

# From Compliance to Transformation: How SMEs in the Global South Integrate ESG in Business Strategy

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**Abstract.** The study was conducted to identify the specifics of implementing sustainable development practices in the processes of transforming business strategies of small and medium-sized enterprises in the Global South. These transformations are necessary to improve the quality of life of people in the region, promote economic and social development, and adapt business practices to modern conditions.

The study is based on a qualitative analysis of cases of 7 small and medium-sized enterprises from Kazakhstan, Turkey and Malaysia, conducted using semi-structured interviews and thematic analysis.

The study revealed a significant lag of small and medium-sized enterprises in Kazakhstan, Turkey and Malaysia in the process of implementing sustainable development principles in terms of socialisation, and to a large extent in terms of expanding corporate governance practices and business transparency.

The study formed recommendations for the countries of the Global South to overcome barriers in implementing ESG principles and practices. These recommendations are for both governments and enterprises that are transforming business models and have encountered problems in planning sustainable development. This is one of the first comparative qualitative studies on ESG adoption in SMEs in Kazakhstan, Turkey, and Malaysia based on primary interview data.

**Keywords:** motivation for ESG implementation, barriers, environmental issues, socio-cultural aspects, globalisation trends, successful ESG implementation cases.

## INTRODUCTION

Sustainable development in the context of the global development vector is a complex and multifaceted process that involves all economically active components of the existing economic system, including representatives of small and medium-sized businesses. To form successful interaction between business and the state in the context of maintaining a careful attitude towards the environment, most countries practice active interaction between society and the state, which is known as ESG (Environmental, Social, Governance).

Since the basis of a booming economy is the high-quality cooperation of all state components in the field of small and medium-sized business development, and achieving sustainable development goals requires a special approach to forming a system of interactions in the field of natural resource use (Cherkasova & Nenuzhenko, 2022). Limited resources can lead to uneven access to them, which can especially affect the economic efficiency of small and medium businesses. In fact, in the countries of the Global South, which are characterised by low or medium levels of gross domestic product per

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capita, transparent resource management mechanisms are relevant, since these countries are characterized by a high dependence on raw material exports (Frankerberger, de Brito, & Filho, 2019). In turn, stimulating the use of ESG in the formation of business development strategies in these countries can contribute to an increase in the level of industrialization, expanded access to technology and investment for small and medium enterprises that are distinguished by their ability to make decisions, master technologies and production communications in the process of creating added value (Fitz-Oliveira & Wasgen, 2023).

In the countries of the Global South, including Kazakhstan, several problems hinder the active development of ESG in the field of small and medium businesses (Davidenko et al., 2024). Since the introduction of the green industry is accompanied by high financial costs, and in the countries of the Global South, access to green financing is difficult, this significantly affects the scale of its practical application (Guerrero-Ocampo & Díaz-Puente, 2023). In addition, in the countries of the Global South, there is a lack of knowledge and a lack of opportunities for ESG expertise among representatives of small and medium businesses, which is also accompanied by a lack of clarity in the regulation of ESG implementation processes, a lack of consistency in the analysis of the activities carried out and reporting, which does not allow assessing the full impact of the implemented methods (Ferrazzi & Tueske, 2022). Since the countries of the Great South are faced with problems in the healthcare, education, and social protection systems, sustainable development is losing priority against the background of more pressing problems, the solution of which is more relevant for maintaining social stability in society (Gozali, et al., 2024). In addition to economic and social challenges in the Global South, the implementation of ESG principles also faces several cultural challenges and challenges in overcoming historically established attitudes towards resources, changes in the rules for the use of which lead to the need for changes in lifestyles (Reinsch et al., 2020)

Since ESG increasingly covers functions that are components of the risk management system, the implementation of ESG is especially relevant for attracting investment (Saita & Franceschelli, 2020). Since private and international structures working in the

investment sphere support the adaptation of ratings and standards to the realities of developing countries, the implementation of ESG will help improve the integration of the countries of the Global South, including Kazakhstan, into large investment programs, which will contribute to the growth of technological support for small and medium-sized businesses in these countries (Kryshtanovych et al., 2021). The allocation of more funds and attention to ESG contributes to the development of this mechanism as an element of global supply chains, including in the agricultural and raw materials sectors (Kaynak, 2022).

The problem of integrating Environmental, Social, and Governance (ESG) considerations into the business strategies of small and medium-sized enterprises (SMEs) across different countries has been widely studied by various scientists (Sieriebriak & Kozhushko, 2023). The main research trends include those that focus on the technological component of the processes, considering technologies as the basis for the successful integration of industry into the environment (Frankerberger, de Brito, & Filho, 2019). Other scientists propose methods for improving the interaction of Environmental, Social, Governance in light of the formation of a complete set of interactions, which is especially important in a multicultural and multinational environment (Cherkasova & Nenuzhenko, 2022). The relevance of sustainable development for countries in the Global South lies in overcoming the primary barriers to implementing ESG in the operations of small and medium-sized enterprises (Coşkun & Erturgut, 2024). The main barriers are the lack of clear conditions for receiving financial assistance, which hinders access to financial flows from private and international organisations to support the implementation of ESG standards. In the process of functioning of the ESG system, small and medium enterprises expect a more systematic approach from the state in the processes of standardisation of technological approaches and scaling of ready-made technological solutions (Mia, et al., 2022). To simplify the inclusion of ESG in the economic strategies of small and medium-sized enterprises, many researchers focus on the introduction of adaptive tools for the practical use of ESG methods (Akhtar, Senadjki, & Kumaran, 2023). Kazakhstan is one of the

countries of the Global South, which stimulates the active development of small and medium businesses, with priority given to ESG, which provides significant prospects for the formation of a new type of relationship between business and the state (Davidenko et al., 2024).

