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The ESG Evolution: Bridging the Gap Between Global Standards and Local Realities in Emerging Markets

Mr. Sarv Pallav Krishan Nandan[1], Dr. Sumita Sinku[2]
[1]Research Scholar, Department of Commerce, Delhi school of Economics, University of Delhi, New Delhi, India
E-Mail ID: sarvpallavk5@gmail.com
[2]Assistant Professor, Department of Commerce, Faculty of Commerce and Business Delhi school of Economics
University of Delhi, New Delhi
E-Mail ID: sumita5thfeb@commerce.du.ac.in

Abstract
This systematic literature review explores the challenges faced by companies operating in emerging markets concerning Environmental, Social, and Governance (ESG). The review uses both institutional and stakeholder theoretical frameworks to analyse the complex landscape of ESG implementation in the context of emerging markets.The findings of these study majorly identify three critical dimensions of challenges. First, environmental challenges are primarily the result of poor regulatory enforcement, limited monitoring capacities, and poor resource management infrastructure. Second, social challenges appear in the form of labour right issues, tough community relations and enduring social equity barriers. Third, governance problems are generated out of concentrated ownership structures, information asymmetries and poor risk management framework. Moreover, this study also contributes to the literature by gaining a systematic view into ESG challenges in emerging markets along with effective response strategies. These findings have important implications for corporate managers, policymakers, and researchers of sustainability initiatives in emerging economies. Research directions for the future are suggested in terms of implementation effectiveness and the impact of institutional development on the implementation of ESG practises.
Keywords: Environmental Social Governance (ESG), emerging markets, sustainability challenges, institutional voids, corporate governance, implementation barriers, strategic responses

1. Introduction

1.1. Background Context

The need for integration of Environmental, Social and Governance (ESG) practises in the corporate business of the emerging markets is rising because of growing global sustainability concerns and stakeholder pressures (Singhania & Saini, 2021). However, in the past decade, emerging market companies have seen a dramatic change in their approach to sustainability, with the number of Chinese companies reporting on CSR leaping by a staggering 170% between 2012 and 2017 (Zou et al., 2024). This is an evolution in tune with an overall tendency of emerging markets to shift from mere economic growth focused strategies to more sustainable and responsible business practises. Additionally, the implementation of ESG in emerging markets is particularly complicated, owing in particular to their specific institutional context. In these markets, Zhao et al. (2024) refer to them as suffering from 'institutional voids': where the regulatory frameworks are weak, enforcement capabilities limited, and market mechanisms undeveloped. At the same time, there exists a growing rise of demands from international stakeholders most especially from developed markets, demanding greater ESG standards and more transparency reporting approaches (Cheung et al., 2015). Moreover, in developing economies, ESG frameworks are paradoxical. Growing recognition of the ESG importance aside, Mukwarami et al. (2022) point out that there is acute fundamental challenge for many companies in the areas of incoherent government policies, lack of technological capability, and insufficient training and expertise. In addition, the degree of institutional sophistication among various emerging markets adds another dimension to this picture, not least for the local companies and multinational corporations operating them.

1.2. Problem Statement

With regards to emerging markets, there is a significant gap between established standards and the challenges to practical implementation of ESG practises. The most evident is in what Doh et al. (2016) refer to as the 'liability of origin' wherein companies from emerging markets are additionally scrutinised and sceptical of their ESG commitments when present in developed markets. This is a multifaceted problem on this site, including the problems such as:

1. Weak institutional environments and poorly implemented regulations which are challenging for successful ESG integration (Tashman et al., 2024).
2. Lack of access to resources and technology required to implement detailed ESG practises (Sherwood & Pollard, 2017).
3. Expectation from stakeholders who are complex, and differ significantly among the local and international contexts (Abreu et al., 2021).

In addition, to the above, as Alshbili et al. (2021) highlight lack of clear legal requirements and standardised reporting frameworks for ESG reporting, and these features make it challenging for companies to develop effective measure and reporting of ESG performance. A systematic understanding of these barriers is needed in order to develop more effective solutions and strategies in the situation.

1.3. Objectives

The aim of this systematic literature review is to systematically identify, analyse and synthesise existing literature on key ESG challenges faced by companies operating in emerging markets. It can be further broken down to some of its secondary objectives such as:

1. To identify and analyse key ESG challenges facing companies operating in emerging markets.
2. To compare these challenges with those in developed markets
3. To examine the strategies used by companies in facing these challenges.
4. To identify specific implementation barriers in different institutional contexts

The research aims at filling the gap between theory and those implementation challenges associated with applying the theory and demonstrating the relevant impacts to academicians and practitioners regarding corporate sustainability.

2. Methodology

A comprehensive systematic literature review methodology was used in the study that analysed the peer-reviewed articles of major databases such as Web of Science, Scopus, and Google Scholar databases. Specific Boolean operators were used to combine ESG-related terms with their emerging market contexts, to search for publications between 2015–2024.

2.1. Search Strategy

2.1.1. Database Selection

This systematic literature review mainly utilizes 3 primary academic databased in order to ensure the comprehensive coverage.

