices differently, with developed markets driven by coercive frameworks and developing markets dominated by normative and mimetic pressures.

Incorporating New Frameworks to ESG Research

Recent works such as Fatemi et al. (2018) and García-Sánchez et al. (2020) build on the coverage to examine and demonstrate the contribution of the Resource Based View (RBV) to ESG practice. They point to the intangible resources and dynamic capabilities a firm can build such as reputation, stakeholder trust, and innovation, as competitive advantages. The firm can demonstrate its ESG

commitment by providing rich ESG information and thus fulfilling its value enhancing function of resolving information asymmetries (ESG disclosure). On the other hand, firms that possess dynamic capabilities are in a better position to weave ESG into their corporate strategy and respond to the ever-evolving regulatory landscape of sustainability.

MVC and Integration of Multiple Theoretical Frameworks Framework

Discourse on ESG has shown that no theory can sufficiently explain its aspects in isolation. To this end, Haque & Ntim (2020) propose a stakeholder, legitimacy, and institutional prism to multi-theoretical approaches to address this gap. In developing markets, for example, the adoption of ESG can be seen as an attempt to respond to a stakeholder demand from foreign investors (stakeholder theory), a demonstrated commitment to global norms (legitimacy theory), and the capturing of weak institutional structures (institutional theory) to institutionalize ESG. This complexity illustrates the importance of developing ESG analytical frameworks that transcend simplistic explanations for ESG as a strategy and instead view it as a discursive construct influenced by a plurality of theoretical frameworks.

The theoretical underpinnings of ESG discourse reveal that stakeholder expectations, legitimacy concerns, institutional contexts, and firm capabilities interplay to define ESG discourse. There is a tendency for developed economies to have a convergence of these elements, which culminates in the institutionalization of ESG frameworks. In contrast, developing economies have a more fragmented embrace of ESG, driven by external impositions and local developmental needs. These theoretical frameworks thus offer a robust starting point for examining the diversity of contexts in ESG discourse, which this study aims to address in a comprehensive manner.

Table 2.1 provides a concise summary of the key theoretical perspectives underpinning this study. It highlights how stakeholder, legitimacy, institutional,

and other frameworks contribute to understanding the construction and adoption of ESG discourse across different contexts.

Table 2.1: Theoretical Frameworks and Their Application to ESG Discourse

Theoretical Framework	Core Idea	Application in Developed Economies	Application in Developing Economies
Stakeholder Theory (Freeman et al., 2010)	Firms must balance interests of multiple stakeholders.	Strong stakeholder engagement drives proactive ESG disclosure; investors and civil society push transparency (García-Sánchez et al., 2021).	ESG often reflects pressure from foreign investors and NGOs; local community concerns are less prioritised (Rani et al., 2025).
Legitimacy Theory (Suchman, 1995)	Firms adopt practices to maintain social legitimacy.	ESG embedded through regulation, activism, and media scrutiny; disclosure is substantive (Christensen et al., 2022).	ESG reporting often symbolic, aimed at signalling alignment with global norms rather than internal change (Singhania et al., 2023).
Institutional Theory (Scott, 2014)	Organisational practices shaped by formal and informal institutions.	Robust frameworks (e.g., EU CSRD) enforce mandatory ESG adoption (La Torre et al., 2020).	Institutional voids weaken enforcement; adoption shaped by normative/mimetic pressures (Jain & Jamali, 2016).
Resource-Based View (RBV) & Dynamic Capabilities	ESG creates strategic resources and adaptability.	Firms use ESG for competitive advantage, reputation, and innovation;	ESG seen as opportunity to build trust with global partners; dynamic

Theoretical Framework	Core Idea	Application in Developed Economies	Application in Developing Economies
(Barney, 1991)		disclosure reduces information asymmetry (Fatemi et al., 2018).	capabilities remain limited due to resource constraints (García-Sánchez et al., 2020).
Institutional Complexity / Multi-Theoretical Approaches (Haque & Ntim, 2020)	ESG shaped by overlapping stakeholder, legitimacy, and institutional pressures.	Convergence of frameworks creates structured ESG integration across governance systems.	Fragmented adoption; ESG discourse simultaneously shaped by investor demands, symbolic legitimacy, and weak enforcement.

ESG Discourse in Developed Economies

Both in practice and theory, ESG discourse and practice in developed countries revolves around integration as a cornerstone of corporate governance and regulatory oversight of finance. This is a result of a strong configuration of institutional frameworks supplemented by stakeholder mobilization from the investing populace and changing societal norms. Unlike in developing countries, where the ESG discourse remains disjointed or is driven as an imposition, in developed countries the approach to ESG is formalized, standardized, and synthesized as part of the core strategic objectives of the business.

Institutionalization through Regulation

It has always been distinctive in advanced economies how ESG discourse is captured and embedded within regulatory frameworks. The European Union is one of the frontrunners in the global landscape on the regulation of sustainability. The EU has adopted the EU Taxonomy for Sustainable Economic Activities and the Corporate Sustainability Reporting Directive (CSRD) to ensure the uniform sustainability reporting of the member countries. These frameworks improve the

ESG reporting practices by placing mandatory obligations on firms and going beyond what is provided for in voluntary reporting (La Torre et al. 2020). The Sustainable Finance Disclosure Regulation (SFDR) is the most advanced in this regulatory zeal, as it requires asset managers to report on the integration of ESG risks into their investment processes. In this way, the regulation ties investment sustainability to the corporate accountability and ESG integration practices (Christensen et al. 2022).