However, in the process of studying the literature, it was found that studies of the possibilities of implementing ESG principles in different countries are carried out unevenly. This is especially true for the countries of Central Asia, including Kazakhstan, which significantly affects the theoretical support of processes related to business planning in the process of planning the development of small and medium-sized enterprises (Gandrita, 2023). Directly on the example of Kazakhstan, the issue of implementing corporate governance principles has been poorly studied, which is reflected in the apparent lag of small and medium-sized enterprises in Kazakhstan in this direction from other countries of the Global South (Saharti, Chaudhry, Pekar, & Bajoori, 2024). Poor study of the algorithms for the relationship between various components of the sustainable development strategy of a small or medium-sized enterprise forms disproportions in the implementation of ESG principles in many

## RESEARCH METHODOLOGY

The research process is based on the analysis of cases illustrating the practice of implementing ESG principles in various countries, both at the state level and at the level of small and medium-sized enterprises, which is due to the great social significance of the study and the ESG implementation process itself as a whole. A synthesis of positive practices was carried out, and a generalised set of practical recommendations was obtained both for each country separately and for the countries of the Global South as a whole. Since the processes of implementing ESG principles in the countries of the Global South require significant improvement, the choice of analysis of ready-made cases in this study can help in creating conditions for their scaling, which is the reason for choosing this research methodology. When choosing countries from many countries of the Global South, such countries as Kazakhstan, Turkey and Malaysia were chosen.

countries of the world, including in the countries of the Global South. For Central Asia, as a component of the Global South, the social components of sustainable development remain insufficiently studied in light of the introduction of small and medium-sized enterprises to foreign markets, which is also a limitation in the context of the socialisation of enterprises. ESG directions are very complex, which is reflected in the general level of ESG implementation in the region's (Coşkun & Erturgut, 2024).

### *Research objectives and questions*

The objective of the study is to observe how small and medium enterprises (SMEs) in countries around the world, including Kazakhstan, integrate ESG principles into their business strategy, moving beyond mere compliance and towards transformational change.

### *Research questions:*

1. What factors motivate SMEs in the global South to advance ESG practices?
2. What barriers facilitate the integration of ESG into SME business strategies?
3. How can SMEs transform their business models through ESG awareness?

The sample is due to the interest in studying the practice of implementing ESG in countries with different levels of development and having significant internal differences. The companies that were selected for the study are small and medium-sized, as the number of employees does not exceed 250 (Varshney, Dwivedi, & Acharya, 2024). In total, the study examined the experiences of twenty-two SMEs from Kazakhstan, Turkey, and Malaysia. However, this article presents the results of seven companies whose cases indicate significant results in the implementation of ESG principles and which gave their consent to the publication of the results of their activities. The following companies are represented from Kazakhstan: Limited Liability Partnership “Kazakhstan Agency for Applied Ecology”, Samruk-green Energy LLC, Telli Kazakhstan; from Turkey: Archelik Garage, Tarfin, Temiz Enerji Teknolojileri A.Ş.; from Malaysia – Biji-Biji Initiative. These companies are diverse in

their activities, since this selection was made purposefully to identify successful cases in each country that can be scaled both within the country and in other countries of the Global South.

The data collection methods used in the study included combining consolidated interviews and processing secondary data available in the public domain. All respondents were interviewed for 30-60 minutes according to the following scheme. Initially, they were asked to describe the principles of sustainable development that have been implemented or are being implemented in the company they represent, then to assess the motivation of small and medium-sized enterprises in the country to implement ESG principles and practices, and to assess the main barriers to ESG implementation. Survey participants were informed of the confidentiality of the information they provided during the interview according to the specified scheme.