Table 1: Database Selection and Scope

Database	**Type**	**Coverage**	**Specialization**
Web of Science	Academic	Global	Multi-disciplinary scholarly articles
Scopus	Academic	Global	Peer-reviewed literature
Google Scholar	Academic	Global	Multi-disciplinary scholarly articles and Peer-reviewed literature

2.1.2. Search Terms and Boolean Operators

The search string was constructed to capture the broad spectrum of ESG-related challenges in emerging markets:

Table 2: Search String Components

Category	**Search Terms**	**Boolean Operator**
ESG Concepts	"ESG" "Environmental Social Governance" "Corporate Social Responsibility" "CSR" "Sustainability"	OR
Market Context	"emerging market*" "developing econom*" "BRICS" "emerging nation*"	OR
Implementation Focus	"challenge*" "barrier*" "obstacle*" "implementation" "compliance"	OR

The keyword analysis of seminal papers that were initially identified through preliminary searches informed this search strategy, which was iteratively tested until it maximised coverage while remaining relevant(Zhao et al. 2024; Tashman et al. 2024).

2.1.3. Timeframe

The literature review described here comprises the most recent literature on ESG implementation challenges, published 2015–2024. The significant increase in ESG reporting in emerging markets that occurred in this period informed the choice of this timeframe(Zou et al., 2024). In addition, The evolution of regulatory frameworks and institutional sophistication in key emerging markets (Alshbili et al., 2021). The additional emergence of more sophisticated ESG measurement and reporting standards. Moreover, seminal papers from 2010-2014 were included to provide a historical context and the theory framework, especially papers dealing with key institutional challenges in emerging market.

2.2. Selection Criteria

Table 3: Inclusion and Exclusion Criteria Matrix

Criterion	**Inclusion**	**Exclusion**
Publication Type	Peer-reviewed journals	Non-peer-reviewed articles, conference proceedings
Time Period	2015-2024 (primary) 2010-2014 (seminal papers)	Pre-2010 publications
Language	English	Non-English publications
Geographic Focus	Emerging markets, developing economies	Developed markets only
Content Type	Empirical studies Theoretical papers Literature reviews	Opinion pieces Editorials News articles
Thematic Focus	ESG implementation Sustainability challenges Corporate governance	Non-ESG topics

2.3. Quality Assessment

2.3.1. Assessment Criteria

Each paper was then assessed on a 1-5 scale, following the methodological emphases stated by Singhania & Saini (2021) and Duque-Grisales & Aguilera-Caracuel (2019), on five different dimensions.

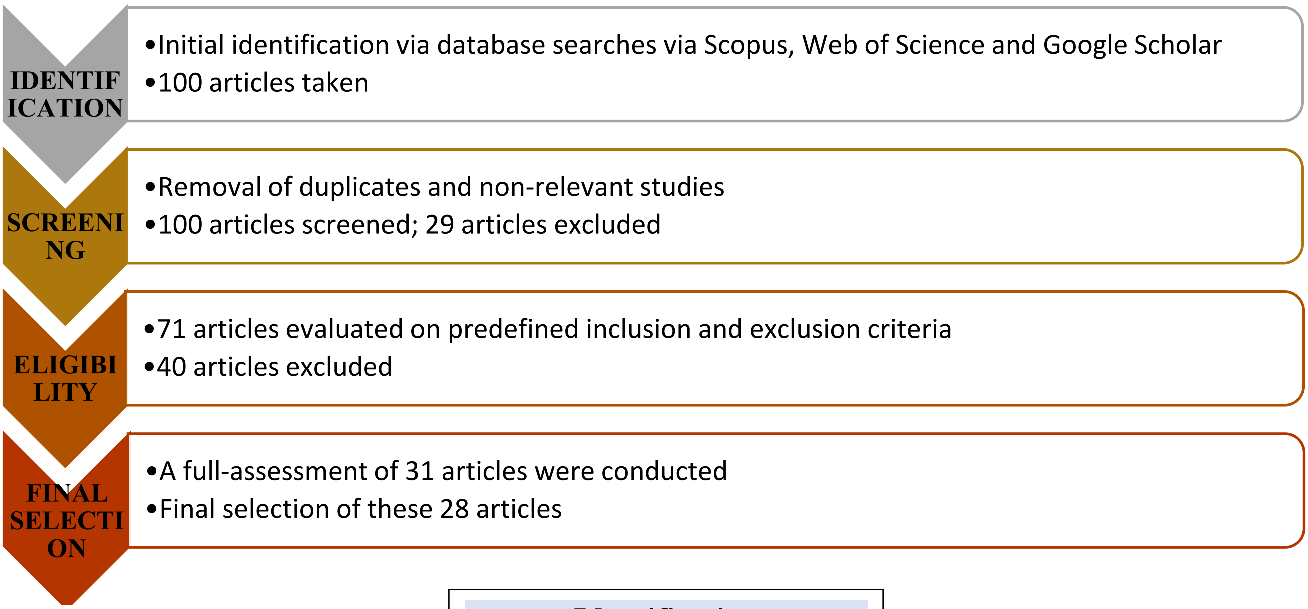
Table 4: Quality Assessment Scoring Rubric

