

An empirical approach for ESG strategies: policy guidelines for entrepreneurs

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Abstract

Purpose – This study aims to investigate the strategic priorities of environmental, social and governance (ESG) factors in the contexts of the United States, Korea and Bangladesh. Specifically, it examines how entrepreneurs can integrate these priorities into business operations to drive long-term success, including sustainable revenue growth and enhanced brand perception.

Design/methodology/approach – Using a ranked-order approach, this study analyzed a sample of 512 responses from the United States ($n = 107$), Korea ($n = 292$) and Bangladesh ($n = 113$) to prioritize ESG factors for each country. We also conducted a one-way ANOVA to measure how individuals ranked ESG by level of importance in three countries.

Findings – The findings of this study reveal that ESG should be tailored to specific business contexts within each country rather than treated as a universal global standard. More specifically, in the United States, entrepreneurs place significant emphasis on all three ESG dimensions – environmental, social and governance. In contrast, entrepreneurs in Korea prioritize governance factors over social and environmental considerations. Meanwhile, in Bangladesh, the focus is primarily on environmental factors.

Originality/value – This study serves as an eye-opener for entrepreneurs in the United States, Korea and Bangladesh, highlighting where they should focus their efforts when considering ESG factors. It is also the first comparative analysis of ESG priorities across developed and developing countries.

Keywords ESG, Global consumer, Multicultural entrepreneurship

Paper type Research paper

Introduction

Environmental, social and governance (ESG) is a comprehensive framework design that can be easily adopted to evaluate a company's sustainability, ethical conduct and overall business responsibility. Companies use ESG to assess whether they are managing risks and opportunities in a lawful and ethical manner across ESG-related factors. A company's environmental factors encompass its use of natural resources and the impact of its operations on the environment. These factors span climate, natural resources, pollution and waste as well as related opportunities and policies. A company's societal impact encompasses how it manages relationships with employees, including workplace health and safety, development opportunities, employee engagement, diversity and inclusion and labor practices (International Monetary Fund, 2019). It also extends to product safety and quality, selling practices and labeling, customer access and the company's engagement with the broader community, government and civil society. Governance factors encompass how a company manages its internal rules, operations and procedures. This includes elements such as board structure and accountability, accounting and disclosure practices, executive compensation and management effectiveness, ownership and shareholder rights, anti-corruption measures, systematic risk management, earnings quality, competitive behavior, environmental



management and transparency around tax and related-party transactions (International Monetary Fund, 2019). In the entrepreneurship aspect, according to Amatucci *et al.* (2013), a new entrepreneurship paradigm for business activities is emerging that integrates social, profit and environmental considerations. Also, Cortes and Lee (2021) identified three primary drivers for organizations to participate in ESG initiatives: meeting external stakeholder expectations, aligning with organizational values and culture and anticipating improved business outcomes.

Companies also recognize the critical role ESG factors play in their success. By adhering to ESG principles, companies can attract top talents who find their practices appealing, fostering greater employee engagement and job satisfaction. Moreover, ESG benefit companies both internally and externally. Investors are more inclined to invest in firms committed to ESG, as it demonstrates strong leadership, governance and a focus on long-term growth – all of which are vital for a company's future prosperity. While ESG has been considered a major part of business in the United States for a very long time, it can be viewed differently in other countries, such as Korea and Bangladesh. For instance, Tesla operated their business by utilizing the concept of ESG and focusing on clean energy and innovation. Its electric vehicles, battery storage solutions and solar energy products promote environmental sustainability. Tesla also emphasizes social change by creating high-tech jobs and fostering innovation in the renewable energy sector. In the US, not only this company but also other S&P 500 companies are operating by employing ESG principles to sustain their businesses.

However, these scenarios are not the same as in Korea and Bangladesh. Since ESG is still a developing concept, an agreed universal definition and scope of practices has not yet been established, and as a result, it holds different meanings globally. In Bangladesh, for instance, ESG practices are just beginning to become popular. However, companies are focusing more on environmental factors as compared to social and governmental factors (Ahmad *et al.*, 2017; Sultana *et al.*, 2018). For instance, Beximco Textiles Ltd. – a Bangladeshi ready-made company is incorporating ESG practices. More specifically, this company is emphasizing environmental sustainability and investing in green technologies, including advanced water treatment plants and energy-efficient manufacturing processes. The company also emphasizes on reducing waste and utilizing sustainable raw materials, such as organic cotton, in its production.

Similarly, in Korea, the concept of ESG is also new. In this country, the governance factor is often regarded as the most critical factor in the ESG framework due to its historical focus on improving corporate accountability and transparency (Yang *et al.*, 2022). The dominance of family-owned conglomerates has traditionally led to concerns over shareholder rights, decision-making opacity and conflicts of interest. For instance, companies like Samsung Electronics have enhanced board independence and shareholder engagement, while Hyundai Motor Group has taken steps to improve transparency during corporate restructuring. By establishing robust governance systems, Korean companies can build investor trust, align with global standards and drive sustainable growth.