Because of the highly nuanced nature of politics in America, the ESG regulatory system has been more fragmented than in other countries. Even here, there has been a surge in regulation, though of a much slower rate than in other countries. Speaking to the SEC's proposed rules on climate-related disclosure, they argue ESG factors that are being incorporated are a greater number of financially material risks. Flammer et al, 2021. This case, and others like it are the first sign to come to the United States that there is now an effort to converge to the global reporting standards on ESG, even in the more politically charged, contested situations.

Market Driven Dynamics

Outside of policies, the ESG debate within developed nations has, on the contrary, mostly been the result of the financial market, along with people's expectations. For instance, substantial institutional asset managers like BlackRock, Vanguard, etc., wield tremendous clout as they 'force' firms to integrate the ESG principles within the governance and strategy. These types of pressures are even stronger to the evidence; For instance, Fatemi et al. (2018) analyzed the effects of information asymmetry on governance and value of a firm and Kotsantonis et al. (2016) showed the 'considered' inclusion of ESG factors into the investment decision-making process as a 'risk' in the investment. In addition, corporate activism in developed nations has transformed compliance with ESG principles from a reputational 'cost' to a 'benefit,' as a result, firms are

now obliged to actively demonstrate their commitment to sustainability within the entire supply chain and across all products offered.

Strategic integration with Corporate Governance

In developed economies ESG is no longer restricted to mere compliance, but rather is anchored within corporate governance and long-term strategic planning. Vaihekoski & Yahya (2023). demonstrate how companies in the Nordics were the first to develop integrated ESG reporting models, placing sustainability at the heart of the company rather than as an afterthought. More recently, García-Sánchez et al. (2021) noted the positive impact of board diversity and governance quality on the quality of ESG reporting, providing evidence that firms in developed economies treat ESG as governance infrastructure. Rani et al. (2025) further claim that in advanced markets, ESG is a competitive differentiator that increases innovation, investor confidence, and capital inflow.

ESG Discourse in Developing Economies

In developing economies, the discourse on Environmental, Social, and Governance (ESG) issues takes a different form than in advanced economies. Developing economies which, unlike advanced economies, face the challenges of institutional weakness, limited resources, and competing development priorities eschew the emphasis on compliance, transparency, and incorporation into corporate strategy. These factors greatly influence the narrative around ESG and its adoption and diffusion in such economies.

Regulatory Deterioration and Institutional Deprivation

The enforcement of sustainability practices within developing economies is impeded by the institutional structural weakness of the regions. Primarily voluntary and under-enforced regulations still lead to underreported and uneven adoption. While India has made strides in the region by aligning to the Global Reporting Initiative and introducing Business Responsibility and

Sustainability Reporting (BRSR) on Primary listed firms, the case of Pakistan is dismal. The Pakistan Securities and Exchange Commission has only issued voluntary ESG guidelines, and attestation seems to be sector dependent (Singhania et al, 2023). In the Sub-Saharan Africa region, the primary focus of ESG regulation remains to be externally driven. Similar to Pakistan, many firms within the region only implement sustainability practices in response to donors and international investors, disregarding local regulations altogether (IMF, 2022). Such regions described by institutional theorists as 'institutional voids' having weak governance, on the over- arching ESG theory, only dip into ESG discourses to meet external demands (Jain & Jamali, 2016).

Externally oriented and investor-centered discourse

ESG adoption in emerging markets is often less a domestic concern and more a concern of external actors like international investors, multinational businesses, and donor organizations. As Rani et al. (2025) point out, in such situations, ESG tends to be regarded as an attempt to market the firm as legitimate to the foreign market rather than a genuine practice grounded in the local context. This is more a form of emblematic than substantial engagement, in that organizations focus on ESG as a label to be promoted in public discourse, even as the number of organizational changes internally is rather small.

Integration with Development Priorities

It is also telling that the ESG discourse in developing economies intersects with wider developmental narratives. In developing economies, unlike in developed countries, shareholder value or ESG-related risks are not the only focus. Rather, ESG is framed in the context of national development aspirations, poverty alleviation, and social equity. ESG discussions in the African region, for e.g, focus on the creation of jobs and the building of infrastructure because of the socio-economic realities of the region (Haque & Ntim, 2020). South Asian firms, for

instance, may pledge to carry out certain activities that are termed to be ESG compliant, yet they put a higher premium on social welfare activities in education, health, and community development, where ESG is practiced as corporate citizenship rather than the corporates' legal obligation (Raimo et al, 2021).

Implementation Challenges

Even as developing economies are becoming increasingly aware of ESG, the barriers to effective implementation of ESG remain daunting. These obstacles are the lack of technical capacity, the high cost of ESG compliance, the absence of uniform ESG reporting frameworks, and underdeveloped ESG monitoring and evaluation frameworks (Singhania et al, 2023). García-Sánchez et al, 2020 have noted that even the firms that adopt ESG principles, their disclosure practices are poor in compliance with the set principles, which makes region to region comparison very difficult. In addition, lack of democracy in a country, absence of rule of law, and weak enforcement of the law on corruption and other governance issues, which are common in the developing economies, adversely affect ESG implementation (Haque & Ntim, 2020).

