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Research Article

Sustainability and ESG in Global Strategy: A Systematic Literature Review

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Abstract

The systematic review thoroughly reviewed scholarly works published between 2020 and 2026 on the impact of sustainability and environmental, social, and governance practices on global strategy. The analysis considered the inclusion of sustainability and ESG in the strategic frameworks of global organizations and their relationship with competitiveness, strategic choices, resilience, and enduring performance in increasingly globalized business contexts. Basic research questions on the dimensions of ESG integration, barriers to implementation, and theoretical gaps in the existing literature guided the evaluation. The research was carried out using the systematic literature review methodology and following the PRISMA guidelines for thematic analysis of the data collected from academic databases, focusing on peer-reviewed journal articles related to sustainability and ESG in global strategy. The search and appraisal procedure was limited to scholarly publications published in well-known academic databases like Scopus, Web of Science, Science Direct, Google Scholar, and Springer Link. The findings indicate that sustainability and ESG have developed from relatively peripheral corporate responsibilities into important strategic considerations that influence organizational competitiveness, innovation, governance quality, stakeholder trust, risk management, and long-term organizational sustainability. However, the literature also identifies important implementation barriers such as inconsistent ESG reporting standards, discrepancies in measurement, greenwashing, regulatory fragmentation, institutional weaknesses, limited financial resources, and uneven enforcement, especially in developing countries. The review ends with a note that sustainability and ESG have become important components of modern global strategy. Their value is not just in the existence of ESG commitments, but how embedded environmental responsibility, social accountability and ethical governance are in the strategy, governance, operations and stakeholder relationships of an organization.

Keywords

Sustainability, ESG, Global Strategy, Strategic Management, Corporate Governance, Organizational Performance, Competitive Advantage

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1. Introduction

1.1. Background of the Study

In today's global business environment, sustainability and Environmental, social and Governance issues have become increasingly central to global strategy and organizational management [10]. Organizations are highly expected not only to achieve financial performance but also to address broader environmental, social, and ethical responsibilities [2]. Globalization, rising stakeholder expectations, climate concerns, resource pressures and governance failures have intensified pressure on firms to integrate sustainability and ESG principles into strategic decision-making processes [55] Consequently, according to [43], sustainability and ESG are highly considered strategic issues associated with long-term competitiveness, organizational legitimacy, resilience and sustainable business development.

Traditionally, global strategy focused primarily on market expansion, competitive advantage, operational efficiency, innovation, and profitability in international markets. However, growing environmental degradation, social inequality, governance failures, and corporate scandals have transformed the strategic environment in which firms operate [21]. Organizations are mostly required to balance economic goals with environmental protection, social responsibility, and ethical governance. As a result, sustainability and ESG have moved beyond the status of optional corporate initiatives and have become embedded in organizational missions, policies priorities and global operations [39].

Sustainability refers to the ability of organizations and societies to meet present needs without compromising the ability of future generation to meet their own needs. Within global strategy, sustainability emphasizes responsible resource utilization, environmental stewardship, social, inclusion, long term value creation, and management consequences that extend beyond short term financial outcomes [15]. ESG in contrast provides a set of environmental, social. And governance dimensions through which organizational practices and performance can be examined. Environmental factors such as carbon emission, climate change, waste reduction, pollution control, resource efficiency, and environmental innovation [34]. Beside to environmental factors there is a social factor which contains employee welfare, labor practices, diversity and inclusion, human right, occupational conditions and community engagement. while governance encompasses transparency, accountability, ethical leadership, board effectiveness, responsible decision making and regulatory compliance [45].

The purpose of ESG is closely linked to changing stakeholder expectations. Because those Investors, governments, customers, employees, civil society organizations, and international institutions are highly demand that organizations operate responsibly and transparently [51]. Stakeholder Theory argues that organizations should create and sustain value not only for shareholders but also for the broader range of stakeholders affected by organizational activities. From this perspective, ESG integration can be understood as part of a broader process through which firms respond to stakeholder interests, protect organizational legitimacy, and manage relationships that are strategically important to long-term survival [50].