Criterion	**1 (Poor)**	**3 (Adequate)**	**5 (Excellent)**
Methodological Rigor	Unclear methodology, weak design	Clear methodology, adequate design	Robust methodology, strong design
Theoretical Foundation	Limited theoretical grounding	Adequate theoretical framework	Strong theoretical foundation
Data Quality & Analysis	Poor data quality, weak analysis	Adequate data quality and analysis	High-quality data, sophisticated analysis
Knowledge Contribution	Limited contribution	Moderate contribution	Significant contribution
Emerging Market Relevance	Limited relevance	Moderate relevance	High relevance

2.3.2. Quality Threshold

The only high-quality research was included based on a minimum threshold score of 15 out of 25. The threshold was derived from the requirement for robust methodological approaches in emerging market research (Mukwarami et al., 2022). In addition, The need for context specific insights for the creation of practical relevance (Earnhart et al., 2014). Lastly, contribution to the field from a theoretical point of view. Furthermore, to maintain a certain quality of the review, while covering entirely on relevant literature, papers below this threshold were excluded from final analysis. Hence, by adopting this systematic approach to literature review, a rigorous and holistic approach to analysing ESG challenges in emerging markets is enabled, thus anchoring synthesis of current knowledge and pinpointing key themes and gaps identified in the literature.

PRISMA



Identification

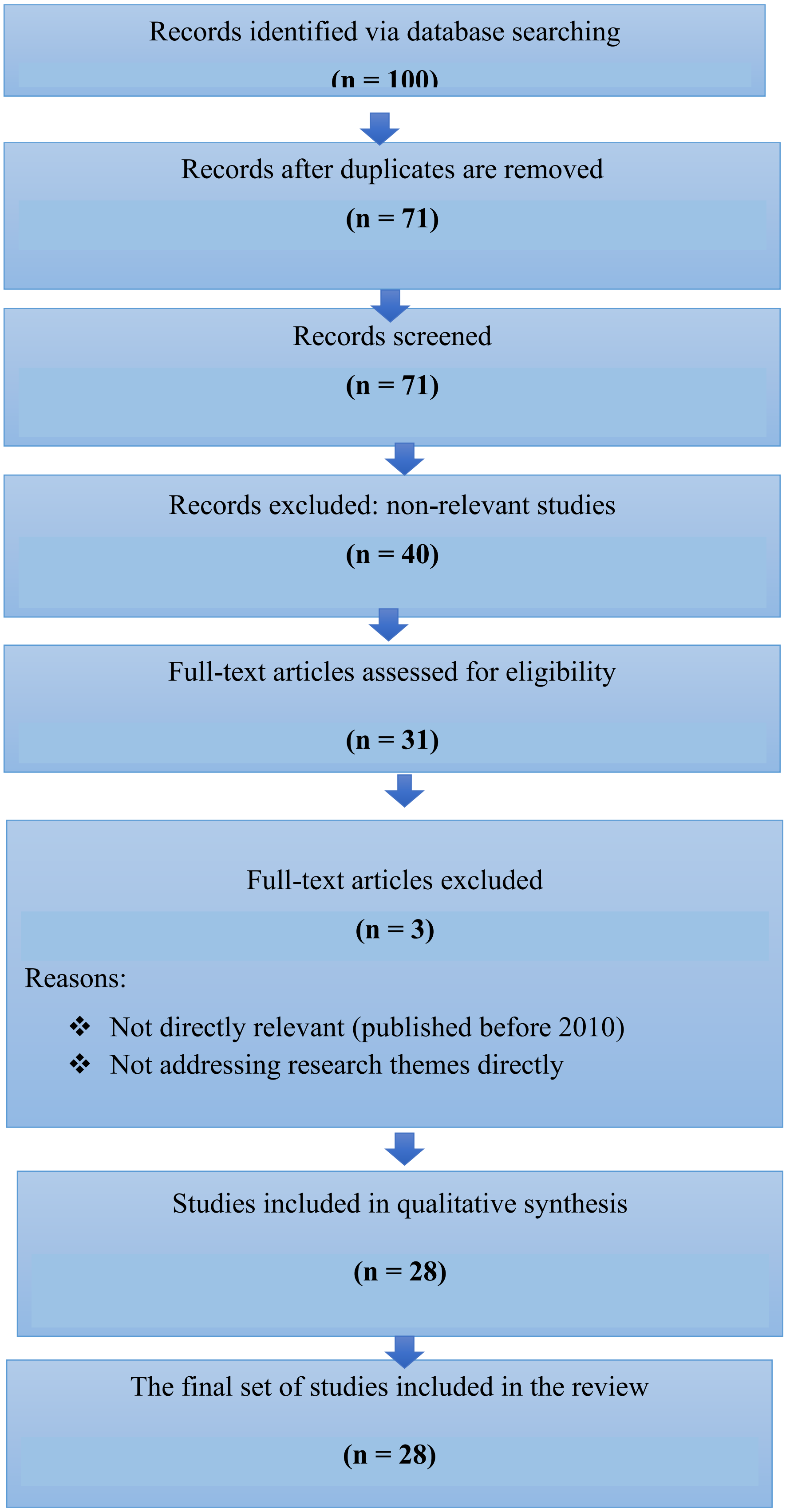


Figure 1: PRISMA Flow Chart

Source: Created by Author

3. Theoretical Framework

The analysis of ESG challenges in emerging markets is grounded in two primary theoretical perspectives such as the institutional theory as well as the stakeholder theory. The frameworks act as complementary lenses to help understand the complex dynamics of ESG implementation in the context of emerging markets.