In the advancing world, the discourse on ESG is influenced by the development priorities, external pressures, and institutional gaps in the region. Although ESG is becoming more and more recognized in global capitalism, its adoption is still often, if not always, more symbolic than real. Unlike the advanced economies, which have woven ESG into the fabric of corporate strategy and governance, developing economies treat ESG more as an aspirational agenda in alignment with the primary socio-economic objectives. This disparity, however, highlights the need for a global comparative approach to the ESG discourse, for the frameworks developed in the world may still not capture the essence of ESG in the emerging economies.

Comparative Insights: Developed vs Developing Economies

The systematic review demonstrates that ESG is a discourse of global concern, however, its interpretation and practice remain heavily varied and divergent in its developing and developed countries. These divergences arise from the socio-economic priorities, stakeholder pressures, and the institutional capacity of the countries in question. In more developed countries, the system of ESG is institutionalized with mandatory frameworks, enforced with standardized reporting, and rigorous supervisions. Policies like the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) compel corporations to provide detailed sustainable development information, thus enforcing the incorporation of ESG, and corporate governance systems (La Torre et al, 2020). Developing countries suffer from institutional voids, with languishing regulations, and weak enforcement of governance frameworks that are piecemeal in nature (Jain & Jamali, 2016). Thus, in these contexts, ESG reporting is largely voluntary, inconsistent, and externally driven.

The expectations formulated by stakeholders assist in framing ESG discussions in a variety of contexts. For instance, in developed economies, a company's response is directed toward both local and international stakeholders, including institutional investors, regulators, and civil society, and is characterized by a demand for accountability and transparency (Christensen et al., 2022). To the contrary, in developing economies, the ESG discourse is more dominantly influenced by external stakeholders, particularly by foreign investors and donor agencies, who condition the adoption of sustainability practices in investments or aid (Rani et al., 2025). Legitimacy theory helps interpret this situation; whereas firms in advanced markets, seek to maintain legitimacy, with their domestic institutional environments. These developed markets sustain their ESG practices primarily for the purpose of signaling integration with global ESG

practices, regardless of the actual procedural practices in place (Haque & Ntim, 2020).

Framing of priorities is another significant difference. In developed economies, ESG is often fully integrated into long-term corporate strategy, viewed as a competitive advantage, a source of innovation, and a risk mitigation approach (Fatemi et al., 2018). In contrast, developing economies often associate the ESG discourse with the primary development needs of the country, such as poverty alleviation, social integration, and infrastructure development (Singhanian et al., 2023). This difference is indicative of the broader socio-economic contexts: in developed economies with welfare states and regulatory frameworks, compliance is a prerequisite, and the focus is on financial materiality, while in developing economies, ESG is placed within the context of nation-building and growth.

The reasons for these differences notwithstanding, certain points of similarity do exist. International documents like the UN Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) create a common point of reference for the developed and developing economies alike. However, within the scope of these documents, the degree of acceptance and the extent of adoption are poles apart. Developed economies regard the environmental, social, and governance (ESG) framework as a governance requisite, while developing economies tend to regard these as more of an ambition or an externally driven agenda. This scenario runs the risk of creating a tiered ESG framework, with firms in advanced economies setting the global ESG framework to which firms in emerging economies are unable to comply due to resource and institutional deficiencies (IMF, 2022).

In summary, developed countries recognize ESG discourse as having undergone institutionalization, strategic assimilation, and rigorous accountability to stakeholders. Conversely, ESG discourse within developing

countries is a consequence of external forces, poorly developed institutional frameworks, and focused development. There is no lack of theory to evince such divergences: stakeholder theory, legitimacy theory, and institutional theory. Stakeholder theory elucidates the presence of domestic and global actors, legitimacy theory offers explanations for context of adoption in institutional paucity, while institutional theory highlights the need for robust regulations. This analysis of the differences in context ESG frameworks is a starting point for this study, which will discuss the ESG discourse within the context of each country in the following chapters.

Research Gaps and Implications

Although Environment, Social, and Governance (ESG) analysis has made considerable strides in the past decade, this analysis found a number of significant shortcomings that undercut the understanding of its global discourse. These gaps in the literature, as noted, pertain to scope (geography), focus (thematic), and balance (methodological) practice diversity, as well as the proportion of symbolic to substantive actions taken.

Geographical Gaps

The most obvious gap relates to the geographic distribution of ESG research. Much of the literature remains focused on developed economies, especially Europe and North America, due to more enabling local laws and access to relevant data (Christensen et al., 2022). Developing economies, on the other hand, are underrepresented despite their growing integration into global value chains, and their sustainability challenges of climate vulnerability and resource dependence (Singhania et al., 2023). More recent bibliometric analyses highlight this gap and point out that developing markets in ESG research are often peripheral, appearing as case studies rather than focal points (Rani et al., 2025).

