International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulfindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

Environmental, Social, And Governance Performance And Firm Value In Emerging Markets

Fasha Mutia Rachelia
Master Of Accounting Science Program, Sriwijaya University, Indonesia
Safrina Nurkamila
Master Of Accounting Science Program, Sriwijaya University, Indonesia
Yusnaini
Department Of Accounting, Sriwijaya University, Indonesia
Ika Sasti Ferina
Department Of Accounting, Sriwijaya University, Indonesia

Corresponding Author: Fashamutiaracheli@Gmail.Com

Abstract

This study examines the relationship between environmental, social, and governance (esg) performance and firm value in emerging markets using a systematic literature review (slr) approach. A total of 50 scientific articles were synthesized to examine esg dimensions, influencing factors, and the roles of institutional conditions and regulations. The findings indicate that esg performance can contribute to firm value through risk management, stakeholder trust, corporate transparency, and credible sustainability practices. However, this relationship is not consistently positive, as its direction and magnitude may vary according to disclosure quality, ownership structure, organizational characteristics, and market conditions. Drawing on stakeholder theory, this study emphasizes the importance of relationships between companies and their stakeholders in understanding esg-related value creation. Institutional frameworks, regulatory environments, and technological developments also provide relevant contexts for interpreting market responses. This review contributes to the literature by identifying contextual differences and research gaps, offering insights for companies, investors, and policymakers seeking to strengthen sustainability practices and support long-term firm value.

Keywords: esg performance, firm value, emerging markets, stakeholder theory, sustainability disclosure.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulfindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

INTRODUCTION

Attention to environmental, social, and governance (esg) performance is increasing as investors, regulators, and society demand that companies demonstrate sustainability responsibilities while maintaining economic value. In emerging markets, this issue is important because companies operate in a diverse institutional environment, information quality, and supervisory mechanisms. A company's value reflects not only current financial performance, but also market expectations of long-term risks and opportunities. Research on social responsibility disclosures through digital media, environmental risks in company valuations, and annual report transparency in emerging markets provides a supportive perspective to understand how non-financial information can relate to investor valuations (han et al., 2024; moolkham, 2025; nguyen et al., 2025).

Conceptually, esg can be a source of information for investors regarding a company's ability to manage environmental risks, fulfill social responsibility, and implement credible governance. However, the existence of an esg report does not automatically indicate that a company's sustainability performance is truly good. Research on the use of vague language in corporate esg reports recorded in china shows the importance of differentiating the quality of disclosure from the substance of the information presented. This perspective is also relevant to the study of digital csr communication and corporate transparency, as the way information is presented can influence stakeholder evaluations. Therefore, esg measurement needs to pay attention to the differences between actual performance, disclosure, and market response (zhang et al., 2025; han et al., 2024; sadiq & gebba, 2022).

The development of sustainability practices is also related to changes in organizational capabilities and technology utilization. In multinational companies, digital transformation and attachment in the global innovation network are examined as factors related to esg performance. Meanwhile, research on digital transformation based on enterprise resource planning (erp) systems examines how technological changes can drive green innovation. The evidence shows that the sustainability agenda is not only related to reporting, but can also be related to internal processes and the ability of companies to innovate. However, findings from multinational companies or specific contexts cannot be directly considered representative of all companies in emerging markets (lu et al., 2026; almansour et al., 2026; gu et al., 2026).

The relationship between esg and corporate value can potentially take place through several mechanisms, including risk perception, reputation, transparency, and the company's

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

ability to create value over the long term. However, these relationships are not always simple as investors' judgments are also influenced by available information and governance characteristics. Research on family companies in the united arab emirates discussed the relationship between financial performance, corporate value, transparency, and governance, while research on news sentiment raised the role of information in assessing corporate value. Studies on environmental risk and valuation also provide context to assess whether external conditions can shape the relationship between sustainability and corporate value. The evidence needs to be read according to the variables that are actually tested in each study (sadiq & gebba, 2022; li, 2026; moolkham, 2025).

Differences in research results are challenging in building solid conclusions. Some studies focus on esg performance or its disclosure characteristics, while others examine supporting factors such as green innovation, digital transformation, and organizational capabilities. These differences are important because company performance, market value, profit quality, and esg performance are interrelated constructs, but cannot be treated as identical measures. For example, studies on esg and profit quality are not automatically direct evidence of the relationship between esg and corporate value. Similarly, research on digital transformation and corporate performance can help explain the organizational context, but it does not replace empirical evidence that specifically examines the relationship between esg and corporate valuation (wu & liu, 2025; almansour et al., 2026; zareie et al., 2024).

Emerging markets need special attention because the quality of regulatory enforcement, corporate transparency, investor protection, and the depth of capital markets can differ between countries. These conditions have the potential to affect the credibility of esg disclosures and the way investors translate sustainability information into corporate valuations. Research on narrative disclosures in emerging markets provides a relevant context for understanding the role of corporate information, while studies of family companies in the united arab emirates highlight the issue of transparency and governance. On the other hand, research on listed companies in china shows the relevance of esg disclosure characteristics to market value. Therefore, the synthesis of international evidence needs to consider the context of the country, ownership characteristics, and the variables used so that its implications for emerging markets are not simplified (nguyen et al., 2025; sadiq & gebba, 2022; zhang et al., 2025).

Based on these conditions, a systematic literature review (slr) is needed to organize and evaluate empirical evidence regarding the relationship between esg performance and corporate

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

value. This study needs to map the definition and measurement of esg, indicators of corporate value, mechanisms tested, and contextual factors that can explain the variation in findings. In addition, the synthesis should distinguish research that directly tests esg performance on corporate value from research on esg disclosure, profit quality, green innovation, and digital transformation that only provides supporting evidence or relevant context. Such distinctions can help identify the consistency of findings, limitations of available evidence, and research gaps that still need to be studied in emerging markets (zhang et al., 2025; wu & liu, 2025; lu et al., 2026).