By considering these ESG factors for the USA, Korea and Bangladesh, this research offers a comprehensive empirical analysis and provides policy guidelines for entrepreneurs. These insights aim to help businesses effectively implement ESG principles and foster long-term sustainability. In that in our mind, we propose the following research questions:

RQ1. Are ESG factors implemented uniformly across different countries and companies?

RQ2. If not, what are the prioritized ESG factors for companies in countries like the US, Korea and Bangladesh?

Most prior studies have broadly applied ESG principles, often adopting a “one-size-fits-all” approach for companies (Krueger *et al.*, 2024; Sultana *et al.*, 2018; Yoon *et al.*, 2018). However, the implementation and orientation of ESG principles vary significantly across companies and cultures. In this research, we examine country-specific ESG factors, providing

insights that companies can leverage to gain competitive advantages. A detailed discussion is presented in the subsequent sections.

Literature review

ESG is a framework that helps stakeholders assess how a company manages environmental, social and governance risks and opportunities. In contrast, corporate social responsibility (CSR) practices are self-regulated and address a company's full range of external concerns, while ESG evaluates a company's management specifically through the lens of ESG factors.

Research on ESG importance in the US

Recognizing the growing importance of ESG factors, companies are adapting their entrepreneurial strategies to cater to customers who prioritize sustainability and CSR. Consumers now gravitate toward products and services from companies that demonstrate a commitment to social justice, transparent governance and environmental stewardship.

To manage risks and capitalize on opportunities, businesses must acknowledge and respond to this shift in consumer preferences. Research indicates that companies with strong ESG performance tend to have improved customer sentiment, as demonstrated by indices like the MSCI USA Leaders Index (Alaoui *et al.*, 2020). ESG factors significantly influence consumer perceptions, preferences and purchasing decisions, thus impacting brand loyalty. Additionally, research has explored the banking industry, an area often overlooked in ESG studies. A recent study (Ersoy *et al.*, 2022) examined the relationship between ESG performance and market value for US commercial banks. While linear models found no significant connections, nonlinear analyses uncovered intriguing associations between ESG scores and bank valuations. The insights provided are essential for investors and policymakers looking to optimize bank valuations while upholding ESG standards.

The "Environment" component of ESG encompasses a range of environmental factors. As climate change garners widespread support, it has become a top priority for communities and businesses alike. However, companies that engage in greenwashing make false claims about their products being environmentally friendly or helping to combat climate change when in reality, they do not. Consequently, consumers struggle to trust that these companies are genuinely adopting and enforcing sustainable practices. Researchers have studied certain mechanisms to decrease corporations' greenwashing behavior using ESG. In a study conducted by Yu *et al.* (2020), they identified greenwashing corporations who were transparent and disclosed ESG data and compared it to peer-relative greenwashing scores to measure the extent to which corporations engage in greenwashing. The majority of disclosed ESG data by greenwashing corporations showed that these companies performed poorly in environmental aspects of ESG, such as carbon footprint and sourcing of raw materials. Evidence in this study proved that greenwashing behavior in ESG factors can be deterred by scrutiny from investors and public interests.

Companies establish social frameworks to guide how they address issues related to the fair and equitable treatment of their employees, suppliers, customers and local communities. These frameworks outline the company's goals for promoting social equity – the principle that all members of society deserve justice and fairness. By implementing such frameworks, companies can demonstrate their commitment to being socially responsible corporate citizens. Investing in employee well-being and community engagement can strengthen the bonds between a company, its workforce and the surrounding neighborhoods (Henisz *et al.*, 2019). When companies demonstrate a genuine commitment to their employees, those workers tend to reciprocate by investing more of themselves – not only just in their core job duties but also through voluntary activities like clubs, volunteering and spearheading new initiatives. This heightened employee engagement and sense of purpose is easier to cultivate when workers feel a strong affinity for the company they represent.

Governance in relation to ESG refers to how a company encompasses how a company oversees and manages its business operations. The company's leadership incentives are aligned with stakeholder expectations, shareholder rights are clearly defined and robust internal controls promote transparency and accountability among leadership.

Governance encompasses a variety of elements, including corporate governance and corporate conduct. These subcategories range from board structure and accountability to accounting and disclosure practices, corruption management, systematic risk mitigation and transparency in tax-related party transactions. Companies that prioritize governance practices tend to be more efficient, less wasteful and garner greater respect compared to those that do not. The study by [Zumente and Bistрова \(2021\)](#) found that higher corporate ESG performance correlates with improved overall company performance, which in turn positively impacts shareholder value. Notably, the researchers determined that the most significant benefits of strong ESG performance stem from its financial impacts.