Thematic Gaps

The second gap concerns the themes the existing studies focus on. Many pieces of scholarship on ESG focus on its performance and profitability, particularly on whether the sustainability practices associated with ESG are profit-enhancing, risk-reducing, or confidence-adding to the investors (Friede et al. 2015, Fatemi et al. 2018). While this line of scholarship is important, it fails to think of the discursive aspects of ESG, or how ESG is framed, talked about, and understood in different situations. For instance, in developing countries, ESG is often framed in terms of developmental objectives, such as the reduction of poverty and the creation of employment. These discursive aspects are, however, glaringly absent in comparative studies.

Methodological Gaps

These are also methodological gaps and shortcomings within the literature. The overwhelming focus on quantitative studies and performance has underestimated the volume of qualitative and interpretative studies on ESG as a social and institutional discourse. Thus, little is known about the impact of contextual aspects of culture, governance, and institutional capacity on the framing of ESG. These systematic reviews of the literature and qualitative discourse analyses are still small in number compared to econometric studies on ESG performance (Haque & Ntim 2020).

The lack of a balance between the symbolic and substantive ESG practices is a particular gap in the literature. There is a supportive literature that suggests that within developed economies ESG is usually annexed within the corporate governance system and corporate strategy. Conversely, in developing economies, the adoption is usually more symbolic, satisfying external rather than internal stakeholders (Jain & Jamali, 2016; García-Sánchez et al., 2020). This divergence in practices is unexplored in the context of global ESG harmonisation,

particularly given the increasing relevance of the EU Taxonomy or ISSB standards.

This study attempts to fill these gaps in multiple ways. To begin with, it attempts to reduce the geographical imbalance by focusing on ESG discourse in developed and developing economies. Instead of placing more value on one of the economies, both are treated equally and are compared systematically. Then, it moves from focusing on performance outcomes to how ESG discourse is framed and how the articulation of ESG is articulated through local institutions and socio-economic contexts, paying more attention to the outcomes discourse. In addition, the dominance of quantitative approaches has motivated this study to offer a more systematic literature review and interpretive analysis, which is more critical and qualitative in nature. Finally, this research sheds some light on the symbolic and substantive ESG adoption and the danger of imposing a one-size-fits-all global approach, which is why more contextually-informed ESG approaches are needed.

This study advances the boundaries of incorporating stakeholder, legitimacy, and institutional theories on ESG scholarship, and in return provides practical theories for policymakers, investors, and corporations operating in multiple markets.

3. Research Methodology

The study applied an interpretivist research philosophy. This means it accepts that reality deals with socially constructed phenomena, and that meanings depend on context and discourse. ESG, like many concepts, is not monolithically defined. It is often treated differently according to the specific institutional, cultural, and economic frameworks that exist (Saunders et al., 2019). Therefore, the attempt to understand differences in ESG discourse between developed and developing economies requires a philosophical stance that is concerned with meaning and interpretation, as opposed to a positivistic measurement.

Research Approach

This study took an inductive approach to research. This is because the aim of this study is to derive conclusions from the available literature rather than prove or disprove a theory. Induction is useful in working with data to derive constructs and afford certain liberties in data analysis for theory building (Creswell & Creswell, 2018). This is in accordance with the framework of the systematic literature review, aimed at the consolidation of diverse research to expose patterns, theoretical gaps, and contextual disparity.

Research Design

This study is based on a systematic literature review (SLR) as the principal framework. The SLR in this field is regarded as the most appropriate as it provides clarity and a repeatable synthesis of the body of knowledge (Tranfield et al., 2003). The SLR intends to focus on the framework of rigor and relevance of the literature on frameworks. Given the developmental focus and emphasis of the SLR on relevancy and rigor of the literature, ESG, multi-sourcing approach is imperative. It also serves to address the relative paucity of multi-sourced ESG literature and analyses across developed and developing countries.

Data Sources and Search Strategy

The data were accessed through the Scopus, the Web of Science, Science Direct and JSTOR databases. The selection is justified on the basis of their coverage on a range of journals that are custodians of quality peer reviews in the business and management field, along with the sustainability domain. Searches were conducted using terms like “factors influencing ESG adoption” “CSR,” and “CSR in developed and developing countries,” as well as with “factors influencing the adoption ESG in stratified developing countries,” along with the phrases “sustainability reporting,” “sustainability reporting on developed countries,” “sustainability reporting in developing countries,” and “sustainability reporting in comparative analyses,” along with the relevant keywords to the phrases.

The publications of interest were limited to the range of 2010 to 2025, to preserve the relevance and historical context of the piece. Publications that were written in a language other than English as well as non-peer-reviewed articles were excluded in a bid to sustain the rigor of the research.

Study Selection Process

The rest of the studies were chosen in accordance to PRISMA. The primary identification in this stage produced 450 articles from the databases and an additional 20 more from manual searching and thus making it to 470 records. Upon duplicate removal, 380 unique studies were retained. The rest of the studies were chosen based on the title and abstracts. In this case 100 were chosen to be reviewed fully with 80 of them being irrelevant, methodology not being clear cut, and more. 20 studies were included to the review at the end. This entire process is illustrated in Appendix Figure 1 on the PRISMA flow diagram. This shows the entire process from the beginning to the end and the main principles of filtering within each stage.