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory explains that a company's success is not only determined by the interests of shareholders, but also by its ability to meet the interests of various stakeholders, such as employees, customers, investors, governments, and society. Freeman (1984) emphasizes the importance of a company's relationship with groups that influence or are influenced by its business activities. In the context of esg, this theory helps explain how environmental, social, and governance responsibilities can support a company's trust and sustainability. Thus, this theory is relevant to understand the relationship between esg practices and investors' assessment of a company's value in emerging markets (freeman, 1984; han et al., 2024; sadiq & gebba, 2022).

The application of stakeholder theory in esg research is based on the view that managing relationships with stakeholders can affect the reputation and sustainability of a business. Esg practices can demonstrate a company's commitment to environmental and social responsibility, while governance supports transparency in decision-making. However, the practice does not necessarily result in an increase in the company's value because investors also consider the credibility of the information and the economic benefits it generates. Therefore, this theory is used to explain the mechanism of esg's relationship to company value, not to assume that the entire sustainability practice inevitably increases valuation (freeman, 1984; zhang et al., 2025; sadiq & gebba, 2022).

Esg Performance

Environmental , social, and governance (esg) performance describes the extent to which a company manages environmental, social, and governance aspects in its business activities. Environmental aspects relate to ecological impact management, social aspects include

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

relationships with workers and communities, while governance includes transparency, accountability, and management oversight. Esg performance needs to be distinguished from esg disclosures because the information presented in the report does not necessarily fully reflect the implementation of sustainability practices. These differences are important when assessing the relationship between esg and company value based on empirical evidence (lu et al., 2026; zhang et al., 2025; wu & liu, 2025).

Research on esg also shows that sustainability performance is related to organizational characteristics and the ability of companies to adapt to changes in the business environment. Lu et al. (2026), for example, examines the relationship between digital transformation, involvement in global innovation networks, and esg performance in multinational companies. The research helps to explain that esg performance can be influenced by organizational factors, although it does not directly test the relationship between esg and company value. Therefore, in this slr, esg performance is placed as the main variable whose relationship with company value needs to be analyzed based on relevant research results (lu et al., 2026; almansour et al., 2026).

Company Values

A company's value describes the market's assessment of a company's condition, performance, and prospects. It can be influenced by a company's ability to generate profits, manage risks, maintain competitiveness, and create future cash flow. In empirical research, a company's value can be measured using market-based indicators, such as tobin's q or market-to-book ratios, according to research objectives and data availability. The selection of indicators needs to be considered because the value of a company differs from financial performance which only measures operational results or profitability in a given period (chen et al., 2026; guo et al., 2026; wang et al., 2026).

The relationship between corporate value and sustainability information can be understood through the way investors assess long-term risks and opportunities. Zhang et al. (2025) examined the use of ambiguous language in esg reports of companies recorded in china and their relationship to corporate value. The study shows the importance of distinguishing the quality of disclosure from the substance of sustainability performance when interpreting market valuations. Therefore, the analysis of corporate value needs to consider the information received by investors and not conclude that the existence of esg reports by itself indicates an increase in the value of the company (zhang et al., 2025; nguyen et al., 2025; li, 2026).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

The relationship between esg performance and corporate value in emerging markets

The relationship between esg performance and company value can be explained through the potential benefits of risk management, reputation enhancement, and strengthening stakeholder trust. Companies that consistently implement esg practices have the potential to obtain positive ratings if investors view the practices as supporting business sustainability. However, esg investments can also incur implementation costs and do not always yield economic benefits in the short term. Thus, the direction and magnitude of the relationship between esg and company value need to be determined based on empirical evidence and market characteristics, rather than being assumed to be always positive (zhang et al., 2025; tang, 2025; moolkham, 2025).

METHOD

This study applies the systematic literature review (slr) method guided by the preferred reporting items for systematic reviews and meta-analyses (prisma) standard to identify, select, and analyze relevant research on the relationship between environmental, social, and governance (esg) performance and company value in emerging markets. The source of the research literature is planned to come from scientific articles indexed in scopus and web of science (wos), with a focus on accounting, finance, management, corporate governance, and sustainability studies.

To obtain articles that are relevant to the focus of the study, the literature selection process is carried out through several stages as follows:

1. Literature search using a combination of keywords related to:
    a. Esg performance and firm value.
    b. Esg disclosure, corporate valuation, and market indicators.
    c. Esg performance, corporate governance, and emerging market characteristics.
2. Initial screening of articles by title, abstract, keywords, year of publication, and relevance to the relationship between esg performance and company value.
3. A full-text examination to assess the suitability of the article for inclusion criteria, especially the relevance of the research variables, the context of the emerging market, the methodological approach, and the availability of the results that can be analyzed.

This study identified 50 journal articles for the period 2021–2026 that discussed esg performance and company value in emerging markets. The selection process followed the prisma

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

guidelines, starting from 582 publication records. After the elimination of duplication, title and abstract filtering, and full-text feasibility assessment, as many as 50 articles met the inclusion criteria. The selected articles were then analyzed to identify the trends of the findings, theoretical foundations, research methods, and factors that affect the relationship between esg performance and company value. The selection flow is presented in figure 1.