Additionally, studies show that risk management and organizational performance can be impacted by sustainability and ESG. Stronger ESG performance has been linked in studies to long-term profitability, stakeholder relationships, financial stability, and innovation capacity [19]. Environmental concerns, market volatility, regulatory pressures, and more general global sustainability issues can all be addressed by companies using sustainable business strategies. On the other hand, failing to pay enough attention to ESG issues can put businesses at risk for reputational harm, legal and regulatory issues, dwindling investor trust, stakeholder discontent, and pressure from competitors.

According to [48] Organizational innovation and change are becoming more closely associated with sustainability and ESG integration. Businesses are encouraged by sustainability-oriented innovation to implement socially and ecologically conscious business models, more effective resource systems, and governance structures that promote long-term value development. Businesses are gradually integrating circular economy principles, sustainable supply chains, renewable energy systems, responsible investment strategies, and enhanced governance frameworks into their operations [17]. These developments show that sustainability may be a source of organizational learning, creativity, and strategic renewal in addition to being an external obligation.

As per [18], Diverse cultural expectations, institutional pressures, governance systems, legal requirements, and stakeholder demands are encountered by multinational firms operating in various worldwide markets. Global strategy has both opportunities and difficulties as a result. Businesses often need to combine local institutional realities with global sustainability criteria in order to maintain sufficient ethical and strategic consistency across markets. Consequently, there is a major strategic contradiction between global integration and local responsiveness. As a result, strategic leadership, organizational resilience, international competitiveness, and the management of sophisticated global operations have all become more and more dependent on sustainability and ESG.

Despite the growing attention that sustainability and ESG are receiving worldwide, many organizations still struggle to implement them due to weak governance systems, scarce resources, institutional instability, fragmented regulation, insufficient strategic alignment, and disparities in measurement and reporting practices. Regarding the connection between ESG performance and organizational outcomes across sectors and geographical areas, the literature likewise offers conflicting

results [7]. These differences suggest that ESG should not be considered a one-size-fits-all strategy that has the same effects in all situations. Instead, the strategic outcomes are influenced by institutional, organizational, industrial and methodological factors. Therefore, sustainability and ESG assessment in global strategy are still relevant to understanding how organizations can achieve economic success while meeting environmental and social responsibilities.

1.2. Statement of the Problems

The rising prominence of sustainability and environmental, social, and governance norms in international strategy is driven by the need for long-term competitiveness, organizational resilience and stakeholder trust. Businesses face challenges to combine social and environmental obligations with commercial goals and to integrate sustainability into strategic operations [47]. However, despite this emphasis, many businesses find it challenging to meaningfully integrate ESG into their global plans; ESG reporting is often inconsistent and more compliance-focused than transformative. Integrating sustainability initiatives into resource allocation and competitive strategies is hampered by the fact that they are often viewed as distinct from core strategy planning.

As per [7] the relationship between sustainability, ESG practices, and corporate success is a topic of intense scholarly dispute. ESG performance is positively correlated with financial results, stakeholder trust, innovation, resilience, and competitive advantage, according to some study. Other research, however, suggests that sustainability initiatives may be expensive and may show inconsistent or weak relationships with corporate effectiveness. Furthermore, because firms use different frameworks and metrics impacted by different institutional, legislative, and cultural settings, differences in ESG understanding and execution across industries and nations make direct comparisons more difficult.

Multinational corporations encounter increased complexity in their worldwide strategy while navigating varied markets with varying governance, environmental regulations, and stakeholder expectations. Worldwide integration and local responsiveness are at odds, as businesses must balance the need for worldwide consistency in sustainability standards with local institutional adaptations. Furthermore, governance problems, environmental damage, unethical leadership, and poor execution cast doubt on the efficacy of ESG frameworks.