Inclusion and Exclusion Criteria

Inclusion criteria dictate the studies which were to be chosen must be peer reviewed and published, specifically written about the discourse of ESG and reporting, which develops and/or under develops economies, and published from the year of 2010 to 2025. Studies included had to be in English and used either conceptual or logical thinking which is applicable to the ESG discourse.

All non-peer-reviewed works, including conference papers, reports, and opinion pieces, as well as studies on environmental or financial modelling without reference to ESG discourse, were excluded. The same goes for studies published outside the given window, studies without transparent methodologies, and studies that did not disaggregate developed and developing contexts.

Data Extraction and Analysis

The 20 studies that were included in the analysis were data verified and organized in a structured summary table (see Appendix table 1). The data included the author(s), year(s) published, the research focus, region(s) studied, methods used, and significant outcomes. This facilitated data driven cross study analysis to determine relevant themes and distinctions. The methodology for the analysis was a narrative synthesis for the purposes of the research. This is the appropriate methodology to use in this instance as it integrates differing methodological approaches and helps to combine them for the purposes of this cross-disciplinary research. The synthesis provided the foundational thematic areas, which included regulatory frameworks, stakeholder pressures, strategic integration, along with the discursive and prioritization areas for cross analysis between the developed and developing economies.

Reliability and Validity

The reviews were confined to peer-reviewed journals and applying specific inclusion and exclusion criteria following the PRISMA framework. Thus, the exclusion criteria also enhanced validity. Documenting every step, starting from the search strategy down to screening and inclusion, enhanced reliability. In this manner, the system becomes replicable. The appendix also increases reliability, because the data extraction and coding from the reviewed studies are available.

Ethical Issues

The ethical issues are limited given that this research only uses secondary data derived from available academic work in the public domain. However, the ethical issues were addressed by proper citation, paraphrasing the work, and maintaining value-free reporting. The research is in congruence with the ethical standard set by the institution through proper attribution to all the associated works included in the study.

4. Findings and Discussion

The review demonstrates that in advanced economies, the ESG debate is predominantly the result of the social construction of institutions and the activities of the state. Research points out that the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) have, to some degree, standardised ESG activities in the EU (La Torre et al., 2020). In the US, even with the political struggle, the ESG-related risks are financially material Flammer et al., 2021, and the Securities and Exchange Commission has recognised them more and more.

Fourth, impact investing, alongside investing in listed equities, has grown in prominence in the advanced economies. BlackRock and Vanguard, for example, are massive institutional investors who are able to influence the level of corporate focus on strategic priorities and goals by demanding the disclosure of ESG 'strategies'. Fatemi et al. (2018) find that the disclosure of ESG information reduces the information asymmetry problem and adds value to the firm. ESG reporting quality is associated with the level of board diversity and the quality of corporate governance as outlined in García-Sánchez et al. (2021). On the whole, these studies argue that for advanced economies, ESG reporting is a legal obligation as well as a pillar for competitive advantage, risk mitigation, and reputation management.

Developing Economies

The situation in developing economies is different as the ESG conversation is still at the fragmentation level, largely voluntary, and driven from the outside. While many countries in the developing world still operate a voluntary framework for ESG incorporation and reporting, India is a notable exception as it has implemented BRSR. ESG adoption in Pakistan, as an example, is lagging and is characterized by a limited number of firms with responsive reporting practices (IMF, 2022). In these contexts, the key motivators of ESG implementation are exogenous stakeholders, particularly foreign direct investors, multinational

enterprises, and aid organizations. Rani et al. (2025) contend that the outcome of this paradoxical situation is ESG is adopted symbolically, whereby firms advocate a so ESG is implemented rhetoric to gain global acceptance but paradoxically do not acknowledge the need to integrate sustainability governance mechanisms. In addition, ESG in the Global South is more often than not aligned with poverty alleviation, social equity, and infrastructure development (Haque & Ntim, 2020).

Businesses are still confronted with a lack of proper governance frameworks, high cost of compliance, and scarce administrative and technical resources, all of which increase the cost of governance. This is even more pronounced in the case of ESG compliance, which, except for a few instances, remains as an afterthought and largely unsystematic.

Comparative Insights

There is more than one ESG framework existing in the global economy today. This has led to the existence of different ways of understanding and acting upon ESG developed and developing countries. In developed economies, ESG has and continues to be an industrialized and systematized function with institutions due to the combination of regulations, market forces, and stakeholder expectation accountability (Christensen et al., 2022). On the other hand, the Global South is characterized by an externally driven, often shallow, and developmentalized ESG framework (Jain & Jamali, 2016).

Stakeholder theory provides an explanation for these differences. As identified by Haque and Ntim (2020), firms in developed economies engage with both domestic and international stakeholders, while firms in developing contexts seek international legitimacy. In a similar vein, institutional theory explains the reason behind strong regulatory frameworks in developed economies which promote productive ESG practices, versus the fragmented and emblematic adopters in developing economies which embody institutional voids (Scott,

2014).