3.1. Institutional Theory

The fundamental framework for understanding the challenges of companies to practise ESG in emerging markets has been institutional theory. Zhao et al. (2024) focus on the term "institutional voids", which means that the formal institutions that usually support business operations are absent or too weak. Void causes of ESG implementation, particularly in terms of regulatory enforcement and that of market mechanism, are brought about.The institutional perspective is further enriched by what Abreu et al. (2021) describe as the "dual institutional pressures" faced by companies in emerging markets: Among them are local institutional requirements, which tend to be weak or poorly enforced, and international standards and expectations, which usually exceed the institutional capability and resources of the local. In addition to these, Alshbili et al. (2021) expand understanding of the influence of formal and informal governance systems on corporate ESG behaviour. Studies conducted by them show that this interplay between these systems poses specific challenges to firms that desire to pursue sustainable practises in emerging markets.

3.2. Stakeholder Theory

In addition to the institutional perspective, stakeholder theory offers an important overarching framework as a means of explaining the multiple pressures and expectations that govern ESG implementation in emerging markets. Cheung et al. (2015) understand the ways in which companies are required to manage a plethora of, and frequently contradictory, stakeholder demands while operating within a number of institutional contexts. One of the reasons the stakeholder framework suits understanding of the legitimacy challenge that emerging market firms are faced with is that of Tashman et al. (2024). According to their research, companies need to manage the expectations of local stakeholders, which might prioritise economic development over other stakeholders who want more stringent ESG requirements and the capabilities and resources of the internal stakeholder.Doh et al. (2016) further elaborate this theoretical tension by showing how stakeholder pressures differ greatly between developed and emerging markets. In particular, the research focuses on the difficulties emerging market firms face in identifying appropriate stakeholder groups, prioritising stakeholder demands, and developing effective response strategies between competing demands.

Institutional and stakeholder theories are integrated to create a strong framework for analysing ESG challenges in emerging markets. Linnenluecke (2022) comments that this combined theoretical approach can explain structural barriers to ESG implementation and dynamic aspects of stakeholder influences, which determine corporate reactions to sustainability issues. Our analysis of specific environmental, social, and governance challenges faced by companies in emerging markets takes the form of this theoretical foundation for understanding at least some solutions and potential strategic responses.

4. Results

The systematic review revealed several key findings across five primary dimensions such the environmental challenge, social challenges, governance challenges, Implementation barriers as well as the strategic responses.

4.1. Environmental Challenges

Table 5: Environmental Challenges Analysis

Challenge Category	Specific Issues	Impact Areas	Supporting Evidence
Environmental Governance	-Weak enforcement -Limited monitoring -Poor pollution control	-Regulatory compliance -Environmental performance -Operational efficiency	Zhang (2024) Earnhart et al. (2014)
Resource Management	-Cost allocation -Infrastructure gaps -Energy efficiency	-Operational costs -Environmental impact -Resource utilization	Tashman et al. (2024) Zioło et al. (2024) Mukwarami et al. (2022) Sherwood & Pollard (2017)
Climate Response	-Emissions management -Adaptation costs -Technology barriers	-Carbon footprint -Climate resilience -Technological adoption	Liu & Yan (2020)

4.1.1. Environmental Governance

Emerging markets have a lot of difficulties when it comes to putting effective ESG practises into place in this now complex environmental governance landscape. A key obstacle that Earnhart et al. (2014) point at is weak regulatory enforcement characterised by uneven application of environmental regulations and poor monitoring capabilities of governmental agencies. It is in tales like these that we can particularly see this situation, for example in China, where, as Zhang (2024) point out, local environmental agencies usually do not have the resources or the authority to adequately enforce pollution control measures. Secondly, what Mukwarami et al. (2022) refer to as "incoherent government policies" further exacerbate the complexity of environmental governance, as substantially different regulatory bodies may coexist and require that the proponent implement different requirements. The regulatory ambiguity poses severe challenge to firms trying to synchronise their environmental practises with local standards and international rules. Moreover, Alshbili et al. (2021) argue that an inherent lack of legal requirements for environmental reporting creates a loophole within accountability mechanisms that leaves stakeholders without the means to evaluate and track corporate environmental performance.

4.1.2. Resource Management

Resource challenges in emerging markets are significant regarding environmental cost allocation, as well as infrastructural limitations. According to Mukwarami et al. (2022), several key issues have been identified like companies finding it difficult to accurately measure and allocate environmental costs in their operations and hence becoming unable to justify investment in environmental initiative. Proper waste management facilities and recycling infrastructure are limited in availabilities and companies are confronted with the technical limitations and cost restrictions in implementing resource efficient practises. This is compounded by what Sherwood and Pollard (2017) call the green infrastructure gap in developing markets, wherein companies in some emerging markets are often forced to design their own resource management solutions because there isn’t yet adequate public infrastructure. The problem here is that this leads to increased financial burdens and operating complexities for those organisations trying to integrate sustainable efforts.