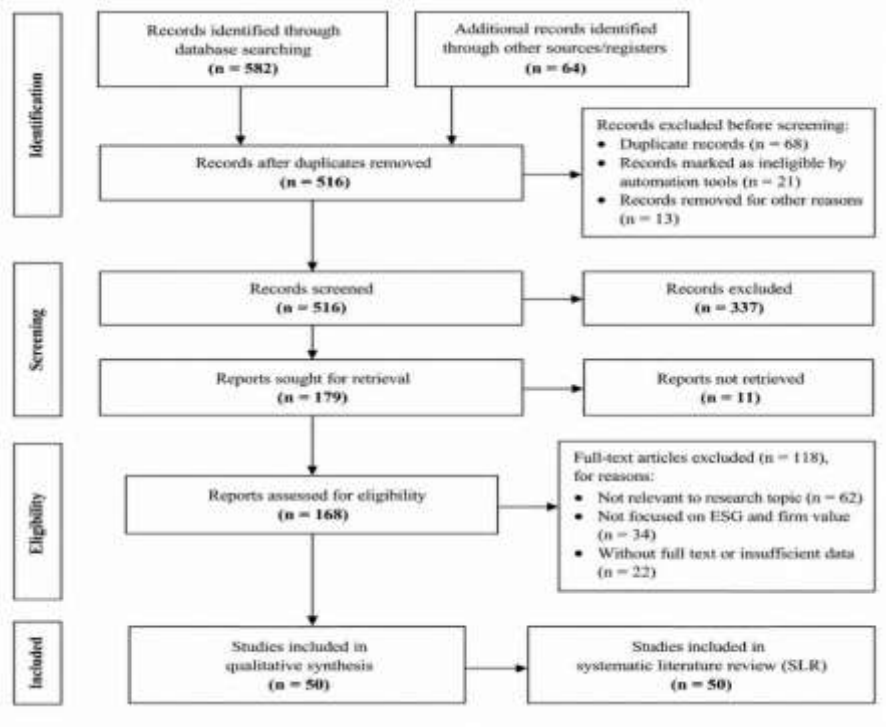


Figure 1. Prisma flow diagram

The fifty articles in the synthesis design are grouped based on publication characteristics, research approaches, key theories, geographical scope, and industry sectors. The grouping aims to describe the development of studies on the relationship between esg performance and company value in emerging markets. The analysis is directed not only at the number of publications, but also at the diversity of methods, theoretical frameworks, and corporate contexts used to explain the relationship between the two variables. With this approach, research patterns can be mapped without assuming that esg performance always increases the value of the company.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Table 1. Journal index distribution

Journal index	Number of articles	Percentage
Scopus q1	18	36,0%
Scopus q2	17	34,0%
Scopus q3	10	20,0%
Scopus q4	5	10,0%
Total	**50**	**100%**

source : data processed, 2026

Based on table 1, the articles in the literature draft are spread across four quartile groups of journals. Q1 publications include 18 articles (36%), followed by q2 with 17 articles (34%). Meanwhile, q3 journals include 10 articles (20%) and q4 articles (10%). The composition describes a literature design that includes journals with different quartile levels, so that the study does not depend only on one group of publications.

The proportion of q1 and q2 articles reaching 70% in this simulation suggests that most of the planned literature comes from journals in the top two quartiles. However, journal quartiles cannot be used as the only measure of evidence quality. Assessments still need to consider the research design, the accuracy of esg measurements, the company's value indicators, and the transparency of the analysis method. The status of the quartile also needs to be verified based on the ranking basis and the relevant year of publication.

Table 2. Distribution of research theories

Theories used	Number of articles	Percentage
Stakeholder theory	13	26%
Signaling theory	9	18%
Legitimacy theory	7	14%
Agency theory	6	12%
Institutional theory	5	10%
Resource-based view	4	8%
Other/not explicitly stated	6	12%
Total	**50**	**100%**

source : data processed, 2026

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Based on table 2, stakeholder theory occupies the first position with 13 articles (26%). This theory is relevant to explain how companies consider the interests of investors, employees, society, government, and the environment in carrying out esg practices. The management of these interests can be related to the company's reputation, trust, and operational sustainability. In the context of this research, the theory can be used to understand the mechanisms that enable esg performance to relate to company values.

Signaling theory occupies the next position with 9 articles (18%). This theory helps explain how information about esg performance can be a signal for investors in assessing the company's risks and prospects. Meanwhile, legitimacy theory and agency theory each contribute to explaining social acceptance, transparency, oversight, and potential conflicts of interest. Institutional theory and resource-based view complement this perspective through a discussion of institutional conditions and organizational capabilities. This distribution shows a diversity of relevant theoretical frameworks for examining the relationship between esg and corporate values.

Table 3. Distribution of research countries

Country/region	Number of articles	Percentage
China	8	16%
India	6	12%
Indonesia	5	10%
Brazil	4	8%
Malaysia	4	8%
South africa	4	8%
Thailand	3	6%
Turkey	3	6%
United arab emirates	3	6%
Mexico	2	4%
Vietnam	2	4%
Saudi arabia	2	4%
Pakistan	2	4%
Cross-country studies	2	4%
Other countries	4	8%
Total	**50**	**100%**

source : data processed, 2026

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Based on table 3, the geographical distribution of the study covers various emerging market countries. China occupies the highest position with 8 articles (16%), followed by india with 6 articles (12%) and indonesia with 5 articles (10%). Other countries include brazil, malaysia, south africa, thailand, turkey, and the united arab emirates. This distribution shows that the literature studied covers a wide range of emerging market contexts in esg research and corporate value.

Emerging markets are of concern because the implementation of esg takes place in an institutional environment that is different from that of developed countries. Challenges related to information transparency, regulation, corporate governance, and investor protection can affect how esg performance is assessed by markets. In contrast, developed countries generally have a more established sustainability framework. These differences in conditions make emerging markets an important context for testing the relationship between esg and company value.