**RESULTS**

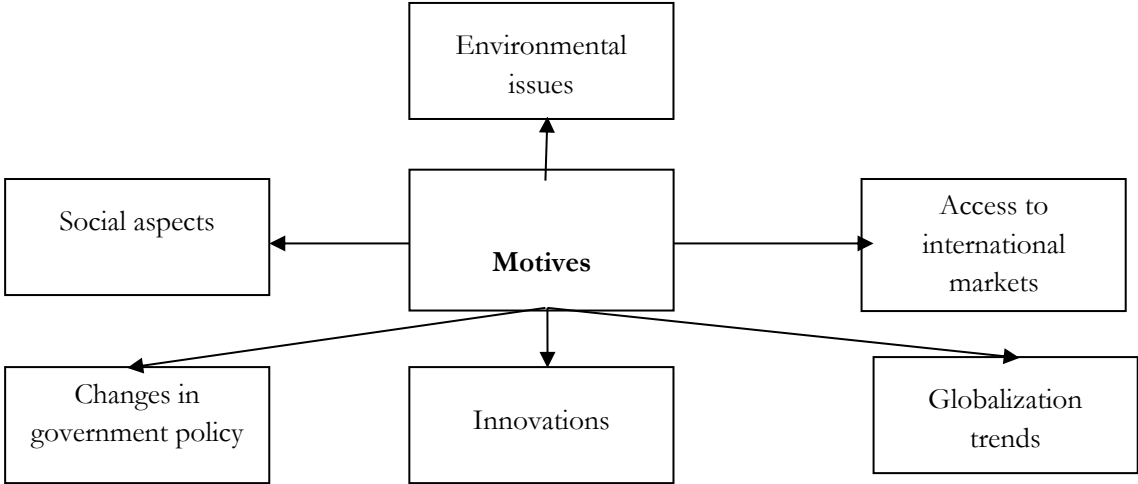
*Factors Motivating Countries in the Global South to Implement ESG Practices*

Countries of the Global South have many aspects, both external and internal, to the implementation of ESG practices. Since the level of development of these countries often requires significant changes, the implementation of ESG practices can significantly improve their position. Small and medium-sized enterprises in

Next, the activities of enterprises were conducted in the following thematic areas: activities to preserve the environment; activities aimed at the socialisation of business; and transparency of the management system. After initial processing using the Microsoft Office package, the information received from respondents was processed manually because each respondent provided unique information. While the confidentiality of the respondents was maintained in the presentation of the results, the sources described in the information received were made available to promote successful cases of implementing ESG practices, with the permission of the interviewees.

Since the author represents Kazakhstan, to ensure objectivity in conducting the research, the author did not take into account the experience of the small enterprise to which his research activity directly relates in this study, but used data from other respondents.

the countries of the Global South, as in many other countries, are the backbone of the global economy; therefore, the implementation of ESG practices at their level is a strategically important aspect of activity (Khamisu, Paluri, & Sonwaney, 2024). The aspects of motivation of countries of the Global South to implement ESG practices are varied and require detailed coverage (Figure 1).



**Figure 1.** Motivation for the implementation of ESG practices in countries of the Global South. Source: created by the authors

One of the main motives is the trend of globalisation and the global division of labour (Inegbedion et al., 2024). Many companies in the countries of the Global South are suppliers of prominent global brands, both in terms of raw materials and in terms of performing individual operations for the production of semi-finished products or the release of certain types of finished products. However, the clients of these companies are often large firms from countries where ESG is the standard and complete transparency of the manufactured products is required, which is a strong motive for the implementation of ESG practices. In terms of global trends, investors are also motivated to consider the level of ESG when receiving external investment for businesses in the Global South.

Climate change plays an important role in terms of motivation for the implementation of ESG practices, since extreme heat, desertification and floods are becoming more frequent in countries of South Asia, Africa and Latin America. The implementation of ESG practices will allow businesses to adapt to work, considering potential extreme weather conditions, and minimise losses from the impact of climate change (Azimli & Cek, 2024). ESG practices will allow for more rational use of available resources and strive to restore biodiversity and soil fertility. An important motivator for the implementation of ESG practices is the desire for social stability, since some of the main challenges for business include the level of labor poverty, inequality and lack of social guarantees, which can be the basis for social explosions that pose a massive threat to business. The implementation of ESG practices will improve the quality of life, improve working conditions and promote social integration in societies of the Global South. Since tourism is one of the primary sources of income for many countries in the region, the introduction of ESG practices is an additional way to improve the image of the state, which will have a favourable effect not only on attracting tourists but also on investment attractiveness in general.

An important role in motivating the implementation of ESG practices for the countries of the Global South is played by international organizations, such as the United Nations, the World Bank, the International Monetary Fund and other organizations that cooperate in various projects taking into account the level of ESG development, which in turn encourages countries to integrate ESG practices into national development strategies (Steinerowska-Streb, Glod, & Steiner, 2022). The implementation of ESG practices allows the countries of the Global South to make the transition to a low-carbon economy, and other technological innovations, which makes their products, subject to transparency, more attractive to conscious consumers. The implementation of ESG practices for the countries of the Global South is currently a real opportunity not only to solve internal problems, but also to achieve a more stable position in world markets, providing opportunities for sustainable development and improving the quality of life of the population of these countries.

***Barriers to the Integration of ESG Practices into SME Business Strategies***

Since the process of integrating ESG principles into the work of small and medium-sized enterprises is very complex due to the multifaceted and multi-stage nature of activities to implement individual ESG components, barriers arise throughout the world and in the countries of the Global South that hinder the participation of small and medium-sized enterprises in sustainable development processes (Aluchna, Roszkowska-Menkes, & Kamiński, 2023; Scuotto et al, 2020). To build a system for overcoming these barriers, it is necessary to understand them clearly, indicating the main features both for all countries of the world as a whole and for the countries of the Global South (Table 1).