1.3. Research Questions

1) What insights does the existing literature provide regarding sustainability and ESG in global strategy?
2) How do organizations integrate sustainability and ESG principles into their global strategic practices?
3) What environmental, social, and governance dimensions are most commonly emphasized within the global strategy literature?
4) What major challenges affect the implementation of sustainability and ESG strategies in global organizations?
5) What theoretical, methodological, and contextual gaps exist in current sustainability and ESG research within global strategy?

1.4. Objective of the Study

The study aims to investigate how sustainability and ESG factors are integrated into global business strategies and their impact on organizational competitiveness, strategic decision-making, resilience, governance, innovation, and long-term performance. Additionally, it focuses on summarizing important theoretical stances, implementation difficulties, and current gaps in the literature.

2. Literature Review

2.1. Concept of Sustainability in Global Strategy

As companies are under increasing pressure to strike a balance between social responsibility, environmental preservation, and economic success, the idea of sustainability has become more prominent in strategic management [14].

Multinational corporations (MNEs) must incorporate social responsibility, environmental responsibility, and long-term economic sustainability into their worldwide strategy in order to be considered sustainable. Due to variations in national legal frameworks, cultural norms, and environmental priorities, this integration presents both opportunities and difficulties. According to [32], sustainability initiatives must therefore adapt to local institutional realities and stakeholder expectations while also aligning with global objectives.

In addition to improving stakeholder trust and competitive positioning, sustainability can boost organizational resilience, innovation, and risk management [14]. However, incorporating sustainability concepts into organizational capacities, procedures, governance, and global strategies is necessary for its efficacy. Therefore, in international business, sustainability should be seen as a strategic factor of competition, resource allocation, and long-term value development [12, 26].

2.2. Concept of Environmental, Social, and Governance (ESG)

The term "environmental, social, and governance" (ESG) describes a set of standards intended to evaluate an organization's social obligations, governance procedures, and environmental effects [20]. The social dimension deals with community interactions and employee welfare, the environmental dimension with sustainability and carbon emissions, and the governance dimension with corporate accountability, transparency, and moral behavior.

ESG standards make it easier for multinational partnerships and subsidiaries to coordinate their social and environmental responsibilities. However, it is difficult for multinational companies (MNEs) to maintain uniform worldwide standards while adjusting to local contexts due to variations in national rules, reporting requirements, institutional capacities, and stakeholder expectations [32].

Measuring ESG performance through formal policies and sustainability reports is not sufficient. The pledges, resource allocation, governance, operational methods, and measurable achievements should all be consistent [37].

2.3. Dimensions of Sustainability and ESG in Global Strategy

The sustainability and ESG literature commonly examines three interrelated dimensions: environmental responsibility, social responsibility, and corporate governance. These dimensions provide a useful analytical framework for understanding how sustainability considerations influence strategic decisions and organizational outcomes across international environments.

2.3.1. Environmental Responsibility

For multinational corporations (MNEs) that operate across worldwide production networks and global supply chains, environmental responsibility is especially crucial within global strategy. International operational decisions are influenced by variations in environmental rules, resource availability, technical capability, and stakeholder expectations. As a result, businesses have to strike a compromise between local environmental conditions and legal requirements and globally comparable environmental standards [32].

Through green innovation, operational effectiveness, product differentiation, and lower environmental and regulatory risks, environmental responsibility can generate strategic possibilities [12, 26]. These advantages, however, are contingent upon institutional conditions, industry features, technology capabilities, and implementation costs. Therefore, rather than being an inherent source of competitive advantage, environmental sustainability should be viewed as a context-dependent strategic capacity [12, 26, 28].

2.3.2. Social Responsibility

Social responsibility is especially important in global strategic management since multinational corporations operate in countries with diverse labor laws, cultural expectations, social agendas, and levels of institutional development. A practice that is accepted in one nation may not be compatible with stakeholder expectations or legal requirements in another [22]. So the global players have to work out how to apply consistent standards of social responsibility, while still adapting to local conditions.

Effective social responsibility practices can strengthen employee dedication, stakeholder trust, business reputation, and relationships with local communities. They can also reduce the likelihood of labor disputes, supply-chain issues, and reputational harm. However, how far these go depends on the legitimacy of corporate pledges and the consistency with which social standards are applied throughout worldwide activities.