The diversity of countries in table 3 allows the study to identify variations in esg relationships and company values based on the characteristics of each market. Differences in economic conditions, regulations, ownership structures, and capital market developments can produce diverse findings. Therefore, research results from developing countries need to be understood according to their institutional context. However, the geographical distribution is not enough to conclude that the influence of esg is always stronger in developing countries than in developed countries.

Table 4. Distribution of research sectors/industries

Industrial sector	Number of articles	Percentage
Manufacturing	9	18%
Banking and financial services	8	16%
Energy and mining	7	14%
Consumer and retail goods	6	12%
Technology and telecommunications	4	8%
Construction and property	4	8%
Agriculture and food	3	6%
Transportation and logistics	3	6%

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Industrial sector	Number of articles	Percentage
Health and pharmaceuticals	2	4%
Multi-sector and other industries	4	8%
Total	**50**	**100%**

source : data processed, 2026

Based on table 4, the manufacturing sector has the largest number of articles in the distribution design, namely 9 articles (18%), followed by the banking and financial services sector with 8 articles (16%) and energy and mining with 7 articles (14%). These three sectors are relevant to be studied because they have risk characteristics, capital requirements, and governance and transparency demands that can be related to investor assessments. However, differences in industry characteristics need to be considered when comparing esg research results.

The consumer goods and retail sectors comprise 6 articles (12%), while technology and telecommunications and construction and property each comprise 4 articles (8%). Other sectors include agriculture, transportation, healthcare, and multi-sector research. Sector diversity can help explain whether the relationship between esg performance and company value depends on operational characteristics, environmental risk exposure, or a company's financing structure. Sectoral analysis can also identify industries that still have limited empirical evidence, which is an opportunity for further research.

DISCUSSION

1. The relationship of esg performance to corporate value in emerging markets

The results of the literature synthesis show that environmental, social, and governance (esg) performance is one of the aspects related to the formation of corporate value in emerging markets. Esg reflects a company's ability to manage sustainability risks while maintaining relationships with stakeholders. In the perspective of stakeholder theory, value creation depends on a company's ability to meet the interests of investors, workers, customers, and society. However, the implementation of esg does not necessarily directly increase valuation because the results depend on the quality of disclosure, company characteristics, and market response to sustainability information (bilyay-erdogan & öztürkkal, 2023; broadstock et al., 2021; moolkham, 2025).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

The relationship between esg and company values is also influenced by the credibility of the information conveyed to investors. Sustainability disclosures can help stakeholders assess a company's commitments, but ambiguous information has the potential to obscure true performance conditions. A study of listed companies in china found that the use of unclear esg language is positively related to market value. The findings suggest that market responses do not necessarily reflect the quality of sustainability substantively. Therefore, transparency and the suitability of information with actual practices are important factors in building stakeholder trust and supporting company valuations (zhang et al., 2025; nguyen et al., 2025; cardoni & kiseleva, 2025).

Differences in corporate characteristics and institutional environments also explain the variation in esg research results. Studies in china showed that the relationship between ambiguous esg reporting language and market value was stronger in companies that were environmentally sensitive and had a low concentration of ownership. In contrast, a study of family businesses in the united arab emirates found that corporate governance was not significantly related to financial performance in the sample studied. These differences show that esg outcomes cannot be generalized without considering the ownership structure and context of the company. However, this evidence is not enough to conclude general differences between all developed and developing countries (zhang et al., 2025; sadiq & gebba, 2022; bilyay-erdogan & öztürkkal, 2023).

In addition to institutional conditions, digital transformation can affect how esg information is received and responded to by the market. Wu and liu (2025) found a negative relationship between esg and earnings response coefficient, with digital transformation weakening the relationship. Although this variable is not a direct measure of a company's value, the results suggest that market responses to sustainability information can depend on the organization's technological context. In the perspective of stakeholder theory, the ability to convey relevant information helps companies maintain relationships with stakeholders. Thus, the influence of esg needs to be analyzed based on the outcome variables used as well as the mechanisms that link sustainability practices to investor responses (wu & liu, 2025; han et al., 2024; lu et al., 2026).

Overall, the mapped literature shows that the relationship between esg performance and company value is neither automatic nor uniform. The credibility of disclosures, ownership structures, and organizational context can shape market responses to sustainability

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

information. The stakeholder theory perspective helps explain the importance of trust and relationships between companies and parties, but conclusions about increasing company value still require appropriate empirical evidence. Therefore, it is necessary to distinguish research that tests a company's value directly from research that discusses financial performance or market response as a different variable (tang, 2025; moolkham, 2025; bilyay-erdogan & öztürkkal, 2023).

2. The role of environmental, social, and governance dimensions in corporate value creation

The results of the literature synthesis show that environmental, social, and governance dimensions have different contributions to the value of companies in emerging markets. The environmental dimension relates to risk management and resource efficiency, the social dimension relates to responsibility to workers and society, while governance supports transparency and management oversight. These three dimensions can influence investors' assessment of a company's prospects and sustainability. However, its contribution to a company's value is not always the same as it is influenced by organizational characteristics, the quality of esg disclosures, and the market's response to the sustainability practices implemented (bilyay-erdogan & öztürkkal, 2023; broadstock et al., 2021; lu et al., 2026).

The environmental dimension can support value creation through ecological risk control, resource use efficiency, and operational impact management. Nonetheless, the implementation of environmentally friendly practices requires investments that can increase costs in the short term. This condition is in line with stakeholder theory, which emphasizes the importance of considering the interests of investors and the community in carrying out business activities. Investors need to assess whether the cost of implementation is proportional to the expected long-term benefits. Therefore, the influence of environmental performance on the company's value needs to be seen based on the results of implementation and the credibility of the information submitted, not just the commitments in the esg report (hao et al., 2022; moolkham, 2025; broadstock et al., 2021).