Research on ESG importance in Korea

Research in Korea has highlighted the growing importance of ESG factors in shaping consumer perceptions and behavior. Studies have shown that consumers' attitudes toward a company's CSR initiatives positively influence their purchasing intentions and brand loyalty. Studies highlight how consumer perceptions of ESG initiatives directly impact brand credibility, image and perceived quality ([Koh et al., 2022](#)). Research also examines the financial market implications, finding that changes in ESG ratings affect short-term stock returns, reflecting investor sentiments toward CSR ([Do and Kim, 2020](#)). However, the long-term effects of these ratings on firm sustainability and growth opportunities warrant further investigation ([Cho, 2022](#)). Overall, research in Korea provides insights into the relationships between corporate sustainability efforts, consumer perceptions and financial market dynamics ([Yoon et al., 2018](#)). Research has linked air pollution in Korea to serious health issues, including increased rates of suicide, stroke, infant respiratory mortality and childhood asthma ([Kamimura et al., 2017](#)). Aside from being used to ensure that companies are being managed ethically, governance factors are put in place to set a precedent to be able to manage any future mishaps; accordingly, all parties involved would take accountability to ensure that issues of the same caliber do not arise in the near future ([Yang et al., 2022](#)).

Research on ESG importance in Bangladesh

In Bangladesh, awareness of ESG factors is increasing, particularly among urban and younger consumers. As a result, consumer preferences are increasingly aligned with companies that demonstrate strong ESG values. This shift has led to a growing demand for ethically responsible businesses, especially those subjected to global scrutiny over labor and environmental standards. For example, the ready-made garment (RMG) sector, a key part of the economy, has begun adopting ESG practices in response to both consumer pressure and international requirements for ethical sourcing. Moreover, improved ESG performance has been shown to significantly enhance innovation and sustainability in manufacturing industries, with evidence suggesting that the better a firm's ESG performance, the stronger its innovation and sustainability outcomes ([Zhou et al., 2023](#)).

In terms of environmental factors (E-factors) in Bangladesh, these factors have increasingly become a key factor in business decision-making, driven by environmental pressure groups, regulatory bodies and societal expectations. These stakeholders view environmental responsibility as a strategic tool that can enable firms to gain a competitive advantage, achieve high compliance ratings and secure sustainable financial returns and performance ([Ahmad et al., 2017](#); [Sultana et al., 2018](#)).

Similarly, for the social factors, prior research on social factors (S-factors) has primarily addressed human rights, health and safety practices and development management

(Taddese *et al.*, 2020). In this context, policymakers in Bangladesh have placed significant emphasis on human rights and safety practices. They also recognize that social factors, particularly human resource management, are essential for ensuring sustainable performance and achieving the Sustainable Development Goals (SDGs) (Zhou *et al.*, 2023).

Finally, governance factors (G factors) – encompassing control mechanisms, risk management, corporate strategy and coordination – play a critical role in promoting effective innovation management and fostering organizational sustainability (E-Vahdati *et al.*, 2018). However, in Bangladesh, companies often demonstrate reluctance in adhering to strict corporate governance standards, posing significant challenges to achieving long-term sustainability. To address this issue, policymakers should consider incentivizing firms that comply with rigorous governance practices, encouraging broader adoption and contributing to enhanced organizational sustainability. In summary, policymakers in Bangladesh prioritize environmental factors most heavily when considering ESG criteria, followed by social factors, with governance also playing a critical role in shaping corporate decisions.

Comparative analysis

The literature on ESG importance reveals both similarities and differences in terms of consumer attitudes, corporate practices and market dynamics. Although both countries acknowledge the significance of ESG factors, their prioritization and implementation vary due to distinct cultural, socioeconomic and regulatory contexts. Consumers in all three countries are increasingly considering ESG when making purchasing decisions. However, cultural differences may shape which ESG aspects resonate most. For example, Korean consumers tend to prioritize brands engaged in social initiatives, reflecting their societal values emphasizing collective well-being. The integration of ESG considerations into corporate strategies and decision-making processes varies across companies. It seems that regulatory frameworks and industry norms dictate the degree and approach to ESG implementation in the Korean economy. In Bangladesh, social initiatives are emerging largely due to international pressures from global buyers and organizations, especially NGOs focused on labor rights and environmental sustainability. In contrast, the individualistic culture of the US tends to encourage consumers to prioritize their personal ethics and environmental concerns (Alaoui *et al.*, 2020). The United States demonstrates a wider variety of corporate governance structures and regulatory approaches than other countries (Park, *n.d.*). Overall, the US is the most mature market for ESG practices, with South Korea in the middle and Bangladesh at a more nascent stage. Environmental issues are more critical in Bangladesh due to climate vulnerability, while governance concerns are a major focus in South Korea, and diversity/inclusion is heavily emphasized in the US. The US and South Korea have more formalized ESG frameworks and regulations than Bangladesh, where adoption is largely driven by international demands. Additionally, nonlinear relationships between ESG performance and market value have been observed in the US banking sector, whereas sector-specific variations characterize the valuation effects of CSR practices in South Korea and Bangladesh (Yoon *et al.*, 2018).