Symbolic versus Substantive ESG

Another important issue that has emerged from the review is symbolic ESG and substantive ESG. Substantive ESG is the integration of the practices in question, and policy frameworks integration at the core of a firm's strategy, whereas symbolic ESG is the practices that come with little or no internal restructuring towards a sustained commitment. McKinsey (2010) referenced in García-Sánchez et al. (2020) shows firms are punished for symbolic ESG during crises such as COVID-19, while Nordic firms, as pointed out by Vaihekoski & Yahya (2023), are known for pioneering implementing governance structures with sustainability at the core.

In developing economies, the area of symbolic or shallow ESG is more predominant due to a lack of enforcement and heavy dependence on external legitimacy. However, some sectors such as export oriented industries are shifting towards more substantive ESG practices with global supply chains. This is a slow but crucial sign of convergence, especially considering the existent structural constraints.

Emerging Trends and Research Gaps

The review also pinpoints emerging trends that cut across both contexts. First, the link between ESG and financial materiality deepens, with investors and regulators framing sustainability as vital for value creation (Fatemi et al., 2018). Second, the proliferation of global initiatives, including the International Sustainability Standards Board (ISSB), signals movement toward convergence in ESG reporting. Third, digital innovations and big data are transforming ESG reporting, enhancing transparency and accountability (Rani et al., 2025).

However, multiple gaps continue to exist. Most ESG research concentrates in the developed world, with developing economies largely ignored (Friede et al.,

2015). In addition, the body of literature on the ESG discourse that employs qualitative methodology is virtually absent, with the overwhelming bulk focusing on quantitative performance metrics. Most importantly, the symbolic adoption of ESG practices for the purposes of legitimacy and competitive advantage is an area that has been largely ignored, especially considering the adoption of ESG frameworks and the subsequent need to rely on enhanced research to provide answers.

5. Discussion

These outcomes validate that ESG is not an abstract concept, but rather a discourse shaped by context and discourse, institutional framework, and market culture. In advanced economies, ESG is integrated into the legal system and the accountability framework of the investors, thus adopted as an institutionalised approach (Christensen et al., 2022). In a developing country context, however, ESG is still more of a symbolic concept, peripheral and externally driven to the country's development framework, rather than the corporate agenda (Haque & Ntim, 2020). This contrast exemplifies the socially constructed nature of ESG, and thus advocates for the interpretivist approach taken by this research.

Stakeholder Theory and Divergent Pressures

Firms survive and have sustained legitimacy in the long run by balancing the competing interests of stakeholders (Freeman et al., 2010). The results presented here suggest that the stakeholder pressures vary across contexts. In fully developed countries, stakeholders such as institutional investors, regulatory bodies, and domestic civil society groups require the company to practice ESG reporting and evaluation (Fatemi et al., 2018). In contrast, in developing countries, the most salient stakeholders are frequently international investors, aid donor institutions, and multinational firms in the supply chains (Rani et al., 2025). These stakeholders largely promote ESG practices as a means for availing capital and gaining access to international markets, leading to largely tokenistic and

superficial ESG practices. This difference shows how ESG is framed in response to the differing stakeholders' contexts.

The Legitimacy Theory and Symbolic vs Substantive ESG

Legitimacy theory helps to elaborate the symbolic vs substantive distinction drawn from the findings. Firms in advanced economies pursue substantive ESG since the imposed regulations and demands from investors create and reputational and financial risks in case of non-compliance (García-Sánchez et al., 2020). In contrast, the lack of enforcement and institutional voids in developing economies provide a context where firms can achieve legitimacy through symbolic ESG practices, public endorsement of governance aimed at the sustenance of non-governance of operational frameworks (Jain & Jamali, 2016). This indicates that while ESG remains a potent instrument in pursuing legitimacy, the depth of its adoption is still highly dependent on the institutional framework and enforcement capabilities of a given context.

Institutional Theory and Regulatory Contexts

Five articles explain and use International Business and Management subjects neglected so far. Institutional theory focuses on the impact of formal rules, cultural, and cognitive structures on organizational behaviors and activities (Scott, 2014). Strong institutions in developed economies unleash ESG reporting with the EU CSRD and the proposed climate disclosures of the US SEC showing reporting frameworks. These frameworks promote consistency, comparability, and integration into the corporate strategy (La Torre et al., 2020). In contrast, in developing economies, there are institutional voids where rules and regulations are weak or discretionary and firms respond to external pressures in the light of ESG. Institutional theory explains the differences in contexts and especially the absence of convergence ESG practices and the contextual barriers to convergence explains the gaps.

Implications for Global ESG Convergence

The comparative study provides convergence and divergence in the ESG discourse. Adoption of the global frameworks like the Sustainable Development Goals (SDGs) and the International Sustainability Standards Board (ISSB) is an example of convergence, as they offer frameworks and a common language for sustainability. However, divergence still exists because the institutional framework is underdeveloped, the stakeholder environment is heterogeneous, and the economic structures are dominated by different priorities. These observations lead to the concern of a “two-tier ESG system” (IMF, 2022), where developed countries are the ones setting the global standards, while the developing ones remain misaligned because of the barriers.