The social dimension reflects how companies treat workers, serve customers, and maintain relationships with society. Responsible employment practices and attention to the needs of stakeholders can support trust and continuity of business activities. However, these benefits are not always directly reflected in market value as investors also consider the company's business prospects and financial condition. Thus, the contribution of the social

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

dimension needs to be analyzed based on empirical evidence linking social practices to company results. This assessment helps to clarify whether social responsibility is related to reputation enhancement alone or also to the economic value that the company can perceive (han et al., 2024; cardoni & kiseleva, 2025; bilyay-erdogan & öztürkkal, 2023).

The governance dimension plays a role in ensuring that management decisions are accountable and company information is communicated transparently. Oversight and accountability help investors assess the credibility of esg disclosures and reduce uncertainty regarding company management. However, governance mechanisms are not always directly related to improved financial performance. Sadiq and gebba (2022), for example, found that corporate governance was not significantly related to financial performance in a sample of family businesses in the united arab emirates. The findings suggest that the relationship between governance and company results can differ based on organizational characteristics and the indicators used in the study (sadiq & gebba, 2022; uyar et al., 2026; bilyay-erdogan & öztürkkal, 2023).

Overall, environmental, social, and governance dimensions complement each other in supporting sustainability practices, but their contribution to corporate value is not always uniform. Environmental management is concerned with risk and efficiency, social practices support relationships with stakeholders, while governance strengthens transparency and accountability. Differences in company characteristics and market responses cause each dimension to need to be assessed in context. However, the sources in the available mapping are not sufficient to comprehensively compare the contributions of the three dimensions between developed and developing countries. Therefore, conclusions regarding the influence of esg on corporate value need to follow empirical findings that are thoroughly tested in every study (tang, 2025; bilyay-erdogan & öztürkkal, 2023; broadstock et al., 2021).

3. Factors affecting the relationship of esg performance to company value

The results of the literature synthesis show that the relationship between esg performance and company value is influenced by the quality of disclosure, ownership characteristics, governance, and organizational conditions. Esg does not automatically increase valuations because investors also consider the credibility of the information and the economic benefits generated. Differences in company characteristics can cause similar esg practices to obtain different market responses. Therefore, the relationship between esg and company value needs to be analyzed taking into account the company's internal factors as

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

well as the conditions that influence investors' valuations (zhang et al., 2025; moolkham, 2025; bilyay-erdogan & öztürkkal, 2023).

The quality of disclosure is an important factor as investors use esg information to assess a company's commitment and prospects. A study of listed companies in china found that the use of ambiguous esg language was positively associated with market value, especially in environmentally sensitive and low-ownership companies. The findings show that market responses do not always reflect the quality of sustainability substantively. Thus, the clarity of information and its conformity with actual practices need to be considered when assessing the relationship between esg and corporate value (zhang et al., 2025; cardoni & kiseleva, 2025; nguyen et al., 2025).

Ownership and oversight characteristics are related to a company's ability to maintain the quality of the information delivered. Zhang et al. (2025) found that institutional monitoring can limit the use of ambiguous esg language. Meanwhile, sadiq and gebba (2022) found that the relationship between governance and financial performance was not significant in a sample of family businesses in the united arab emirates. These differences suggest that oversight mechanisms and organizational characteristics can produce different consequences. Therefore, ownership and governance factors need to be considered when comparing esg research findings (zhang et al., 2025; sadiq & gebba, 2022; uyar et al., 2026).

Digital transformation is a contextual factor that can affect the relationship between esg and market response. Wu and liu (2025) found a negative relationship between esg and earnings response coefficient, while digital transformation weakened the relationship. These results do not measure a company's value directly, but suggest that the consequences of esg information can differ according to the organization's technological context. A company's ability to manage and convey information is a relevant aspect to examine. However, the influence of digital transformation on a company's valuation still requires direct empirical testing with appropriate measures of company value (wu & liu, 2025; lu et al., 2026; han et al., 2024).

Overall, the quality of disclosure, ownership structure, supervisory mechanisms, and digital transformation are factors that need to be considered in explaining the relationship between esg and corporate value. However, the influence of each factor cannot be generalized because the available research uses different contexts and outcome variables. The evidence in the mapping is also insufficient to conclude the patterns that are generally

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

applicable in both developed and developing countries. Therefore, further research needs to test these factors with appropriate design and clearly distinguish between company value, financial performance, and market response to esg information (tang, 2025; moolkham, 2025; broadstock et al., 2021).

4. **The role of institutional and regulatory conditions in the relationship between esg and corporate value**

The results of the literature synthesis show that institutional and regulatory conditions become important contexts in the relationship between esg performance and corporate value. Reporting, supervision, and stakeholder protection rules can affect the quality of information available to investors. Some relevant frameworks for understanding this context are ifrs s1 and ifrs s2 from the issb, the global reporting initiative (gri), as well as the european union's corporate sustainability reporting directive (csrd). However, these instruments have different functions and not all of them are tested directly in the mapped articles (cardoni & kiseleva, 2025; zhang et al., 2025; bilyay-erdogan & öztürkkal, 2023).

Differences in reporting frameworks between countries can affect the comparability of esg information and investors' ability to assess a company's performance. Ifrs s1 and ifrs s2 provide sustainability disclosure standards that are oriented to investor needs, while gri focuses on reporting an organization's impact on the economy, environment, and society. In the european union, csrd is a sustainability reporting regulation for companies that fall within its scope. These differences are important in cross-border research because reporting obligations and scopes can differ. However, the existence of standards and regulations does not automatically prove an increase in company value (cardoni & kiseleva, 2025; nguyen et al., 2025; zhang et al., 2025).