Emerging research indicates that ESG considerations are playing a growing role in influencing consumer choices and corporate valuations globally. To effectively navigate the complex landscape of ESG factors, companies across diverse consumer sectors must be attuned to the nuanced implications and details involved. By identifying and addressing cultural, institutional and industry-specific factors, businesses can develop tailored ESG strategies that engage stakeholders and capitalize on emerging better global opportunities.

Country comparisons

The researchers selected three countries as the empirical setting for the current investigation, based on three key factors – cultural, economic and social factors. The US, Korea and

Bangladesh clearly offer an intriguing contrast in terms of cultural, economic and social diversity. Hofstede's (1983) cultural typology, three countries at very different positions in the "indulgence index" (US 68, Korea 29 and Bangladesh 20) and "individualism index" (US 60, Korea 18 and Bangladesh 5). Korea's "power distance" score is approximately 60, placing it between the power distance scores of the US and Bangladesh (US 80 and Bangladesh 40). As to the remaining cultural indices, Korea dominates other countries. Uncertainty avoidance (US 60, Korea 85 and Bangladesh 46). Long-term orientation (US 38, Korea 86 and Bangladesh 50). "Motivation towards Achievement and Success" the three countries are much more closely clustered. In terms of religious demographics, 68% of Americans identify as Christian. In contrast, Bangladesh is one of the largest Muslim-majority countries, with 91% of the population following Sunni Islam. Compared to these two nations, South Korea is a multi-religious society, with a diverse array of faiths including Christianity, Buddhism, Confucianism, Shamanism and Islam. However, a 2023 World Bank Group survey found that over 60% of South Koreans have no religious affiliation. Among those who do identify with a religion, Christianity and Buddhism are the most prevalent. In the area of economic development, the US is the most industrialized economy among the three countries. With a population of 333 m and a GDP per capita of \$7,6329. Korea has the history of being one of the worlds' fastest-growing countries with a population of 52m and a GDP per capita of \$3,2422. Bangladesh, on the other hand, has a population of 171m, and a GDP per capita of \$2,688 (World Bank Group, 2023) (see Table 1).

Methodology

An online survey was conducted through SurveyMonkey (in Korea) and Qualtrics (in the US and Bangladesh) to collect our samples. We did not use the backtranslation format for our questionnaire due to the respondents being graduate and some upper-level undergraduate students. They have enough knowledge to understand and comprehend English. They also had a basic understanding of ESG concepts. The survey included 18 questions that assessed participants' preferences based on the International Monetary Fund ESG guidelines (International Monetary Fund, 2019). Additionally, the survey utilized a rank-order question format from the values and goals section of the Handbook of Marketing Scales, developed by Bearden *et al.* (2010), as outlined in Table 2. The participants were expected to rank the importance of each factor on a scale from most to least important. For example:

Based on your knowledge of ESG, rank each principle based on importance, Most Important = 1, Least Important = 3

[...] E (environmental) (climate change, natural resources, pollution and waste, opportunities and policy)

[...] S (social) (human capital, product responsibility and relations)

Table 1. Economic comparison of USA, South Korea, and Bangladesh

	USA	South Korea	Bangladesh
Population	333m	52m	171m
Median age	39	46	30
GDP	\$25.44tn	\$1.674tn	\$460.2bn
GDP/Capita	\$76,329	\$32,422	\$2,688
Growth rate	1.9%	2.6%	7.1%
Literacy rate	79%	98%	75%

Note(s): The contents in the table are courtesy of the World Bank Group and World Factbook

Table 2. ANOVA result

Key pillars	Key themes	Key issues	
Environment ^{**} , ³	Climate change	Carbon footprint	Vulnerabilities from climate change events
	Natural resources ^{**} , ³	Energy efficiency ^{**} , ²	Water efficiency [*] , ¹
	Pollution and waste ^{**} , ¹	Sourcing of raw materials	Usage of land ^{**} , ³
		Toxic emissions	Air quality ^{**} , ¹
	Wastewater management ^{**} , ³	Hazardous materials management	Electronic waste management [*] , ³
	Opportunities and policy	Renewable energy ^{**} , ²	Green buildings [*] , ³
		Clean technology [*] , ²	Environmental and biodiversity targets and investment ^{**} , ¹
Social [*] , ²	Human capital	Workplace health and safety	Employee engagement, diversity, and inclusion
		Development opportunities ^{**} , ³	Labor practices (e.g. wages, working conditions) ^{**} , ¹
	Product responsibility [*] , ¹	Product safety and quality	Customer privacy and data security
	Relations ^{**} , ²	Selling practices and product labeling ^{**} , ²	Access to products
Governance	Corporate governance	Community Government ^{**} , ³	Civil society [*] , ¹
		Board structure and accountability	Executive compensation and management effectiveness
		Accounting and disclosure practices	Ownership and shareholder rights [*] , ²
	Corporate behavior	Management of corruption	Competitive behavior
		Systemic risk management	Management of business environment (e.g. legal, regulations) [*] , ²
		Earnings quality	Transparency on tax and related-party transactions ^{**} , ²