4.1.3. Climate Change Response

Emerging market companies have particular challenges precisely from climate change. Zou et al. (2024) identify three primary areas of difficulty: policies related to carbon emissions management, adaptation costs and technological adoption barriers. Managing carbon emissions is however still a challenge as most companies don't seem to have found the effective tool to monitor and reduce carbon emissions. In manufacturing sectors, for example, Tashman et al. (2024) point out that companies have large technical and financial barriers to adopting low carbon technologies. In addition, for companies already in climate vulnerable regions, Adaptation costs put a large strain on them. These costs can sometimes be underestimated and are often poorly integrated into corporate planning processes, and therefore poorly prepared for climate related risks, according to Liu and Yan (2018). Companies are unable to leverage climate change strategies effectively due to the prevailing technology adoption barriers as outlined by Mukwarami et al. (2022), where some firms in what are now emerging markets have limited access to cost–efficient clean technology; high cost of technology adoption; insufficient expertise to implement the technology; and lack of infrastructure support.However, it is the most rugged in what Duque-Grisales and Aguilera-Caracuel (2019) call 'transition economies', where environmental investments clash with growth imperatives. They find that firms generally choose to emphasise short run economic performance relative to long run environmental sustainability, even to significant extent where this implies a barrier to a climate change response.

According to Zioło et al. (2022) there is a big gap in the integration of ESG risk which is particularly concerning to the environmental risks. Their research demonstrates that more and more companies in emerging markets are recognising environmental risks but do not possess highly developed risk management frameworks capable of dealing with those challenges. This is most obvious in climate risk assessment capability, environmental impact measurement and long-term environmental planning and in stakeholder involvement in environmental issues. What adds further complication to these environmental challenges, as Singhania and Saini (2021) note, is 'information asymmetry' in emerging markets, where companies also do not have access to quality environmental data and practises. Because of this information gap, it is hard for organisations to benchmark their performance, and to find solutions to environmental challenges that work.

For ESG implementation at the emerging markets, these environmental challenges are insurmountable barriers that will need stakeholder coordination among companies, regulators, etc. The research indicates that these challenges need to be addressed at the level of technical and financial solutions, but also the fundamental transformation of governance structures and corporate priorities.

4.2. Social Challenges

Table 6: Social Challenge Analysis

Social Aspect	**Key Challenges**	**Implementation Issues**	**Research Support**
Labor Rights	-Standards compliance -Supply chain issues -Worker welfare	-Monitoring difficulties -Resource constraints - Cultural barriers	Ting et al. (2019) Doh et al. (2016)
Community Relations	-Stakeholder engagement -Social license -Indigenous rights	-Communication gaps -Trust building -Benefit sharing	Alshbili et al. (2021) Kelling et al. (2020)
Social Equity	-Gender diversity -Income inequality -Social inclusion	-Cultural resistance -Resource allocation -Implementation capacity	Duque-Grisales & Aguilera-Caracuel (2019) Zhao et al. (2024)

4.2.1. Labor Rights and Working Conditions

Companies operating in emerging markets face the challenges of implementation of labour rights, and adequate working conditions. Their work (Ting et al. 2019) reveals systemic problems in labour standards compliance among firms operating in sectors with complex supply chains. They find that companies confront multiple obstacles towards fair labour practises, among them inconsistent regulatory enforcement, weak supply chain transparency, and a gap between local and international labour standards.

Even more pronounced issues are supply chain labour issues in what Doh et al. (2016) term similar to 'institutional void contexts' where the formal labour protection mechanisms are weak in existence or poorly enforced. The authors' analysis reveals that multinational corporations cannot enforce consistent labour standards throughout their operations, particularly when using local suppliers outside of those countries with strong labour norms and enforcement.Another layer of complexity is given by employee welfare considerations. The researchers document that companies in emerging markets are often unable to provide proper working hours and conditions, fair compensation systems, adequate health and safety measures, and effective labour relations management (Mukwarami et al., 2022).

4.2.2. Community Relations

Community relations seem to be a decisive challenge for companies entering the emerging markets in terms of community engagement. Kelling et al. (2020) point to the challenges of sustaining a social licence to operate in the mining context in which mine companies have to work with local community expectations, indigenous peoples' rights, environmental impact issues and economic development demands.The research carried by Alshbili et al. (2021) highlights as well that stakeholder engagement is essential to maintain community relations. Among other things they recognise various key challenges, e.g. communication barriers in form of language and cultural differences, poor knowledge of local customs, and shortage of adequate engagement mechanisms. The challenge of building trust, due to historic corporate entity mistrust, perception of exploitation and low transparency of operations contribute to the challenge. Another issue benefiting from the study of Pacific tuna fisheries is that of benefit sharing, where the economic benefits provided by tuna fishing are unevenly distributed, employment opportunities for locals are limited, and community development programmes are lacking.

4.2.3. Social Equity Issues

A core challenge for companies trying to practise ESG in emerging markets is social equity challenges. According to Duque-Grisales and Aguilera-Caracuel (2019), given they are one particular challenge, firms face challenges to achieve gender balance in leadership positions, implement successful policies of diversity, remove cultural barriers to gender equality, and guarantee equal pay and treatment. Moreover, there are also many other considerations that are based on income inequality. Zhao et al. (2024) document that companies have to take into account the complications of socio-economic dynamics including wage disparities between different levels of employees, different regions of operation but also between local and expatriate staff. On the economic side, too, there are barriers to accessing training and development, career mobility opportunities and skill development programmes.