Table 1. Classification of barriers hindering the integration of ESG into the business strategies of small and medium-sized businesses

<b>Barriers</b>	<b>Impact on all countries</b>	<b>Additional Influencing Factors for Countries in the Global South</b>
<b>Financial</b>	Lack of internal resources, which results in the implementation of ESG practices being held back.	The interest rate on business loans is high, which hinders small and medium businesses in implementing ESG practices and principles.

	The supply of green loans, grants and investments does not match the demand for them (De Franco, Nicolle, & Tran, 2021).	Lack of a microcredit system to support ESG. High currency risks that do not allow importing technologies in the required volumes.
<b>Competent</b>	Lack of knowledge and experience in the practical implementation of ESG principles among the management and staff of small and medium-sized enterprises (Barbosa et al., 2023) A small number of ready-made cases for integrating ESG into business strategies of small and medium-sized enterprises.	Educational programs for specialists are designed without taking into account the principles and approaches of ESG, which leads to the lack of necessary volumes of expertise in the field of ESG for small and medium-sized enterprises. Weakly developed channels for exchanging experience between countries of the Global South, lack of the ability to scale up successful practices.
<b>Legal</b>	ESG regulation for small and medium-sized enterprises is either not provided for or is not taken into account by these enterprises. Mechanisms for stimulating ESG development are either weak or do not work for small and medium-sized businesses (Billio et al., 2021)	The legal framework does not ensure the functioning of ESG principles. Additional barriers arise due to the high level of bureaucracy and corruption.
<b>Organizational</b>	Weak staffing for the implementation of ESG principles and practices in general, and for small and medium-sized businesses in particular. Lack of practice of incorporating sustainable development principles into business strategies of small and medium-sized enterprises (De Falco, Scandurra, & Thomas, 2021).	Low level of business formalization, which hinders the implementation of ESG principles and practices. High level of informal economy, which greatly complicates the implementation of the ESG reporting system.
<b>Technical and technological</b>	The discrepancy between the quantity and quality of the proposed technologies for the environmental modernization of processes and the demands of small and medium-sized enterprises (Zamani, 2022). High prices for equipment and technologies aimed at increasing energy independence.	Low level of development of technological infrastructure for the implementation of ESG principles, such as in the field of waste management or in reporting on emissions.  Difficulty in ESG management issues due to difficulty in accessing software products.
<b>Sociocultural</b>	Low awareness among management and employees of the end results expected from ESG implementation. Lack of understanding of the importance of ESG as a component of increasing business value (Guimarães, Blanchet, & Cimon, 2021).	Low level of ESG acceptance in business culture. Lack of a culture of long-term business planning, focus on short-term profit.

Source: created by the author

The implementation of ESG principles in the work of small and medium-sized enterprises in the Global South has its characteristics in general, and for individual countries in particular, which is due to the economic, social, and cultural characteristics of each country (Scuotto et al, 2020). Let us consider the implementation of ESG principles in countries with different levels of economic development and with the presence of imbalances in development within countries.

### ***How SMEs in the Global South are Transforming Their Business Models by Adopting ESG Practices***

To study the implementation of ESG principles, we will study cases in Kazakhstan, Turkey, and Malaysia in more detail. The Government of Kazakhstan creates favourable conditions for the integration of sustainable development principles into business practices at various levels of management, including for small and medium-sized enterprises. Since there are environmental and social problems in Kazakhstan, these factors receive the most attention in the process of stimulating the

implementation of ESG principles. In Kazakhstan, many small and medium enterprises have begun to implement environmental management systems, such as waste recycling, energy efficiency, and the use of renewable energy sources. Along with environmental factors, small and medium-sized enterprises pay much attention to improving the well-being of employees, ensuring equal opportunities for various groups of the population, including those with limited ability to work, for which, against the background of a general improvement in working conditions, adapted conditions are created depending on the needs of employees. Against the background of cultural and socio-historical features of doing business, initiatives to train entrepreneurs in transparent corporate governance are successfully developing in Kazakhstan, which will improve the corporate governance system. An example of the desire of the government of Kazakhstan to implement ESG practices is the Kazakhstan 2050 project, the development of which was based on the desire to create conditions for the sustainable development of business at various levels. In practice, business representatives are currently faced with several problems in implementing ESG principles in the work of small and medium-sized enterprises, which is due not only to the limited financial sources that can be used to implement ESG, but also to the low level of promotion of these principles, as a result of which enterprise managers often do not have enough information to make management decisions in the key of ESG principles (Kuandykova, et al., 2023). The outdated legislative framework of Kazakhstan, which does not reflect the principles of sustainable development, is also one of the problematic components on the path to implementing ESG principles in Kazakhstan.