Note(s): * ≤ 0.05

** ≤ 0.01

¹considered more important in US

²considered more important in Korea

³considered more important in Bangladesh

The content in [Table 2](#) is courtesy of the International Monetary Fund

[. . .] G (governance) (corporate governance and corporate behavior)

The questions were presented in a sequential manner, addressing the key pillars, key themes and key issues one at a time. The participants were first asked to rank the importance of the ESG factors. They were then asked to rank the key issues within the governance pillar, including management corruption and competitive behavior, as the last question. Considering that not everyone is familiar with the definition or concept of ESG, the survey question was designed to be simple yet descriptive. To aid in completing the survey, the definitions and examples of ESG were provided. Prior to the main analysis, the authors divided each country’s dataset into two subsets. They then compared the mean of each variable between the two subsets but found no variables with a statistically significant mean difference across the dataset.

Finally, a total of 512 responses were collected from the United States – US ($n = 107$), Korea ($n = 292$) and Bangladesh ($n = 113$). Most US respondents were graduate-level program (46%), followed by seniors at (36%) and ages of 25–34 (44%). Also, 36% of Bangladesh respondents were graduate-level program and ages of 18–24 (56%). However, most respondents from Korea were freshmen (59%) followed by sophomores (14%) and ages

of 18–24 (91%). Most respondents in the US and Korea were female (US 71% and Korea 54%). But in Bangladesh, 65% of respondents were male.

Findings

A one-way ANOVA was conducted to measure how individuals ranked ESG by level of importance in three countries. All individual subcategories can be seen in [Table 2](#). The independent variable was the location of each country, and the dependent variables were 18 ESG questions. The ANOVA statistics are listed in [Table 3](#).

The finding was significant at 22 points out of a total of 48 measuring points (13 environment, seven social and two governance). This indicates that there are more differences in ESG perception in environmental issues by the country. Out of the three major pillars, governance was the category with a less significant difference. Since the data was reversely coded, the higher mean scores in governance issues indicate that the respondents are less interested in governance issues compared to environmental and/or social issues. It is interesting that only Korean respondents consider both governance factors more important than other countries.

In the key themes, four themes were significant (natural resource, pollution and waste, product responsibility and relations) in environment and social factors.

At the key issue level, most of them (13 out of 15) were found at environment or social factor. The distribution of differences by country is somewhat balanced. Among 15 significant factors, five factors were considered more important in US, four factors were considered more important in Korea and six factors were considered more important in Bangladesh.

Among 22 statistically significant factors, labor practice has a large effect size by the location ($\eta^2 = 0.14$). Thus, we can conclude that perceptions of ESG regarding wage and/or working conditions are very different in the three countries. US respondents consider labor issues more important compared with Korea and/or Bangladesh respondents. Also, there are five factors with a medium effect size by the location ($0.06 \leq \eta^2 < 0.14$) – water efficiency, wastewater management, air quality, development opportunity and transparency on tax.

Detailed statistics are listed in [Table 3](#).

Conclusion

This study's findings suggest that environmental factors are more influenced by a country's location than other ESG issues. The research suggests that ESG is shaped by a company's specific business context, rather than a single global standard. The focus is on highlighting differences and not determining what is right or wrong. Global companies need to prioritize the most important ESG issues in their local markets.

Environmental factors often are more influenced by location than governance issues due to the following reasons:

(1) Geographical and natural features

- **Climate:** The location of a region determines its climate, which plays a crucial role in environmental conditions such as temperature, precipitation and seasons. For example, tropical regions face different environmental challenges (e.g. deforestation, heat and storms) than arctic regions (e.g. melting ice and temperature variations).
- **Natural resources:** Locations rich in forests, rivers or mineral deposits are more likely to experience environmental pressures related to resource extraction or preservation. This natural wealth often influences the surrounding environment more directly than governance systems.

Table 3. Detailed statistics for individual factor

	η^2	F		Mean [#]
Environment ^{**}	0.02	5.19	US	1.83
			Korea	1.71
			Bangladesh	1.50
Social [*]	0.02	3.86	US	1.80
			Korea	1.76
			Bangladesh	1.98
Natural resource ^{**}	0.04	7.86	US	2.74
			Korea	2.63
			Bangladesh	2.21
Pollution and waste ^{**}	0.03	7.37	US	2.12
			Korea	2.63
			Bangladesh	2.21
Product responsibility ^{**}	0.03	5.13	US	1.92
			Korea	2.19
			Bangladesh	1.89
Energy efficiency ^{**}	0.05	10.67	US	2.40
			Korea	1.87
			Bangladesh	2.34
Water efficiency [*]	0.08	4.66	US	2.25
			Korea	2.65
			Bangladesh	2.52
Usage of land ^{**}	0.04	9.82	US	2.83
			Korea	3.06
			Bangladesh	2.57
Wastewater management ^{**}	0.08	17.98	US	2.74
			Korea	2.45
			Bangladesh	1.85
Air quality [*]	0.07	14.95	US	2.26
			Korea	2.84
			Bangladesh	3.25
Electronic waste management [*]	0.02	4.15	US	4.48
			Korea	4.25
			Bangladesh	4.04
Renewable energy ^{**}	0.03	6.81	US	2.07
			Korea	1.78
			Bangladesh	2.19
Clean technology [*]	0.02	3.36	US	2.62
			Korea	2.42
			Bangladesh	2.72
Green building [*]	0.02	4.07	US	3.10
			Korea	3.04
			Bangladesh	2.75
Environmental and biodiversity ^{**}	0.04	8.70	US	2.21
			Korea	2.76
			Bangladesh	2.34
Development opportunities ^{**}	0.12	27.40	US	3.06
			Korea	2.54
			Bangladesh	2.02
Labor practices ^{**}	0.17	42.35	US	2.11
			Korea	2.91
			Bangladesh	3.35
Selling practices and product labeling ^{**}	0.04	6.90	US	2.42
			Korea	2.01
			Bangladesh	2.16