These social inclusion barriers are remarkably acute for what Cheung et al. (2015) call "transitioning economies." They identify several structural barriers — limited access to education and training, inadequate social mobility mechanisms and deep-rooted socio-economic disparities — that must be overcome along with addressing problems related to social preferences and perceptions. Challenges include cultural social hierarchies, social status discrimination, and resistance to inclusive practises. Additionally, it poses implementation issues, including limited social programme resources, a nonexistence of measurement metrics, and no adequate measures of monitoring.

Linnenluecke (2022) posits that social challenges of emerging markets are interconnected because addressing a part typically involves taking multiple related issues into account. Specifically, this complexity is especially clear in the interaction of education and job opportunities, community development and social stability, and of income disparities and social coherence.In the research by Tashman et al. (2024), companies need to develop more integrative approaches to solve social challenges and develop integrated social impact strategies, build stronger community partnerships, develop more effective monitoring systems and create sustainable social development programmes.By nature, these social challenges demand that companies manage trade-offs among disparate stakeholder interests in the presence of limited resources and in a complexity of cultural contexts. According to Zou et al. (2024) who draw this conclusion, companies' success in addressing those challenges relies upon their capability of understanding local social dynamics, building effective partnership, designing culturally appropriate solutions, as well as maintaining long term commitment to social development goals.

4.3. Governance Challenges

Table 7: Governance Challenge Framework

Governance Area	Primary Challenges	Implementation Barriers	Key Studies
Corporate Structure	-Ownership concentration -Board independence -Disclosure practices	-Control issues -Decision-making -Transparency	Zou et al. (2024) Duque-Grisales & Aguilera-Caracuel (2019)
Regulatory Compliance	-Information asymmetry -Reporting standards -Enforcement	-Data quality -Standard variation -Monitoring capacity	Ziołо et al. (2024) Zou et al. (2024)
Risk Management	-ESG integration -Stakeholder trust -Reputation management	-Assessment capacity -Trust building -Communication	Ziołо et al. (2024) Singhania & Saini (2021)

4.3.1. Corporate Governance Structures

Challenges on implementing ESG in emerging markets are significantly influenced by the corporate governance structures in such markets. According to Duque-Grisales and Aguilera-Caracuel (2019), ownership concentration is a critical problem, as dominant shareholders frequently wield too much influence when deciding how to run the company. They find that this concentration can create misalignment of interests between majority and minority shareholders, reduced attention to ESG incorporation, a lack of accountability regarding certain corporate choices, and reluctance to adapt governance.

Another significant challenge in regards to emerging market contexts is board independence. Zou et al. (2024) confirm that firms have not enough independent directors, small experience with ESG issues, poor oversight systems, and cultural obstacles to enforcement of effective board oversight.In particular, there are particular weaknesses in the transparency and disclosure practises in emerging markets. Ziołо et al. (2022) point out that companies struggle to implement comprehensive disclosure frameworks, maintain consistent reporting standards, and provide accurate ESG related information, and follow international transparency requirements.

4.3.2. Regulatory Compliance

Emerging market governance structures are characterised by fundamental information asymmetry. In addition, Zou et al. (2024) suggests that this takes diverse forms, such as disclosure quality and stakeholder communication. Incomplete or inaccurate information, inconsistent reporting practises, and limited corporate data accessibility are bureaucracies' companies struggle with. Other gaps include internal knowledge versus external reporting, missing stakeholder engagement and lack of understanding of ESG requirements.Complexities are also added through variation of reporting standards in different emerging markets. Singhania and Saini (2021) recognise that there are several critical issues such as inconsistent reporting requirements, inconsistent levels of regulatory oversight, different interpretations of ESG criteria, and lack of a standard reporting format. Moreover, particular challenges arise in terms of enforcement mechanisms in emerging markets. According to Alshbili et al. (2021), these challenges include a weak regulatory infrastructure, lack of resources to monitor and inconsistent application of penalties and lack of regulatory expertise.

4.3.3. Risk Management

Companies in emerging markets face major challenges in ESG risk integration. According to Zioło et al. (2022), there are a few critical areas in the risk assessment and implementation challenges. ESG risk identification capability is limited among companies, ESG risk management is not sufficiently integrated into traditional risk management, ESG risks are not well measured, and risk monitoring systems for ESG risks are not adequate. Resource constraints, technical limitations, knowledge gap, and organisational resistance are implementation challenges.

Risks related to stakeholder trust issues become a critical governance challenge. As mentioned by Tashman et al. (2024), companies in the domain of social responsibility encounter scepticism from the international investor community, limited credibility with local communities, challenges in maintaining of stakeholder relationships and demonstrate ESG commitment.However, the management of reputation is a challenging endeavour in the context of emerging markets. Mukwarami et al. (2022) further analyse that there are several major issues in reputational RISK management and stakeholder perception. There are limited capacities, for crisis management, not optimal stakeholder communication, insufficient integration of ESG considerations, and reactive instead of proactive approaches of companies. Negative stereotypes of emerging market firms in stakeholder perception challenge are, limited awareness on ESG efforts by emerging market firms, cultural misunderstanding, and communication barriers.