As examples of successful cases in Kazakhstan, we will consider the activities of several enterprises. Limited liability partnership "Kazahstanskoe Agentstvo Prikladnoj Ekologii" operates in the environmental management market of Kazakhstan, whose activities are focused on consulting and engineering in the field of environmental impact. The activities of this enterprise are interesting not only as an object that has implemented the ESG principle, but also as an economic entity that can contribute to the development of ESG principles in partner companies and at the request of client companies, since it carries out

examinations and projects aimed at reducing environmental risks and rational use of resources at the request of other enterprises. This enterprise, with several employees of 201-250 people, which makes it possible to classify it as a medium-sized enterprise, is an example of how the principle of sustainable development is implemented in Kazakhstan at the level of private enterprises (According to Respondent 1, Kazakhstan).

Samruk-green Energy LLC is an example of a state-owned small enterprise in Kazakhstan that produces electricity from alternative sources and sells it to other companies. Samruk-green Energy implements sustainable development strategies, paying much attention to labour protection, rational resource management and environmental safety (According to Respondent 2, Kazakhstan).

Among small and medium-sized enterprises in Kazakhstan, many are working on implementing ESG practices and principles. However, these processes are not carried out by enterprises independently, but within the framework of international cooperation. For example, Telli Kazakhstan is an active participant in the UN Global Compact. This textile sales company, within the framework of international cooperation, implements the basic principles of sustainable development, such as respect for human rights, ecology of production, and transparency of management (According to information from Respondent 3, Kazakhstan).

The study interviewed respondents from Kazakhstan, representatives of seven different companies that declared their commitment to sustainable development. However, during the survey, the interviewees from four companies themselves reported that they did not consider the experience of the companies they represented sufficient to define it as a successful case, as a result of which this study does not provide references to the surveyed companies.

Turkey, as an active participant in many international projects, as a country with sufficient experience in cooperation with the institutions of the European Union in various issues, including sustainable development, strives to constantly expand the practice of implementing ESG principles. Since there are many industrial enterprises among small and medium-sized enterprises in Turkey, considering the specific industrial nature, ESG principles are being implemented quite actively. The main environmental aspects of the ESG principles in

Turkey are reducing carbon emissions, reducing water consumption, and actively implementing technologies with minimal impact on the environment. Unlike industrial, small, and medium enterprises in Turkey, representatives of the agricultural sector are not so active. Therefore, there is a significant dissonance between industrial and agricultural small and medium enterprises in the success of implementing ESG principles. Unlike environmental standards, social standards in Turkey are developing more evenly in different industries, which is manifested through the implementation of social programs, including those to ensure labour safety, improve working conditions for women and youth. Despite the traditionally closed nature of the Turkish business environment in terms of reporting on its activities, an increasing number of small and medium-sized enterprises in Turkey are implementing corporate governance principles, which improve transparency and accountability not only to shareholders and investors, but also to consumers.

Turkey's experience in organising coworking spaces to promote the development of ESG principles is interesting. The company Archelik Garage collaborates with other small and medium-sized enterprises to promote startups in the field of clean energy, increase the efficiency of material recycling, and promote energy-efficient technologies. Archelik Garage actively promotes the ideas of social responsibility of business, organises educational programs for training young people, in the process of which young talents are identified (According to Respondent 4, Turkey).

In the financial services sector of the agricultural sector, Tarfin operates, which provides a service for the optimised use of fertilisers and water for farms. Tarfin works on financing small farmers to increase social activity and improve their awareness of ESG principles (According to Respondent 5, Turkey).

Among medium-sized enterprises in Turkey, Temiz Enerji Teknolojileri A.Ş. is distinguished not only by actively implementing ESG principles in its work, but also by disseminating them among other representatives of small and medium-sized businesses, homeowners and homeowners' associations. Temiz Enerji Teknolojileri A. Ş. installs solar panels to increase the energy independence of enterprises and households. Currently, the problem of energy production is particularly

acute in Turkey, since traditional energy sources provide energy in limited quantities, while producing significant carbon dioxide emissions. Temiz Enerji Teknolojileri A. S. is a ready-made case for the implementation and scaling of ESG principles and practices (According to Respondent 6, Turkey).

The study interviewed respondents from Turkey, representatives of six different companies that declared their commitment to sustainable development. However, during the survey, the interviewed representatives of two companies themselves reported that they did not consider the experience of the companies they represented sufficient to define it as a successful case. The representative of one of the companies considered it necessary not to provide information as a successful case since the company has a poorly developed corporate governance system despite its success in environmental and social development, as a result of which this study does not provide references to the interviewed companies.

The countries of the Global South are characterised by uneven development within the country, a striking example of which is Malaysia, which is considered one of the most developed Muslim countries. However, this country is characterised by multiculturalism. Malaysia actively supports initiatives to implement green technologies, as evidenced by its active use of renewable energy sources, which are financed in whole or in part by public funds. The state also supports the implementation of environmentally friendly processes in enterprises. Small and medium-sized enterprises in Malaysia are actively implementing methods of recycling raw materials while stimulating waste minimisation. In manufacturing and agricultural processes, representatives of small and medium businesses are inclined to use environmentally friendly products.