(continued)

Table 3. Continued

	η^2	<i>F</i>	Mean [#]	
Government ^{**}	0.02	4.89	US	2.40
			Korea	2.10
			Bangladesh	2.04
Civil society [*]	0.02	4.12	US	2.00
			Korea	2.25
			Bangladesh	2.18
Management of business environment [*]	0.01	2.63	US	4.41
			Korea	4.05
			Bangladesh	4.41
Transparency on tax ^{***}	0.06	16.19	US	4.52
			Korea	4.05
			Bangladesh	5.09

Note(s): * < 0.05

** < 0.01

[#]1 is most important rank among the given factors in the survey question

The content in Table 3 is courtesy of the International Monetary Fund

(2) Biodiversity and ecosystems

Locations such as rainforests, wetlands or coral reefs have unique ecosystems that are heavily dependent on their geographical setting. These areas are often more sensitive to environmental changes, such as climate change, habitat destruction or pollution, which may not be as easily influenced by governance policies alone.

(3) Vulnerability to natural disasters

Certain locations are more prone to natural disasters like earthquakes, floods, hurricanes or wildfires due to their geographical characteristics. For instance, coastal areas are at risk of rising sea levels and hurricanes, while mountain regions are more vulnerable to landslides or avalanches. While governance can play a role in disaster preparedness, these factors are directly tied to location and cannot be fully mitigated by policy alone.

(4) Pollution and industrial activity

Areas located near urban centers, industrial zones or transportation hubs are more likely to experience higher levels of pollution due to human activities. The location of industries and urban areas often dictates the degree of environmental degradation, regardless of the governance structure in place. For example, regions with poor air quality may have less to do with governance issues and more to do with high concentrations of factories and vehicles.

(5) Access to clean resources

The availability of clean water, fertile land and other essential resources is determined by location. A desert region will naturally face water scarcity issues, while coastal areas might have better access to marine resources. These geographical features have a direct influence on environmental health, regardless of local governance or policies.

(6) Infrastructure and development patterns

Urbanization and infrastructure development often occur in certain locations due to their natural features, such as proximity to rivers, oceans or flat land. While governance can regulate growth, the location itself tends to determine where cities and industries are built, and this shapes the environmental impact.

(7) Global vs local governance influence

While governance issues like policies, regulations and international agreements can influence environmental outcomes, local governance has limited power in counteracting large-scale natural environmental factors, such as geographical terrain, climate patterns or resource availability. Even in well-governed areas, these environmental challenges are not easily changed.

In summary, while governance can influence environmental management, the location of a region heavily determines its exposure to natural and environmental factors. Climate, resource availability, vulnerability to disasters and industrial activity are all closely tied to geography, making location a stronger determinant of environmental conditions than governance alone.

Discussion

In this article, several implications arise from these conclusions. From a theoretical standpoint, the results strongly support the composite ESG model and its subcomponents, showing that the current International Monetary Fund ESG framework is a useful tool for further ESG research. Consequently, this study provides a foundation for ESG researchers seeking to develop additional theories within the ESG field. The findings suggest that ESG is viewed more as a domestic issue rather than a unified global standard. This indicates potential differences in strategic opportunities across locations.

This research offers several valuable insights for entrepreneurs and company managers. First, as our study is exploratory yet empirical in nature, it provides a comprehensive understanding of ESG factors and their prioritization, which entrepreneurs and managers can leverage to enhance their business strategies. Second, it enables the design of targeted ESG campaigns by emphasizing specific factors relevant to each country. For instance, in the US, companies should focus on a balanced approach to environmental, social and governance factors; in Korea, greater emphasis should be placed on governance and in Bangladesh, environmental factors should take precedence.

Third, the findings of this study illuminate how consumers perceive the importance of ESG factors differently. For example, if entrepreneurs aim to enhance brand value in a specific location, they should recognize that the subthemes or issues reflected in the models are not perceived equally by consumers when evaluating ESG activities. Fourth, entrepreneurs and managers can apply these prioritized ESG factors when operating in developed, developing or underdeveloped countries. Future research could expand this framework by incorporating more countries with similar economic profiles and developing a comprehensive ESG index that considers the unique economic contexts of developed, developing and underdeveloped nations.