On the environmental aspect, iso 14001 provides an environmental management system framework to help organizations identify impacts, manage compliance obligations, and drive improvements in environmental performance. This standard differs from mandatory regulations in that its implementation depends on the organization's needs and applicable regulations. The implementation of an environmental management system can be supporting information for investors and stakeholders when evaluating a company's practices. However, iso 14001 certification does not by itself prove that market value is increasing. The relationship needs to be tested using esg indicators and appropriate company values (lu et al., 2026; moolkham, 2025; broadstock et al., 2021).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Institutional effectiveness is determined not only by the existence of standards, but also by the quality of supervision and implementation at the company level. Research by zhang et al. (2025) shows that institutional monitoring can limit the use of ambiguous esg language in chinese corporate reporting. The findings confirm the importance of oversight in maintaining the quality of information received by investors. Meanwhile, research on family businesses in the united arab emirates shows that the relationship between governance and financial performance is not always significant. Thus, the implementation of rules needs to be accompanied by credible oversight in order for esg information to be more trustworthy (zhang et al., 2025; sadiq & gebba, 2022; bilyay-erdogan & öztürkkal, 2023).

Overall, ifrs s1, ifrs s2, gri, csrd, and iso 14001 provide an important context for examining corporate sustainability reporting and management. However, these instruments have different functions and cannot be treated as equivalent regulations. The evidence from the available mapping is insufficient to conclude the causal impact of each instrument on company value or to compare its effectiveness between developed and developing countries. Therefore, further research needs to identify the regulations that actually apply to the country and the observation period and test their relationship to esg indicators and company value empirically (cardoni & kiseleva, 2025; nguyen et al., 2025; moolkham, 2025).

CONCLUSION

Based on the results of a literature synthesis, this study concludes that environmental, social, and governance (esg) performance is one of the factors that can explain the variation in company values in emerging markets. Esg is not only related to sustainability practices, but also to the company's ability to manage risk, build trust, and maintain relationships with stakeholders. In the perspective of stakeholder theory, corporate value creation is related to the ability to meet the interests of investors, workers, customers, and society. However, the relationship between esg and corporate value is not always positive because it is influenced by the credibility of disclosures, company characteristics, and market response to sustainability information.

The results of the synthesis also show that environmental, social, and governance dimensions have different contribution mechanisms to the creation of corporate value. Environmental management is related to ecological risk control, the social dimension supports the company's relationship with stakeholders, while governance strengthens transparency and accountability. In addition, institutional conditions, regulations, ownership structures, and digital

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

transformation can be contextual factors that affect the relationship between esg and company results. Thus, the relationship between esg performance and company value needs to be understood based on market characteristics and organizational context, rather than through the assumption that increasing esg always results in an increase in valuation.

Research limitations

This study has limitations that need to be considered in interpreting the results of the synthesis. Differences in research methods, esg indicators, company value measures, industry characteristics, and research locations can result in diverse findings. In addition, not all of the mapped articles test the direct relationship between esg performance and company value; some discuss financial performance, market response to information, or the quality of esg disclosures. These differences in focus limit direct comparisons between findings. Therefore, conclusions regarding the relationship between esg and company value need to consider the suitability of the variables used in each study.

Another limitation relates to the scope of evidence to compare developed and developing countries and to evaluate the specific effects of regulations. Differences in the institutional environment, quality of supervision, reporting standards, and capital market characteristics have the potential to influence the results of the study. However, generalizations about the advantages of a group of countries cannot be made if the available comparative evidence is inadequate. In addition, standards such as ifrs s1, ifrs s2, gri, csrd, and iso 14001 have different functions so that their effect on a company's value cannot be equalized without the support of relevant empirical research.

Suggestions

Further research is suggested to expand the empirical study of the relationship between esg performance and corporate value through cross-country and cross-sector comparisons. Future research may examine environmental, social, and governance dimensions separately to identify the dimensions most relevant to corporate valuation in a given context. In addition, factors such as ownership structure, disclosure quality, digital transformation, and institutional conditions can be analyzed as moderation or mediation variables when supported by an appropriate theoretical framework and research design. This approach is expected to result in a

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

more detailed understanding of the variation in esg relationships and corporate value in emerging markets.

For companies and practitioners, the implementation of esg should be oriented not only towards fulfilling reporting obligations, but also on implementing measurable and accountable sustainability practices. Companies need to improve the quality of disclosures, strengthen governance mechanisms, and ensure that environmental and social commitments are reflected in operational activities. From the perspective of stakeholder theory, these steps can help build trust and maintain long-term relationships with stakeholders. Meanwhile, regulators and policymakers need to encourage information comparability and effective oversight. Thus, esg practices have the potential to support the sustainable creation of corporate value, although the magnitude of the benefits remains dependent on the company's conditions and market environment.