As in Kazakhstan and Turkey, the trend of improving working conditions is welcomed in Malaysia. A distinctive feature of Malaysia is the increased interest in integrating social responsibility into corporate culture, which is caused by the Malaysian government's commitment to improving the quality of life of the country's population. Small and medium-sized enterprises in Malaysia are characterised by active participation in social initiatives to improve the well-being of local communities, as well as the initiation of educational programs to improve the general level of literacy of the

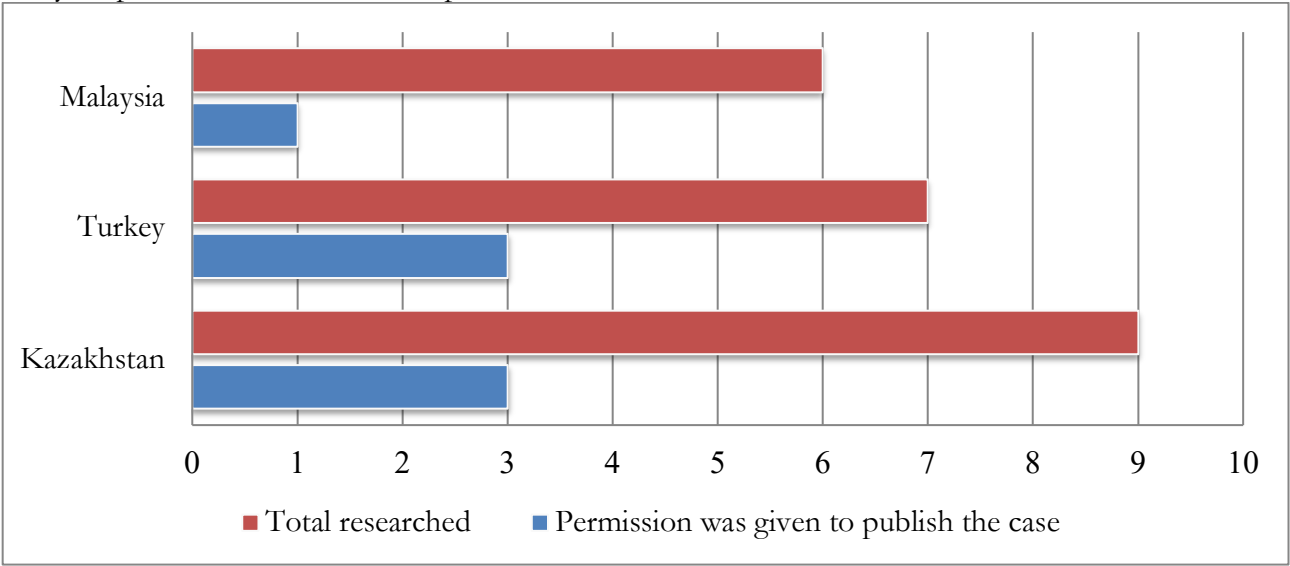
population. Despite the established traditions, the Malaysian business community strives to implement corporate management, which is especially effective in small enterprises.

Malaysia's distinctive feature in implementing ESG practices and principles is the implementation of updated processes and technologies in the traditional system of small and medium-sized businesses, taking into account the principles of sustainable development. For example, Biji-Biji Initiative manufactures its products from recycled raw materials, which demonstrates loyalty to the environment and is a ready-made case for many enterprises in Malaysia, which has limited resource diversity. Due to the significant gap in the level of development of individual segments of the population, the Biji-Biji Initiative's desire to involve representatives of societies whose socio-economic status is significantly lower than the general level in Malaysia in public production is important. Biji-Biji Initiative pursues a policy of an inclusive decision-making style, which increases the level of management transparency (according to Respondent 7, Malaysia).

Due to the specific behaviour when covering the activities of the Malaysian business community, representatives of six companies

agreed to participate in the study. During the interview, one company gave consent to publish the information. Representatives of other companies did not provide the opportunity to publish the results, since they considered the direction of socialisation in the business model developed in the companies in the process of implementing the principles of sustainable development to be insufficiently developed, and these models are currently undergoing a systematic review and adjustment.

In Turkey, out of the seven countries that participated in the study, approvals were received for the publication of results from three firms, as the management of these companies considered the results they had achieved in the process of implementing sustainability principles to be sufficient. In Kazakhstan, nine companies took part in the study, four of which considered their experience insufficient for publication, and two companies planned measures to improve the implementation of sustainable development principles after the study. Three companies considered the results of their activities in terms of implementing the ESG principles sufficient for publication. In general, the research model is presented in Figure 2.



**Figure 2.** Research design  
Source: created by the author

As the design of the conducted research shows, in the selected countries of the Global South, there are significant problems in the implementation of ESG practices in the business strategies of small and medium enterprises. However, the fact that over 50% of potential

respondents, as can be seen from the data in Figure 3, are critical of the process of implementing ESG practices, and the interview process touched upon issues that are relevant to them, which allowed for the creation of a situation of critical self-assessment, is an

additional positive effect of the conducted research.