Finally, our results demonstrate that certain factors are likely to have a more positive impact on corporate brand value. As such, entrepreneurs should pay closer attention to these influential factors and consider various approaches to communicate information about them to consumers. While this study compared consumer perceptions of ESG across three countries, future research could expand the scope by including a broader range of sociodemographic factors (e.g. gender, age, income and political inclination) and examining more locations, such as Europe. Practically, the findings of this study illuminate how consumers perceive the importance of ESG factors differently. For example, if entrepreneurs aim to enhance brand value in a specific location, they should recognize that the sub-themes or issues reflected in the models are not perceived equally by consumers when evaluating ESG activities. Our results demonstrate that certain factors are likely to have a more positive impact on corporate brand value. As such, entrepreneurs should pay closer attention to these influential factors and consider various approaches to communicate information about them to consumers. While this study compared consumer perceptions of ESG across three countries, future research could expand the scope by including a broader range of sociodemographic factors (e.g., gender, age, income and political inclination) and examining more locations, such as Europe. The findings contribute to the ESG and entrepreneurship literature by emphasizing the role of geographical

location in shaping environmental challenges, which in turn influence business strategies and governance. By recognizing that environmental factors are often more influenced by location than governance, businesses can tailor their ESG strategies and entrepreneurial efforts to address the specific needs and challenges of their operating environment. Moreover, this underscores the importance of regionally specific governance frameworks and business models that respond to local environmental realities, offering a nuanced approach to both sustainable entrepreneurship and ESG integration.

(1) Impact of environmental factors on ESG practices

Geography and ESG Priorities: The existing ESG literature often emphasizes governance and social factors as key drivers of corporate responsibility, but location-specific environmental challenges are sometimes underexplored. The findings highlight that companies operating in regions with specific environmental challenges (e.g. water scarcity in arid areas or pollution in industrial zones) may face more pressing environmental issues than governance challenges. This suggests that environmental factors, shaped by geography, might need to be prioritized over governance mechanisms in certain contexts.

Tailored ESG Strategies: Understanding how local environmental factors influence business practices can contribute to more region-specific ESG strategies. For example, businesses in coastal regions may focus more on climate change adaptation and sustainability in their operations due to rising sea levels, while companies in rural areas might prioritize land conservation. The findings encourage companies to adopt ESG practices that are regionally tailored and respond to the unique environmental challenges posed by their location.

(2) Entrepreneurship and resource allocation

Geography of innovation: In entrepreneurship literature, the idea of the “location-based advantage” is well established. The findings align with this by showing that environmental factors tied to geographic location can drive entrepreneurial opportunities in sectors such as clean energy, resource management and environmental consulting. Entrepreneurs in certain regions may focus on addressing local environmental challenges (e.g. waste management in highly polluted cities or sustainable farming in drought-prone areas), creating businesses that directly contribute to ESG outcomes.

Business model adaptation: Entrepreneurs, especially in emerging economies, may adapt their business models based on environmental conditions. The location-driven environmental factors might push entrepreneurs to innovate in areas like renewable energy, water conservation or environmental protection technologies. This helps to bridge the gap between regional environmental needs and the creation of businesses that address those needs, potentially benefiting both local communities and broader ESG goals.

(3) Governance and environmental regulation

Challenges to governance in diverse environments: Existing governance literature emphasizes how governance structures, such as regulations and policies, can shape business practices. However, the findings highlight that governance may struggle to fully mitigate location-specific environmental factors. For example, no matter how strong local environmental laws may be, they cannot eliminate the impact of a naturally occurring phenomenon like a drought or flood. This suggests that governance strategies might need to be more flexible and adaptable to local environmental realities, as the ability to control and mitigate environmental factors will vary depending on geographic location.

Regulatory flexibility and regionalism in governance: Given the location-based variations in environmental issues, governance structures may need to become more decentralized or regional in their approach. Local governments, entrepreneurs, and corporations may need to collaborate more effectively to address the region-specific environmental challenges that

affect both governance and business. In this sense, governance policies can benefit from more localized approaches, which complement broader, global ESG frameworks.

(4) Social factors and environmental justice

Social implications of environmental inequalities: ESG frameworks traditionally examine how businesses affect the social environment, particularly issues such as inequality, human rights and community well-being. The findings emphasize that environmental degradation often disproportionately affects certain communities based on their geographic location (e.g. vulnerable populations in areas affected by natural disasters or communities near industrial zones facing pollution). Entrepreneurship literature could explore how businesses can integrate social justice into their ESG practices by addressing these inequalities. Entrepreneurs can play a crucial role in bridging gaps by developing solutions that help vulnerable populations adapt to or mitigate environmental challenges.

