Eurasian Studies in Business and Economics 27
Series Editors: Mehmet Huseyin Bilgin · Hakan Danis

Mehmet Hüseyin Bilgin · Hakan Danis ·
Ender Demir · Elcin Aykac Alp ·
Serkan Çankaya *Editors*

Eurasian Business and Economics Perspectives

Proceedings of the 40th Eurasia Business and Economics Society Conference

EBES 2008

Springer

Eurasian Studies in Business and Economics

Volume 27

Eurasian Studies in Business and Economics is the official book series of the Eurasia Business and Economics Society (www.ebesweb.org). Each issue of the series includes selected papers from the EBES conferences. The EBES conferences, which are being held three times a year, have been intellectual hub for academic discussion in economics, finance, and business fields and provide network opportunities for participants to make long lasting academic cooperation. Each conference features around 250 research articles presented and attended by almost 500 researchers from more than 60 countries around the World. Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

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ISSN 2364-5067 ISSN ISSN 2364-5075 (electronic)
Eurasian Studies in Business and Economics
ISBN 978-3-031-51211-7 ISBN 978-3-031-51212-4 (eBook)
https://doi.org/10.1007/978-3-031-51212-4

The authors of individual papers are responsible for technical, content, and linguistic correctness.

This Springer imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface

This is the 27th issue of the Springer's series **Eurasian Studies in Business and Economics**, which is the official book series of the Eurasia Business and Economics Society (EBES, www.ebesweb.org). This issue includes selected papers presented at the 40th EBES Conference—Istanbul, which was held on July 6–8, 2022 and **hosted by Istanbul Ticaret University Istanbul, Turkey. The conference was held both in hybrid format with both in-person and online paper presentation.**

We are honored to have received top-tier papers from distinguished scholars from all over the world. In the conference, *196* papers were presented and *444* colleagues from *61* countries attended the conference. We are pleased to announce that our distinguished colleagues **Narjess Boubakri** from *American University of Sharjah* (U.A.E.), **Klaus Zimmermann** from *GLO (Germany)* and *EBES*, **Douglas Cumming** from *Florida Atlantic University* (U.S.A.), **Jonathan A. Batten** from *RMIT University* (Australia), and **Marco Vivarelli** from *Università Cattolica del Sacro Cuore* (Italy) joined the conference as invited editors and/or keynote speakers.

In addition to publication opportunities in EBES journals (*Eurasian Business Review* and *Eurasian Economic Review*, which are also published by Springer), conference participants were given the opportunity to submit their full papers for this Issue. Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

The aim of the EBES conferences is to bring together scientists from business, finance, and economics fields, attract original research papers, and provide them with publication opportunities. Each issue of *the Eurasian Studies in Business and Economics* covers a wide variety of topics from business and economics and provides empirical results from many different countries and regions that are less investigated in the existing literature. All accepted papers for the issue went through a peer-review process and benefited from the comments made during the conference as well. The current issue is entitled as "Eurasian Business and Economics Perspectives" and covers fields such as accounting, finance, management, marketing, investment, and sustainability.

Although the papers in this issue may provide empirical results for a specific county or region, we believe that the readers would have an opportunity to catch up with the most recent studies in a diverse set of fields across many countries and regions and empirical support for the existing literature. In addition, the findings from these papers could be valid for similar economies or regions.

On behalf of the series editors, volume editors, and EBES officers, I would like to thank all the presenters, participants, board members, and the keynote speakers, and we are looking forward to seeing you at the upcoming EBES conferences.

Best regards

Reykjavík, Iceland Ender Demir

Eurasia Business and Economics Society (EBES)

EBES is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics, but also encouraging the intellectual development of scholars. In spite of the term "Eurasia," the scope should be understood in its broadest terms as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since our first conference in 2009, around *15,314* colleagues from *100* countries have joined our conferences and *8450* academic papers have been presented. **EBES has reached 2764 members from 87 countries.**

Since 2011, EBES has been publishing two journals. One of those journals, ***Eurasian Business Review***—*EABR*, is in the fields of industrial organization, innovation, and management science, and the other one, ***Eurasian Economic Review***—*EAER*, is in the fields of applied macroeconomics and finance. Both journals are published quarterly by ***Springer*** and indexed in ***Scopus***. In addition, EAER is indexed in the ***Emerging Sources Citation Index*** (*Clarivate Analytics*) and EABR is indexed in the ***Social Science Citation Index (SSCI)***. EABR's 2022 CiteScore is 5.8 (Q1) & 2022 JCR IF 2022 is 3.5. It is ranked #104/380 & Q2 in the Economics category. EAER's 2022 CiteScore is 5.5 (Q1) & 2022 JCR IF 2022 is 3.4. It is ranked #105/581 & Q1 in the Economics category.