In general, small and medium enterprises in Kazakhstan, Turkey and Malaysia show a desire to implement sustainable development

practices and principles. However, in each country, there are key aspects that receive more attention (Table 2).

Table 2. Key features of the implementation of ESG practices in Kazakhstan, Turkey and Malaysia

<b>Criterion</b>	<b>Kazakhstan</b>	<b>Turkey</b>	<b>Malaysia</b>
<b>Ecology</b>	Measures to reduce the carbon footprint. Increasing energy efficiency. Improving raw material processing technologies, especially in agriculture.	Development of clean energy technologies. Recycling of materials. Reducing the amount of waste in electronics and other industries.	Use of zero waste models. Regulation of plastic turnover. Popularization of organic materials.
<b>Social</b>	Effective functioning of programs to improve the quality of life of the population. Support for local communities, especially in rural areas.	Actively involving young people in the formation of sustainable development. Startup incubators that small and medium enterprises use in the process of implementing ESG principles.	Socialization of marginalized groups. Popularization of sustainable development principles in communities with different levels of development.
<b>Corporate governance</b>	Small and medium-sized enterprises are not fully prepared for implementation; the principles are currently being studied. ESG principles are often implemented in the reporting of only those companies that export products.	High interest in transparency as a result of the government's promotion of corporate governance. High interest in investment, resulting in a more effective transition to corporate governance.	Interest in corporate governance is growing as a result of the active implementation of startups in the ESG network. Priority to inclusive management.
<b>Innovation in business models</b>	Priorities for transformation in agriculture and food industry. Creating sustainable supply chains.	Priority to technology start-ups, energy efficiency and clean technologies.	Integration of ESG principles not only into the work of enterprises, but also into products and services.
<b>Drivers of transformation</b>	Government ESG support programs. Terms of major business partners on compliance with ESG principles.	Small and medium-sized enterprises, whose share in the economy is quite high, are implementing ESG in the process of attracting investments to increase their own competitiveness.	Under the influence of environmentally oriented demand, small and medium-sized enterprises are motivated to implement ESG principles.

Source: created by the author

As a result of the promotion of the implementation of sustainable development principles in the environment of small and medium-sized enterprises, necessary transformations are taking place not only in the

economic environment of the countries of the Global South, but also in the consciousness of consumers, which is the leading indicator of the sustainable orientation of the modern consumer.

## DISCUSSION

The success of ESG implementation in the countries of the Global South largely determines not only the formation of an environment for the development of the economy of these countries, but also the

possibility of improving the quality of life of people in these countries. Quality of life is formed based on various components, most of which can be improved by implementing ESG (Skare, de Obesso, & Ribeiro-Navarrete, 2023).

If we consider economic conditions, then with the implementation of ESG, the level of income and employment, the level of infrastructure development, and access to quality housing can be increased (Alqarni, et al., 2023).

The quality of life of people is also significantly affected by health care and safety, namely the availability and quality of medical services, the state of the environment, and the level of personal and public safety, which can be significantly improved by scaling up the implementation of ESG in the work of small and medium-sized enterprises, along with government agencies and organizations, and large companies (Tsoutsos, 2022).

Regardless of ESG, education and culture can develop; however, they must take into account ESG standards to improve the quality of education, increase the general cultural level, and create conditions for compliance with shared cultural values (Vendrell-Herrero, Opazo-Basáez, & Marić, 2023).

Environmental factors, such as the quality of air, water, and soil, are part of the natural environment and are a key focus in ESG. They have a direct impact on the quality of life and sustainable development methods for small and medium-sized enterprises. Like Ghazali, Daud and Ismail (2023), it shows the possibilities of ESG development not only in developed but also in developing countries of the Global South (Ghazali, Daud, & Ismail, 2023). The study showed that it is necessary to further study the issues of strategic planning for the sustainable development of small and medium-sized enterprises, in contrast to the statements of Gandrita (2023), who considers it possible to carry out adaptation measures for each type of enterprise, rather than an in-depth study of the features of business modeling for the sustainable development of small and medium-sized enterprises (Gandrita, 2023). It is shown that successful business models of sustainable development can be scaled by segmenting into other sectors of small and medium-sized enterprises. This statement was confirmed in the study of Tsang et al. (2023), which this study highlights indicates the relevance of the study (Tsang, Fan, & Feng, 2023). The study also showed that, regardless of the size of the enterprise, in contrast to the assertion of Garcia-Martinez et al. (2023), the implementation of ESG principles takes place, taking into account the principles of economic growth in each component of sustainable

development; that is, there is no dissonance between the implementation of ESG principles and economic development (Garcia-Martinez et al., 2023).