REFERENCES

Alfadhel, m. (2025). Unpacking when and how business analytics affect firm performance and customer satisfaction: a longitudinal examination. Journal of retailing and consumer services, 84(19), 1–11. Https://doi.org/10.1016/ j.jretconser.2024.104219

Almansour, m. A., kodai, z. M. O., zobair, a. S. O., mohammed, s. D. A., agag, g., & alipour, o. (2026). How erp-enabled digital transformation drives green innovation: insights from qualitative inquiry and difference-in-differences analysis. Journal of retailing and consumer services, 93, 104891. Https://doi.org/10.1016/j.jretconser.2026.104891

Chen, z., chen, j., & she, j. (2026). How does digital platform capability enhance firm value: the mediating role of dual innovation synergy. Finance research letters, 101, 110060. Https://doi.org/10.1016/j.frl.2026.110060

Cheng, l., mei, n., & yi, g. (2026). How digital transformation enhances firm performance: underlying knowledge and mechanisms from the perspective of value creation. Journal of innovation & knowledge, 14, 100952. Https://doi.org/10.1016/j.jik.2026.100952

Gu, s., ma, j., wang, k., zhou, c., zhang, m., & wei, z. (2026). How digital transformation enhances firm performance through capability building: an empirical analysis of chinese manufacturing firms. Technology in society, 86, 103288. Https://doi.org/10.1016/j.techsoc.2026.103288

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Guo, x., li, p., & wang, f. (2026). How do data assets enhance firm value in the digital economy: evidence from listed tech firms. Finance research letters, 91, 109394. Https://doi.org/10.1016/j.frl.2025.109394

Han, s., liu, z., deng, z., gupta, s., & mikalef, p. (2024). Exploring the effect of digital csr communication on firm performance: a deep learning approach. Decision support systems, 176, 114047. Https://doi.org/10.1016/j.dss.2023. 114047

Huang, q., xu, c., xue, x., & zhu, h. (2023). Can digital innovation improve firm performance: evidence from digital patents of chinese listed firms. International review of financial analysis, 89, 102810. Https://doi.org/10.1016/j.irfa.2023.102810

Jiang, w., wu, y., & wen, s. (2026). Does ai talent promote firm value? Evidence from ai recruitment data of listed companies in china. Emerging markets review, 74, 101523. Https://doi.org/10.1016/j.ememar.2026.101523

Kargin, s., & lamey, l. (2025). The impact of a flagship store opening on firm value: evidence from an event study. Journal of business research, 199, 115583. Https://doi.org/10.1016/j.jbusres.2025.115583

Li, c., wang, h., & zhang, c. (2026). Digital transformation and corporate mergers and acquisitions: evidence and mechanism in china. Pacific-basin finance journal, 95, 102968. Https://doi.org/10.1016/j.pacfin.2025.102968

Li, w., yang, x., & yin, x. (2024). Digital transformation and labor upgrading. Pacific-basin finance journal, 83, 102280. Https://doi.org/10.1016/j.pacf 2024.102280.

Li, y., liu, y., dai, j., & luo, h. (2026). Digital transformation, information advantage and managerial opportunism. China journal of accounting research, 100503. Https://doi.org/10.1016/j.cjar.2026.100503

Li, y. (2026). The impact of news sentiment on corporate value. Finance research letters, 104, 110200. Https://doi.org/10.1016/j.frl.2026.110200

Liang, z., liang, x., wang, w., & zhao, y. (2025). How digital transformation reduces stock price crash risk: unpacking the roles of financing and efficiency. International review of financial analysis, 107, 104508. Https://doi.org/10.1016/j.irfa.2025.104508

Lu, c., & li, r. (2026). The integration of digital and real economy technologies and corporate value creation efficiency: evidence from chinese enterprise patent information. Economic analysis and policy, 91, 967–986. Https://doi.org/10.1016/j.eap.2026.04.007

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Lu, j., song, z., huynh, l. D. T., song, m., & papa, a. (2026). How does digital transformation and global innovation network embedding affect esg performance of multinational enterprises: empirical evidence from an eastern innovation pattern. Technovation, 158, 103701. Https://doi.org/10.1016/j.tec hnovation.2026.103701

Lv, j. R., ye, c., & yang, c. (2025). Digital transformation and corporate diversification. Pacific-basin finance journal, 93, 102895. Https://doi.org/ 10.1016/j.pacfin.2025.102895

Merín-rodríguez, j., dasí, a., & alegre, j. (2024). Digital transformation and firm performance in innovative smes: the mediating role of business model innovation. Technovation, 134, 103027. Https://doi.org/10.1016/j.techno vation.2024.103027

Moolkham, m. (2025). Digital transformation, financial performance and firm valuation: the moderating effect of environmental risk. Journal of climate finance, 13, 100075. Https://doi.org/10.1016/j.jclimf.2025.100075

Nguyen, t. H., vu, l. P. T., mai, a. N., & tran, t. Q. (2025). Do narrative-related disclosures in the annual report enhance firm value? New evidence from an emerging market. International review of financial analysis, 102, 104077. Https://doi.org/10.1016/j.irfa.2025.104077

Oduro, s., de nisco, a., & mainolfi, g. (2023). Do digital technologies pay off? A meta-analytic review of the digital technologies/firm performance nexus. Technovation, 128, 102836. Https://doi.org/10.1016/j.technovation.2023.10 2836

Sadiq, m., & gebba, t. R. A. (2022). Financial performance, firm value, transparency and corporate governance: evidences from family-owned business in uae. Transnational corporations review, 14(3), 286–296. Https://doi.org/10.1080/19186444.2021.1938496

Staneva, v., nikolov, a. N., miletkov, m. K., & song, s. (2025). X factor in the boardroom: the moderating effect of generation x directors on the relation between advertising spending and firm performance. Journal of business research, 193, 115347. Https://doi.org/10.1016/j.jbusres.2025.115347

Tang, j., & li, q. (2026). Brand culture innovation, digital transformation, and the performance of agribusiness firms. International review of financial analysis, 110, 104825. Https://doi.org/10.1016/j.irfa.2025.104825

Tang, m. (2025). Data element utilization and firm value. International review of financial analysis, 102, 104004. Https://doi.org/10.1016/j.irfa.2025.104004