Contribution to Research Objectives

This segment has answered the objectives of the review. First, it shows the difference in the institutionalization and the strategic integration of ESG discourse in developed economies, as opposed to its fragmented and externally driven nature in developing economies. Second, it shows the difference in the functions ESG serves in different contexts: in developed economies, it is risk management and competitiveness, while in emerging markets, it is legitimacy and developmental alignment. Third, it demonstrates the difference between symbolic and substantive adoption, which is still a pivotal differentiation, and is influenced by the degree of regulation and institutional capacity. Lastly, it highlights the lack of attention in the developing world and the developing economies that dominate the ESG discourse, particularly around the need for more qualitative, discursive analyses, as well as the protective institutional weak scholarship.

6. Conclusion

This review has aimed to study the discourse of Environmental, Social and Governance (ESG) practices in developed and developing economies through a

systematic literature review. The results affirm that ESG is a construct that depends on the context, and is influenced by institutional frameworks, stakeholder expectations, and socio-economic priorities.

In developed countries, the discourse on ESG becomes integrated into the governance and business of the region alongside the growing structural sophistication and integration of ESG systems. ESG practice adoption is guaranteed by investment and regulatory frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and (EU) Taxonomy as well as investor activism, which offers a robust response to international price competitiveness and risk management.

In the context of developing countries, ESG practices are externally focused and largely performed for window-dressing, since to practice the 'best' ESG is to gain reputational capital from foreign investors and aid agencies for being compliant. Lack of more refined regulations, resources, and institutional frameworks limit full adoption of ESG, which is still mostly viewed through the lens of developmental goals focused on poverty and social inclusion. The review of the literature suggests that although there is some convergence due to the ISSB and the SDGs, structural inequality fosters divergence. Most glaring is the lack of research coming from developing countries, or research that has been produced from such countries that has been dominated by the quantitative paradigm.

Theoretical Contributions

The study makes a number of novel contributions to the literature on ESG. First, through stakeholder theory, the study elaborates on the different stakeholder contexts and the mechanisms by which they affect the settings of ESG adoption. Second, the study applies legitimacy theory to the ESG practices which are at the discretion of the organisations, in contexts where the governance of ESG is particularly weak. Third, the study applies a neo-institutional framework from which the argument is made that in advanced economies, the robust regulation

of ESG in the defence of which the regulation is, is primary. In contrast, the lack of such a framework in developing countries accounts for the limited adoption of ESG in the discourse and practice matters.

Practical Implications

Policymakers, investors, and companies must understand the findings. There is a need to enhance institutional frameworks and regulatory enforcement in developing countries to go beyond symbolic adherence to the practical recommendations of the ESG model. Investors from developed countries need to adopt ESG assessment frameworks sensitive to context and understand that developing countries operate under structural barriers that limit early comparability with developed markets. Businesses operating in emerging markets can integrate ESG into corporate strategy and long-term planning, thereby improving global market competitiveness.

Recommendations

Governments from developing countries need to introduce mandatory ESG frameworks to global standards and provide guidance to help businesses comply. Institutional investors need to demonstrate greater ESG assessment frameworks sophistication by acknowledging differing levels of institutional capacity and incentivizing businesses that go beyond superficial compliance. Issuers from both developed and developing nations need to integrate ESG into core business operations, and into the governance, innovation, and supply chain systems of the company. Global corporations and NGOs in developing countries can help eliminate capacity constraints and help foster meaningful ESG practices.

Limitations

The research is limited by the use of secondary evidence and the absence of original research. Constructing only English-language peer-reviewed articles may have deliberately turned aside valuable contributions from non-English

treatment of the subject and “grey” literature.

Directions for Future Research

The empirical foundation of this study could be expanded by research focused on practices of ESG across different industries and geographic areas, especially those developing economies which has received less attention. A mixed-methods study or focus on regions like Sub-Saharan Africa, comparative case studies of, or even interviews with, corporate managers would shed light on the enablers and barriers to the adoption of ESG. Moreover, these studies would reveal the extent to which the adoption of regulatory frameworks weakens the symbolic nature of ESG practices.

Final Reflection

This study has shown how ESG is a reflection of a much more complex institutional and socio-economic phenomenon, and as such, it goes beyond mere compliance. While the disparity emerging economies face in adopting ESG policies is significant, the progress made by developed economies is noteworthy. The disparity serves to highlight the purpose of this work - to advance global ESG objectives by making it more equitable and inclusive.

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Appendix 1: Systematic Literature Review Summary Table

Author(s) & Year	Focus of Study	Region/Context	Key Findings
Carroll & Shabana (2010)	Business case for CSR	Global	CSR often symbolic; ESG later emerged as measurable and investor-driven.
Freeman et al. (2010)	Stakeholder theory and corporate responsibility	Global (theory)	Firms must balance diverse stakeholder interests, a foundation for ESG discourse.
Friede et al. (2015)	Meta-analysis of ESG and financial performance (2,000+ studies)	Global	Positive relationship between ESG performance and financial outcomes.
Kotsantonis et al. (2016)	ESG integration in investment management	Global (investment management)	ESG integration is mainstream; dispels myths of being “non-financial.”
Jain & Jamali (2016)	Corporate governance and CSR adoption across contexts	Developed vs Developing economies	Institutional pressures differ; ESG adoption context-specific.
Scott (2014)	Institutions and organizations	Global (theory)	Institutional theory explains role of regulatory and cultural environments in ESG adoption.
Suchman (1995)	Legitimacy theory and organisations	Global (theory)	Firms adopt ESG discourse to maintain societal legitimacy.
Vaihekoski	ESG disclosure	Nordic/Europe	Nordic firms pioneered