The results of the study revealed that in the countries representing the Global South, such as Kazakhstan, Turkey and Malaysia, there are standard features in the implementation of sustainable development practices. The common trend is to reduce the environmental burden on the environment from both production and consumers. The increase in the level of sustainable consciousness of the population occurs under the influence of social projects that are actively represented in all countries. The transformation of business in terms of sustainable development occurs as a result of the complex impact of the state, markets and the demands of consumers and society. However, despite the significant range of similarities, there are qualitative differences that affect the course of implementation of ESG practices and principles. A focus on the implementation of ESG in the raw materials and industrial sectors characterises Kazakhstan. For Turkey, the primary focus is on the implementation of ESG principles in the process of implementing technology startups. Malaysia, as a country with significant income from tourism, focuses on the consumer segment, while striving to minimise waste and maximise recycling.

In general, the processes of implementing ESG principles in the countries of the Global South are influenced in most cases by external factors related to the need to comply with the conditions for carrying out export operations and receiving investments from outside the region. In comparison with the results previously obtained by other researchers, this study showed that when the state creates conditions for implementing ESG, both in terms of preferential financing and in terms of legal support, these measures are not enough. It is necessary to organise demand for products and services manufactured in the context of sustainable development, which requires a fundamental change in the process of relationships between buyers and sellers.

Kazakhstan is at the beginning of the path of qualitative changes in the context of sustainable development. At the moment, as the results of the conducted study showed, only individual small and medium-sized businesses are fully prepared to implement and scale up

ESG principles and practices. The presence in Kazakhstan of a comprehensive government program aimed at cooperation between various enterprises, including in light of reducing dependence on the oil component of the economy and increasing the share of added value produced in the traditionally raw materials sectors of the economy of Kazakhstan, makes the relationships between enterprises of different sizes and areas of activity qualitatively new. Taking into account the cultural and national-historical characteristics of the countries of the Global South, including Kazakhstan, does not always contribute to the rapid implementation of ESG practices and principles, however, a more careful attitude to social values leads to the creation of unique cases, the application of which contributes to qualitative transformations of business models of small and medium enterprises without compromising national and cultural identity. However, the availability of ready-made cases for some types of enterprises in other countries of the Global South can serve as an impetus for qualitative changes in the ESG implementation processes in Kazakhstan, but this requires organising cooperation at the government level, which will involve representatives of small and medium businesses. Among the recommended activities to improve the effectiveness of the implementation of ESG practices and principles in the business models of small and medium enterprises in the countries of the Global South are the following. It is necessary to adopt international trade standards at the government level, taking into account the ESG principles among countries in the Global South. To improve the quality of life of the population,

## CONCLUSIONS

The study identified factors influencing the motivation of small and medium-sized enterprises in the Global South to implement ESG practices, among which the most significant are environmental issues, social aspects, changes in public policy, access to international markets and globalisation, and innovation.

The article examines barriers that hinder the integration of ESG principles and practices into the business strategies of small and medium-sized enterprises in the Global South. The main obstacles to implementing ESG

international environmental and social standards are needed, which will be mandatory both when creating new small and medium enterprises and in the process of transforming existing enterprises, for which appropriate algorithms are needed to implement these standards in the work of various enterprises, indicating the sources of financing. To overcome barriers to the implementation of ESG principles, each country needs a program to eliminate them, which will take into account the characteristics of the country, key factors in the transformation of the economy, and the features of the functioning of small and medium businesses in these countries.

The qualitative approach to the study used in this article does not fully allow us to identify the cause-and-effect relationships that arise in the process of implementing ESG principles and practices in the processes of transforming the business models of small and medium-sized enterprises in different countries, including in the countries of the Global South. The completeness of the study is limited by significant gaps in the level of implementation of ESG principles, in the level of openness of information and in the methods of generalisation necessary to structure the overall picture of transformational changes in the region, which requires considering the processes in dynamics, which is not the objective of this study. Since the sample of countries in this study does not cover the entire spectrum of countries in the Global South, the study is limited and can be expanded to other countries of the Global South to identify successful practices and cases of ESG implementation.

principles and practices include financial challenges, issues related to employee and consumer competence, as well as legal, organisational, technical, technological, and socio-cultural problems, which are highly relevant for the countries of the Global South.

Using the example of Kazakhstan, Turkey and Malaysia, cases of transforming small and medium-sized enterprise development models through the implementation of ESG principles and practices were studied, which allowed these enterprises to increase their own competitiveness, business value and

attractiveness to partners.

The following recommendations were developed during the study. Small and medium-sized enterprises in the Global South should place greater emphasis on the processes of adapting their activities to ESG principles and practices, which requires a shift from short-term planning to the development of long-term strategies; appropriate educational activities for their clients should accompany the implementation of ESG in their operations.

Governments of the Global South need to revise their legislative framework in order to adapt it to the needs of small and medium-sized enterprises implementing ESG, and also consider the possibility of introducing preferential taxation for these enterprises during the transition to ESG.

External partners of small and medium-sized enterprises in the Global South need to develop a system for adapting these enterprises and carry out "soft" implementation of ESG in the practice of mutualisation.

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The study highlighted the topical issue of implementing ESG in the operations of small and medium-sized enterprises in the Global South, which are currently in the early stages of this process. Moving forward, this research could be expanded by examining the impact of ESG practices and principles on the primary financial indicators of these enterprises.

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### Conflict of Interest

None.

### Data availability statement

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