Furthermore, since 2014 Springer has started to publish a new conference proceedings series (**Eurasian Studies in Business and Economics**), which includes selected papers from the EBES conferences. The series has been recently indexed by **SCOPUS**. In addition, the 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th (Vol. 1), and 30th EBES Conference Proceedings have already been accepted for inclusion in the ***Conference Proceedings Citation Index—Social Science & Humanities (CPCI-SSH).*** Other conference proceedings are in progress.

On behalf of all EBES officers, I sincerely thank you for all your support in the past. We look forward to seeing you at our forthcoming conferences. We very much welcome your comments and suggestions in order to improve our future events. Our success is only possible with your valuable feedback and support!

I hope you enjoy the conference!

With my very best wishes,

Klaus F. ZIMMERMANN
President

EBES SCIENTIFIC COMMITTEE

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Part I
Eurasian Business Perspectives: Corporate Social Responsibility

The Influence of ESG Factors on the Companies Performance in Developed and Emerging Markets

Egorova Aleksandra

Abstract Sustainable development and ecological, social, and governance (ESG) factors of company performance play an outstanding role in modern business. The purpose of this study is to compare the impact of ESG factors on the market performance of companies in developed and emerging markets. The author analyzed the panel data for 315 non-financial companies from seven industries from 2010 to 2020, operating in developed and emerging countries. The dependent variables are market indicators of companies, such as Tobin's Q, P/S, and EV/EBITDA. The explanatory variables are the components of the ESG rating. As a research method, OLS regression was used, within which pool regression, and regression with a random and fixed effect were tested. The results of the study showed there is a positive impact of the ESG rating and its components on the market performance of companies in developed markets, while in emerging markets such a relationship was not confirmed. This indicates that ESG factors do play a role in the market valuation of companies by investors in developed markets, where over the past 10 years companies have been able to realign their business to a sustainable agenda. A similar trend can likely be found soon in emerging markets. The results of this study will be of practical use to companies planning a transition to the ESG trend as confirmation that a high ESG rating can increase their market performance.

Keywords ESG rating · ESG factors · Sustainable development · Financial performance · Developed markets · Emerging markets

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M. H. Bilgin et al. (eds.), *Eurasian Business and Economics Perspectives*, Eurasian Studies in Business and Economics 27,
https://doi.org/10.1007/978-3-031-51212-4_1

1 Introduction

Sustainable development is one of the main trends of the last decade. The deterioration of the environmental and social standards of living, as well as the current problems of corruption and stagnation of management, have formed new criteria for evaluating companies—ecological, social, and governance (ESG) criteria. There has been an increase in the number of stakeholders who are interested in environmental, social, and governance indicators when making investment decisions (Riedl & Smeets, 2017). Nowadays stakeholders pay attention to companies that develop not only financial performance but care also about the environment, and global environmental issues, have a responsible approach to company management, absence of racism, and gender stereotypes, provide social security for employees, and comply with labor conditions (Kempson et al., 2020). Based on ecological, social, and governance factors the ESG rating was developed by different rating agencies, which allows for assessing the sustainability and transparency of a business (Capelle-Blancard & Monjon, 2012). Thus, on the one hand, researchers find the topic of sustainable development in the economy relevant. On the other hand, the question remains whether a company's ESG rating can influence its financial and market indicators, for example, in the same way as a credit rating does.

Additionally, there is the question of whether the ESG rating and sustainability factors have the same impact on the performance of companies in developed and emerging markets. In the developed markets, where the topic of sustainability has come a long way from the Paris Accords in 2015 to formally fixed requirements for companies, the impact of ESG indicators on companies' performance can be more pronounced than in emerging markets. Emerging market companies arguably perform better still in the standard model of profit maximization and transaction cost minimization, which attracts investors more than when investing in sustainability.

Thus, the main purpose of this work is to analyze the impact of the ESG rating on the performance of companies in developed and emerging markets and to find out the main differences in its impact in these two markets.

The analysis of ESG rating influence on the performance of companies is an important area of research that has important implications for sustainable development, policy, investment, and interdisciplinary collaboration for several reasons. Firstly, it contributes to the understanding of the relationship between sustainability and financial performance. By analyzing how ESG ratings influence the performance of companies, researchers can identify best practices and strategies that promote both financial success and sustainability, leading to a more sustainable and equitable economy. Secondly, this research can inform policy decisions related to sustainable development and corporate responsibility. Policymakers can use the findings to design policies that promote sustainability and responsible business practices, which can have a significant impact on environmental and social outcomes. Thirdly, this research can have important implications for investors and financial institutions. ESG ratings are increasingly used by investors to identify potential risks and opportunities related to sustainability, and companies with higher

ESG ratings are more likely to attract capital from socially responsible investors. Understanding the relationship between ESG ratings and financial performance can help investors make more informed decisions and develop investment strategies that promote sustainability. Finally, this research can promote interdisciplinary collaboration between fields such as finance, economics, business, and sustainability.