Linnenluecke (2022) contends that governance problems in emerging markets tend to be interlinked with wider system state questions. The research of the scholars shows that successful governance needs good institutional frameworks and strong regulatory systems, effective enforcement institutions and a thrusting stakeholder community.Furthermore, the complexity to these governance challenges is magnified by what Cheung et al. (2015) call the "institutional duality" challenge for emerging market firms, who have to balance between local governance necessities, international requirements, local cultural expectations and market forces. As emerging markets struggle with challenges in ESG governance, these challenges constitute formidable barriers to successful implementation of ESG in these markets and entail the need for concerted responses from multiple stakeholders backed by enduring dedication to governance reform.

4.4. Implementation Barriers

Table 8: Implementation Barriers Analysis

Barrier Type	**Key Constraints**	**Impact Areas**	**Supporting Literature**
Resource Constraints	-Financial limitations -Technical gaps -HR capabilities	-Implementation capacity -Program effectiveness -Operational efficiency	Mukwarami et al. (2022) Sherwood & Pollard (2017)
Market Barriers	-Capital access -Market incentives - Competition	-Investment capacity -Market position -Business sustainability	Linnenluecke (2022) Ruan & Liu (2020)
Institutional Barriers	-Political factors -Bureaucracy -Cultural issues	-Operational environment -Implementation speed -Program acceptance	Tashman et al. (2024) Danila (2021)

4.4.1. Resource Constraints

A fundamental barrier slowing ESG implementation in the emerging markets is resource constraints. Sherwood and Pollard (2017) further reveal that resource limitations have three critical dimensions. However, financial limitation remains huge obstacles like ESG initiatives' lack of sufficient capital, high cost of compliance, limited accessibility of green financing and high competition of scarce resource. Companies are frequently constrained by these financial factors, and have to prioritise current operating needs over investments in long term sustainability.The challenges are compounded by technical capacity gaps. A common problem is limited organisational expertise in ESG implementation, poor technological infrastructure, inability to measure ESG, and poor data management. A major impediment for companies to monitor and report on their ESG performance is caused by these technical limitations.Another important barrier is human resource capabilities. There is a chronic shortage of ESG professionals, restricted training possibilities, and a wide 'knowledge gap' around sustainable practises within companies. Moreover, resistance to change from culture tends to further derail the adoption of new ESG practises, which renders implementation even more difficult.

4.4.2. Market-Related Barriers

In emerging markets, market related barriers constrain evidenced praxis of ESG implementation. Access to capital challenges is the main problem according to Mukwarami et al. (2022). Sustainable financing availability for companies is limited, with capital costs for ESG making these costly, investors perceive negative risk assessment on ESG and no developed green finance market.Existing market incentive structures for ESG initiatives often don't work. It encompasses weak mechanisms to price environmental externalities, low market rewards for ESG performance, enduring short term profit pressures, and few regulatory incentives. These structural issues also present a challenge for companies to justify large ESG initiatives investments.The additional challenges include those generated by competition pressures. Cost disadvantage vis-à-vis a non-compliant competitor, market share concerns are ongoing, price sensitivity is proven to be high with local markets and global competition is intense. Unfortunately, these competitive pressures typically leave companies with little choice but to put short term financial performance above long-term sustainability goals.

4.4.3. Institutional Barriers

The barriers to implementing ESG are primarily institutional. Several critical areas, such as political factors policy inconsistency, regulatory uncertainty, government interference, and corruption risks (Danila, 2021) are identified. The instability of the environment has been created due to these political challenges for implementation ESG.Efforts to implement any solution are made more difficult by bureaucracies that further bog down the process with unsatisfactory inefficiencies. Approval processes are complex, administration is slow, jurisdictions overlap and agencies do not coordinate well. Many of these inefficiencies translate into periods of significant delay and higher cost to ESG initiatives.Challenges of ESG implementation are thus also impacted by cultural considerations. ESG initiatives are likely to be heavily influenced by traditional business practises, resistance to change, local value systems, and social norms and expectations in those approaches.

4.5. Strategic Responses

4.5.1. Corporate Strategies

Various strategic responses evolve among companies in emerging markets to overcome ESG challenges. In addition, Liu and Yan (2018) document several effective approaches of ESG integration, such as integration into business planning process, developing ESG specific metrics, integrating ESG with risk management system and ESG stakeholder engagement framework.Implementation strategies involve phased implementation plans, approaches to optimising resources, capacity building programmes and performance monitoring systems, all with a practical execution plan in mind. These constitute strategies that assist organisations in being more efficient operationally, while at the same time providing management of the complexity involved during ESG implementation.

4.5.2. Innovation and Technology

ESG challenges are addressed by innovation and technology. Key strategic responses highlighted in Zioło et al. (2022) revolve around digital solutions, such as ESG data management systems, automated reporting tools, blockchain oriented transparency solutions and AI analytics.Another important strategic response is the implementation of the clean technology including energy efficiency technologies, waste management technologies, emission reduction systems and optimization of available resources. Technological solutions allow organisations to keep up operational efficiency while improving their environmental performance.With this, the most important of systems is being implemented by companies to manage their ESG performance with integrated reporting platforms, real time monitoring systems, performance tracking tools and stakeholder communication platforms.