Author(s) & Year	Focus of Study	Region/Context	Key Findings
& Yahya (2023),	and Nordic model		integrated reporting, embedding ESG into governance.
Fatemi et al. (2018)	ESG disclosure, firm value and information asymmetry	Global	ESG disclosure reduces asymmetry, improves firm value.
La Torre et al. (2020)	EU non-financial reporting harmonisation	European Union	Regulatory harmonisation improves transparency but faces practical challenges.
Haque & Ntim (2020)	Corporate governance & sustainability disclosure	Emerging markets	Weak governance reduces disclosure quality; ESG adoption often symbolic.
García-Sánchez et al. (2020)	Market response to corporate social irresponsibility (COVID-19)	Global (COVID-19 pandemic context)	Firms punished by markets for poor ESG during crises, showing ESG's resilience role.
Raimo et al. (2021)	Audit committee and integrated reporting	Europe	Governance structures, especially audit committees, improve ESG disclosure quality.
Flammer et al. (2021)	Corporate governance and rise of ESG criteria	US & Europe	ESG increasingly integrated into governance structures under investor pressure.
Christensen et al. (2022)	Mandatory CSR & sustainability	Europe, US, global	Mandatory ESG disclosure improves transparency, though

Author(s) & Year	Focus of Study	Region/Context	Key Findings
	reporting, economic analysis		compliance costs vary.
IMF (2022)	Sustainable finance in emerging markets	Developing economies	ESG finance growing rapidly but risks of “greenwashing” and lack of enforcement are high.
García-Sánchez et al. (2021)	CEO power, board diversity, and integrated reporting	Europe	Strong governance quality linked to higher ESG disclosure.
Singhanian et al. (2023)	Comparative ESG regulatory frameworks	Cross-country (developed vs developing)	Developed nations enforce ESG mandates, developing rely on voluntary frameworks.
Rani et al. (2025)	Bibliometric analysis of ESG & CSR literature trends	Global (literature trends)	ESG mainstream in academia/practice; geographic imbalance persists.
Khan et al. (2022)	ESG disclosure and firm resilience in emerging markets	South Asia	ESG adoption improves resilience, but remains externally driven and unevenly implemented.

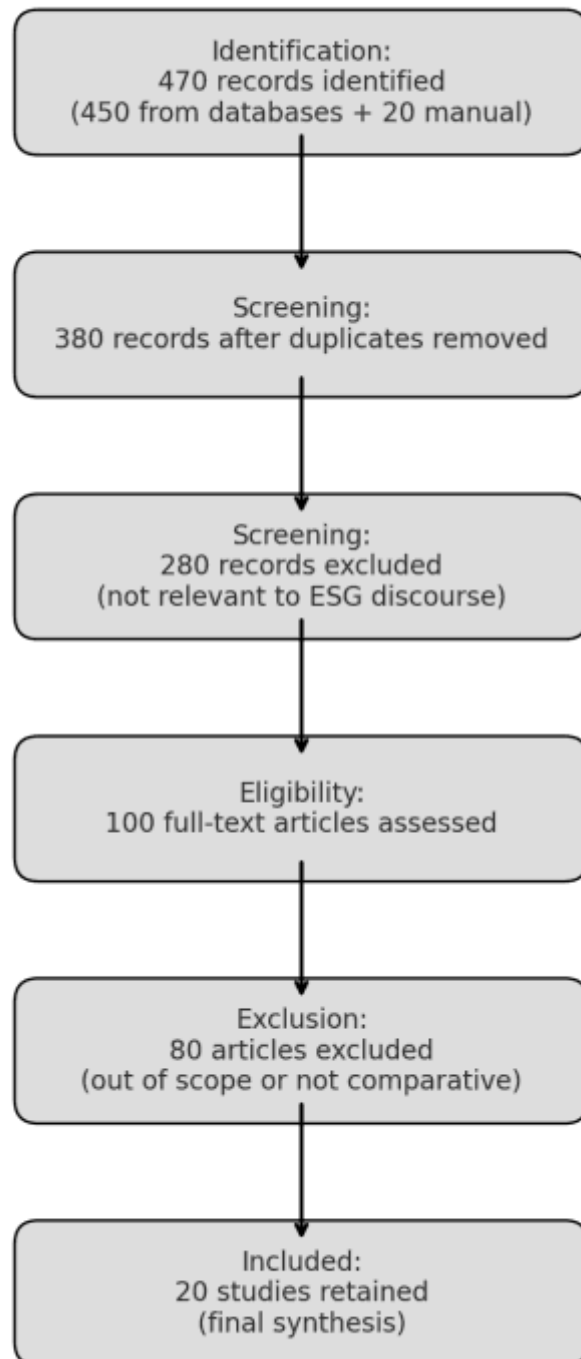
Appendix 2:**PRISMA Flow Diagram**

Figure 1 on the PRISMA flow diagram.