Tarczynska-łuniewska, m., noja, g. G., țaran, a. M., niemcewicz, p., & stankevičienė, j. (2026). Technological innovation, ai and digital transformation inferences on company

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

performance and business models. Technological forecasting and social change, 230, 124704. Https://doi.org/10.1016/j.techfore.2026.124704

Uyar, a., goyal, r., kakabadse, n., jiraporn, p., & karaman, a. S. (2026). Board structure, r&d intensity and firm value relationship: evidence from the anglo-saxon technology sector. Research in international business and finance, 84, 103331. Https://doi.org/10.1016/j.ribaf.2026.103331

Wang, k., he, j., zhang, x., xiang, d., & zhang, p. (2025). Unraveling the performance puzzle of digital transformation: the moderating role of tmt heterogeneity and faultline strength. Journal of business research, 188, 115076. Https://doi.org/10.1016/j.jbusres.2024.115076

Wang, p., & liang, s. (2025). Enhancement of audit quality and optimization of risk management: dual engines for corporate value growth analysis. International review of economics & finance, 103, 104339. Https://doi.org/10.1016/j.iref.2025.104339

Wang, q., gui, k., hou, h., & zhao, y. (2026). The corporate value of innovation: evidence from china. Economic analysis and policy, 89, 73–89. Https://doi.org/10.1016/j.eap.2025.11.033

Wang, s., yang, r., & li, y. (2025). Collateral reform and firm value: empirical evidence from the natural experiment of civil code of the prc. International review of financial analysis, 106, 104471. Https://doi.org/10.1016/j.irfa.20 25.104471

Wang, z. (2026). Can the establishment of a personal data protection system promote firm value? An exploration of the economics of privacy. Research in international business and finance, 82, 103230. Https://doi.org/10.1016/j.rib af.2025.103230

Wei, y., zhu, m., lam, h. K. S., liu, f., yeung, a. C. L., cheng, t. C. E., & zhou, h. (2024). Protagonists in digital transformation: the impact of chief digital officers on firms' financial performance. Journal of industrial information integration, 41, 100678. Https://doi.org/10.1016/j.jii.2024.100678

Wu, q., khattak, m. S., anwar, m., bani hani, i., & hujran, o. (2025). Ceo passion, digitalization, and family firm performance: a socio-emotional wealth perspective. Digital business, 5, 100144. Https://doi.org/10.1016/j.dig bus.2025.100144.

Wu, s., & liu, z. (2025). Environment, social, governance and earning quality: the moderating effect of digital transformation. Finance research open, 1, 100027. Https://doi.org/10.1016/j.finr.2025.100027

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Xie, c., wu, l., tong, z., & chen, y. (2026). How digital intelligence transformation creates firm value: a real options perspective. Economic modelling, 163, 107695. Https://doi.org/10.1016/j.econmod.2026.107695

Xu, h., wu, h., zheng, w., chan, k. C., & fang, q. (2026). Business groups and affiliated firms' digital transformation. China journal of accounting research, 100488. Https://doi.org/10.1016/j.cjar.2026.100488

Xu, l., & zhang, l. (2026). How digital capabilities affect tax planning: the internal information environment. Finance research letters, 92, 109540. Https://doi.org/10.1016/j.frl.2026.109540

Yadav, h., kar, a. K., kashiramka, s., & rana, n. P. (2024). How does change in ceos' strategic orientations in their social media communication impact firm performance during crisis? A longitudinal study. Technological forecasting and social change, 208, 123649. Https://doi.org/10.1016/j.techfore.20 24.123649

Yang, y., & yee, r. W. Y. (2022). The effect of process digitalization initiative on firm performance: a dynamic capability development perspective. International journal of production economics, 254, 108654. Https://doi.org/10.1016/j.ijpe.2022.108654

Yavuz, m. S., & çalik, h. (2025). Ai and ml patent intensity and firm performance: a machine learning-based lagged analysis. European research on management and business economics, 31, 100291. Https://doi.org/10.10 16/j.iedeen.2025.100291

Yavuz, m. S., tatlı, h. S., & bozkurt, g. (2025). Exploring the financial impact of digital transformation: a comprehensive analysis on firms. Journal of innovation & knowledge, 10, 100795. Https://doi.org/10.1016/j.jik.2025.10 0795

Ying, l., niu, y., wang, w., han, b., xu, b., & gao, m. (2026). Unintended productivity gains: how online negative rumors drive digital transformation in chinese firms. Economic analysis and policy. Https://doi.org/1 0.1016/j.eap.2026.08.033

Zareie, m., attig, n., el ghoul, s., & fooladi, i. (2024). Firm digital transformation and corporate performance: the moderating effect of organizational capital. Finance research letters, 61, 105032. Https://doi.org/10.1016/j.frl.2024. 105032

Zhai, h., yang, m., & chan, k. C. (2022). Does digital transformation enhance a firm's performance? Evidence from china. Technology in society, 68, 101841. Https://doi.org/10.1016/j.techsoc.2021.101841

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Zhang, c., sun, y., xu, d., & liu, q. (2026). Digital transformation and enterprise value creation: a study based on both human capital upgrading and pay gap optimization. International review of economics and finance, 106, 104964. Https://doi.org/10.1016/j.iref.2026.104964

Zhang, y., li, x., huang, q., & mu, x. (2025). The blur phraseology in esg reports and firm value: textual analysis evidence from chinese listed companies. Economic analysis and policy, 87, 281–296. Https://doi.org/10 1016/j.eap.2025.05.059

Zhou, y. (2026). Ai infrastructure, firm value and expected stock returns. Journal of empirical finance, 10(17), 1–107. Https://doi.org/10.1016/j.jempfin.20 26.101771

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License