4.5.3. Partnerships and Collaboration

In response to ESG challenges, strategic partnerships become key responses. Cheung et al. (2015) describe several effective approaches, e.g., via industry coalitions that advance sector specific initiatives, knowledge sharing platforms, joint research programmes, as well as collective action projects.The call for government collaboration programmes, regulatory dialogue initiatives, infrastructure development projects, and capacity building programmes is an essential role through public private partnerships. These partnerships enable organisations to use public resources to tackle ESG challenges. The progress in international cooperation has been observed demonstrating cross border practises, global practise adaption, sharing knowledge and best practise, as well as transfer programme. Collaboration across organisations helps organisations to benefit from global experience and local fit solutions.

The critical factors highlighted by Tashman et al (2024) which have direct influence on the success of these strategic responses include long term commitment, appropriate resource allocation, stakeholder engagement and continuous monitoring and adaptation. Additionally, Duque Grisales and Aguilera Caracuel (2019) propose the need to join in appeasing local context and capacity, as well as the international standards and expectations, in accordance with the availability of resources and interests of the stakeholders.Towards the end, as Zhao et al. (2024) concludes, successful ESG implementation in emerging markets involves an integrated approach that needs to leverage strong corporate governance, excellent stakeholder engagement, innovative and emerging technology adoption, and strategic partnership and cooperation. These strategic responses are critical responses to overcome implementation barriers to implement ESG practises in emerging markets while being in keeping with both local contexts and international standards.

5. Discussion

Several significant patterns and implications are highlighted as they emerge from the systematic review of ESG challenges in emerging markets. This study is beneficial theoretically and practically, in terms of expanding the understanding of ESG practises and contributing to ESG practises in an emerging market context. The study also reveals the repressive interdependencies among institutional frameworks, resources and market dynamics that determine ESG implementation in these markets.

Theoretical findings extend institutional theory in the ESG implementation context. Zhao et al. (2024) demonstrate that institutional voids in emerging markets present unique challenges going beyond the absence of institutions to the complex dynamics of complex interactions between formal and informal systems. The result of this interaction is "institutional complexity": companies face multiple, sometimes contradictory, institutional pressures. In addition, the research enhances the stakeholder theory by illustrating that stakeholder relationships in emerging markets are characterised by unique dynamics. According to Cheung et al. (2015), these markets are subject to distinctive pressures from the different local and international stakeholders, who may have different priorities and expectations, resulting the two types of stakeholders to present a "stakeholder duality" challenge.

This review has large practical implications for companies working in emerging markets. These findings suggest that successful implementation of ESG in contexts other than developed markets is likely to necessitate a less formulaic approach than transplanting developed market practises, as the locally developed social consensus forms a complex nest in which the firm is enmeshed, which more often functions as the foundation for legal structures, rather than the other way around. Tashman et al (2024), highlight that companies must formulate context specific strategies that adapt to local institutional capabilities, available resources and technical capacity, cultural and social norms and the market maturity levels at the subnational scale. One more thing we learn from Sherwood and Pollard (2017) is that allocating financial resources, developing the firm’s technical capacities, and developing human resource capabilities and organisational capability to execute on knowledge inevitably goes hand in hand when executing on the transformation of the firm’s knowledge base.

The important policy implications arising from this research are very relevant to regulators and policy makers. According to Alshbili et al. (2021), achieving effective ESG implementation calls for a stronger regulatory framework, more powerful enforcement mechanisms, greater monitoring capacities, and a greater amount of coordination among agencies. Policy intervention research further indicates the importance of developing market incentives for ESG adoption, developing capacity building programmes, technical assistance frameworks and collaborative platforms that create enabling environments for ESG execution without imposing too much of requirements.

6. Conclusion

The complex nature of ESG implementation challenges in emerging markets has been uncovered in this systematic review. The study illustrates that these challenges are not merely technical or financial challenges, but are deeply institutional, social and cultural challenges. This review impacts the field in some major ways across the dimensions of theory, methodology, and practise. More theoretically, it sheds light on institutional complexity in ESG implementation and refines the definition of stakeholder dynamics in emerging markets. It offers methodologically a systematic approach to analysing ESG challenges and assessing implementation barriers. In practise, it identifies effective implementation strategies, and documents successful practises for barrier mitigation.

For the future, several important directions for future research. In this respect, the evolution of ESG practises over time and their relationship with institutional development will need to be studied through longitudinal studies. Analyses across countries and industries would prove instructive in terms of which implementation techniques are most effective. Moreover, impact assessment studies provide additional similar insight by evaluating the effectiveness of different strategies and analysing the long-term sustainability outcomes of ESG initiatives.

This systematic review finds that although there are immense challenges in implementation of ESG in emerging markets, there are clear pathways. The right solution to mitigate a town's water problem should be multiple pronged and local contexts balanced with international standards. The future of ESG implementation in emerging markets lies in the ability of companies, regulators and other stakeholders to collaborate in addressing these challenges to develop more sustainable and responsible business practises.In the end, what this research shows is that such institutional frameworks need to be strengthened, technical capabilities enhanced, stakeholders engaged, and implementation strategies made more effective. ESG will succeed in emerging markets to the extent that global standards can be adapted to fit local contexts while retaining the integrity and effectiveness of sustainability practises. Such a balance between global standards and local realities is still a crucial problem to which researchers, practitioners and policymakers must continue paying attention.

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