Opportunities for social entrepreneurship: Entrepreneurs who are attuned to the environmental challenges of their locations may find opportunities to create businesses that address both environmental sustainability and social well-being. For instance, businesses that help communities facing water scarcity can address both social and environmental aspects of ESG. This reinforces the notion that social entrepreneurship, when combined with environmentally conscious solutions, can contribute to solving both ESG and regional development issues.

(5) United Nations (UN) Sustainable Development Goals (SDGs) and location-specific targets

Targeting SDGs based on location: The findings highlight how location-driven environmental challenges align with specific SDGs, such as clean water and sanitation (Goal 6), climate action (Goal 13) and life on land (Goal 15). Entrepreneurs and businesses operating in areas with distinct environmental concerns can tailor their ESG strategies to meet these SDGs more effectively. This can contribute to the broader literature on how entrepreneurs and businesses can align their activities with global sustainability targets while addressing the unique needs of their specific regions.

This study highlights how a company's geographical location shapes the environmental challenges it faces, which then influence its business strategies and governance practices. This insight contributes to the existing literature on environmental, social and governance (ESG) factors in entrepreneurship. By recognizing that environmental factors are often more influenced by location than governance, businesses can tailor their ESG strategies and entrepreneurial efforts to address the specific needs and challenges of their operating environment. Moreover, this underscores the importance of regionally specific governance frameworks and business models that respond to local environmental realities, offering a nuanced approach to both sustainable entrepreneurship and ESG integration.

Entrepreneurs in the US, Korea and Bangladesh can adapt their practices to align with local ESG priorities by understanding their unique ESG contexts:

- (1) In the US, focus on climate action, diversity and transparency.
- (2) In Korea, prioritize green technology, social welfare for an aging population and strong corporate governance.
- (3) In Bangladesh, focus on climate resilience, poverty reduction and ethical business practices.

By adapting their ESG strategies to local needs, entrepreneurs can not only contribute to sustainable development but also enhance their competitiveness and long-term success in these diverse markets.

Regional differences in ESG priorities require businesses to adopt adaptive, region-specific strategies that address local environmental, social and governance challenges. Global companies must navigate these differences to minimize risks and seize opportunities in diverse markets. This requires a combination of flexibility, local engagement and global consistency, ensuring that businesses align with both local expectations and overarching global sustainability goals. By doing so, companies can maintain a competitive advantage, build stronger relationships with local stakeholders and contribute positively to global sustainability.

Implications

Our research contributes both in theory and practice.

Theoretical implications

Our research will contribute to the signaling theory and highlight that if the companies employ ESG principles for their businesses operations, it will help companies business to be sustainable and gain competitive advantages. For instance, companies operating in the US can leverage ESG principles as signals of transparency, accountability and social responsibility. These signals resonate with stakeholders, including investors and consumers, in a highly competitive and regulation-focused market. Highlighting a balanced approach to environmental, social and governance factors strengthens a company's reputation and market position.

Similarly, in Korea, governance factors are particularly critical. Strong governance signals corporate stability, ethical management and resilience, which are valued by stakeholders in a market with a strong emphasis on hierarchical and structured business practices. Companies can use robust governance practices as a differentiating factor to gain trust and loyalty.

Finally, for companies in Bangladesh, prioritizing environmental factors sends a signal of commitment to sustainable development and responsible resource utilization. This is especially impactful in a developing economy where environmental challenges are significant. By addressing these concerns, companies can build credibility and attract environmentally conscious stakeholders. By aligning ESG priorities with the unique expectations of stakeholders in these countries, companies can use signaling theory to effectively communicate their values, enhance their reputation and secure long-term success.

Managerial implications

This research offers several valuable insights for entrepreneurs and company managers. First, as our study is exploratory yet empirical in nature, it provides a comprehensive understanding of ESG factors and their prioritization, which entrepreneurs and managers can leverage to enhance their business strategies. Second, it enables the design of targeted ESG campaigns by emphasizing specific factors relevant to each country. For instance, in the US, companies should focus on a balanced approach to environmental, social and governance factors; in Korea, greater emphasis should be placed on governance and in Bangladesh, environmental factors should take precedence.

Third, the findings of this study illuminate how consumers perceive the importance of ESG factors differently. For example, if entrepreneurs aim to enhance brand value in a specific location, they should recognize that the sub-themes or issues reflected in the models are not perceived equally by consumers when evaluating ESG activities. Fourth, entrepreneurs and managers can apply these prioritized ESG factors when operating in developed, developing or underdeveloped countries. Future research could expand this framework by incorporating more countries with similar economic profiles and developing a comprehensive ESG index that considers the unique economic contexts of developed, developing and underdeveloped nations.

Finally, our results demonstrate that certain factors are likely to have a more positive impact on corporate brand value. As such, entrepreneurs should pay closer attention to these influential factors and consider various approaches to communicate information about them to consumers. While this study compared consumer perceptions of ESG across three countries, future research could expand the scope by including a broader range of sociodemographic factors (e.g. gender, age, income and political inclination) and examining more locations, such as Europe.

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