This study provides several new contributions to the scientific literature. This analysis provides new insights into the relationship between sustainability and financial performance in emerging and developed markets. While there is some evidence to suggest that the relationship between ESG ratings and financial performance varies across regions, more research is needed to understand these differences. For example, the works that aggregate the results of other studies are the most revealing (Friede et al., 2015) and need to be clarified. Additionally, the articles that cover regional aspects of ESG rating influence do not provide a comparison between them (Velte, 2017; Wagner & Schaltegger, 2004). By examining the relationship between ESG ratings and financial performance in different contexts, researchers can provide valuable insights for businesses and policymakers seeking to promote sustainable development and responsible business practices.

This research aims to explore the impact of ESG ratings on the financial performance of companies in both emerging and developed markets. The study utilizes econometric methods to analyze panel data of companies and assess whether there exists a positive relationship between ESG ratings and financial performance in these markets. The findings reveal that there is a significant difference in the influence of ESG ratings on companies' financial indicators between emerging and developed markets, which can provide valuable insights for investment decision-making in these markets.

The study contains four parts. In the first section of the work, the author conducts a review of current literature focused on the influence of ESG aspects on developed and emerging markets. In the second part of the study, the author describes the data and methodology. The third part of the work presents the obtained results. At the end of the work, the author summarizes conclusions and provides further paths of the research topic.

2 Literature Review

2.1 Sustainable Development and ESG Ratings

Environmental, Social, and Governance (ESG) ratings have emerged as important tools for assessing the sustainability performance of companies. As the interest in responsible investing grows, understanding the characteristics of ESG ratings and their components becomes increasingly important for investors, managers, and other stakeholders. These include their contribution to climate change, the quality of treatment of employees and participation in socially important initiatives, as well as the quality of company management as a whole, as well as the ability to ensure economically sustainable growth for both companies and society.

The paper of Khan et al. (2016) investigated the materiality of corporate sustainability and its impact on financial performance. The authors developed a materiality framework to classify sustainability issues based on their potential financial implications for a company. They then analyzed the relationship between material sustainability issues and financial performance using data from companies that reported their sustainability performance. The study found a positive relationship between companies that performed well on material sustainability issues and their financial performance. The authors argued that this relationship is due to companies that address material ESG issues being better positioned to benefit from cost reductions, revenue growth, and improved risk management. Consequently, these companies are more likely to outperform their competitors in the long term.

Another article by Eccles et al. (2014) examined the impact of corporate sustainability on organizational processes and performance. The authors conducted a longitudinal study comparing high-sustainability companies, which voluntarily adopted sustainability policies, with low-sustainability companies which did not. The study found that high-sustainability companies outperformed low-sustainability companies in terms of both stock market performance and accounting performance.

The importance of ESG ratings in investment decisions and climate change mitigation efforts has been increasingly recognized. High ESG indicators present stability and sustainability of the company, which becomes more significant for investors and decision-making on investing in securities (Alareeni & Hamdan, 2020). Fast-paced strategies and risky trading have been replaced by passive investing (Boutchkova et al., 2020). In addition, the priorities of investors have changed: making a profit, as the main guideline, is still a priority, but the methods and characteristics have changed. Risky, fleeting, reckless investments have been replaced by investments that rely on the non-financial performance of the company (Davies et al., 2020). Previously, the key indicators for decision-making were the balance sheet value, net profit, the ratio of equity, and borrowed funds.

In the article (Serafeim, 2019) the growing importance of ESG ratings in shaping corporate behavior and investor decision-making is discussed. Another paper of Eccles et al. (2014) investigated the relationship between corporate sustainability and long-term financial performance, focusing on the role of ESG ratings. The authors attributed the superior performance to better risk management, stakeholder engagement, and innovation capacity in high-sustainability companies. This finding highlights the importance of ESG ratings for investors seeking long-term value creation and risk-adjusted returns.

The literature on corporate sustainability and Environmental, Social, and Governance (ESG) factors demonstrates their growing importance for investors and companies alike. The reviewed studies provide evidence that ESG ratings and corporate sustainability practices are linked to improved financial performance, better risk management, enhanced stakeholder engagement, and increased innovation capacity. Furthermore, public sentiment has been shown to influence the financial