2.3.3. Corporate Governance

The mechanisms, structures, and procedures used to guide, oversee, and hold businesses accountable are referred to as corporate governance. Board supervision, transparency, ethical leadership, executive responsibility, risk management, anti-corruption measures, internal controls, and sustainability-related disclosure are all included in the ESG framework's definition of governance [20].

Because multinational businesses (MNEs) must manage intricate organizational structures, coordinate geographically distributed operations, and adhere to various national legal and regulatory frameworks, governance is especially crucial in global strategy. The implementation of sustainability pledges made at company headquarters across subsidiaries and overseas business units is facilitated by effective governance structures [48].

The credibility of ESG reporting and the distribution of organizational resources to sustainability projects are also influenced by governance. Selective disclosure, false sustainability claims, and putting short-term managerial interests ahead of long-term organizational goals could all be encouraged by lax oversight. On the other hand, ESG integration into strategic decision-making can be strengthened by clear accountability systems, efficient oversight, and open reporting [5].

The environmental, social, and governance components are interrelated even if they can be studied independently. Governance processes influence how environmental and social goals are prioritized, carried out, and assessed; environmental activities necessitate efficient oversight and may have an impact on workers and communities; and social responsibility is partially dependent on organizational accountability. Therefore, the degree to which these dimensions are successfully incorporated into organizational strategy and operations determines their strategic value [14].

2.4. Theoretical Perspectives

The increasing significance of sustainability and ESG practices in global strategy has garnered substantial scholarly interest. Various theoretical frameworks explain the adoption and embedding of ESG practices in strategies.

2.4.1. Stakeholder Theory

A fundamental framework for comprehending why multinational corporations incorporate sustainability and Environmental, Social, and Governance (ESG) factors into their fundamental strategies is provided by stakeholder theory. The

theory sees a company as a network of interdependent relationships with various groups, such as employees, customers, suppliers, regulators, and local communities, whose interests directly affect long-term performance and survival, challenging the conventional model of prioritizing shareholders alone [1]. ESG practices are essential instruments for managing these interactions, addressing cross-border strategic issues, and establishing organizational legitimacy rather than just being compliance jobs [23]. Finally, companies that methodically incorporate significant stakeholder concerns into their decision-making improve their standing, reduce operational and regulatory risks, and develop the resilience necessary for long-term competitive advantage.

2.4.2. Agency Theory

Governance mechanisms like independent boards of directors, strict audit systems, and transparent reporting are crucial to monitoring and limiting opportunistic behavior because managers frequently have superior operational knowledge and may be tempted to put short-term personal benefits ahead of long-term value [3]. In the absence of strong control, managers may avoid worthwhile clean-tech or social initiatives or turn to "symbolic" ESG adoption, using ambiguous sustainability reports for flimsy publicity rather than implementing significant operational improvements [24]. This problem is made worse by global strategy, where multinational corporations must deal with geographically scattered activities, intricate corporate hierarchies, and a variety of international rules that worsen information gaps between corporate headquarters and overseas companies.

2.4.3. Stewardship Theory

Stewardship is particularly effective in explaining why leaders willingly support sustainability and Environmental, Social, and Governance initiatives because it emphasizes trust, shared goals, commitment, and a sense of institutional obligation rather than depending only on external monitoring and control to prevent opportunism [8]. When leaders consider themselves as stewards of organizational and environmental resources, ESG is integrated into the corporate culture and strategic purpose rather than being seen as a mere compliance duty or superficial public relations exercise. This encourages widespread adoption and gives international subsidiaries access to decentralized, context-specific solutions. However, stewardship theory works in tandem with agency theory to achieve a balance between individual leadership motivation and the crucial structural responsibility and monitoring, rather than assuming that managers are intrinsically selfless. Ultimately, from the perspective of global strategy, a stewardship orientation encourages multinational firms to look beyond short-term financial gains and generations, integrating moral governance, social welfare, and environmental preservation into an all-encompassing framework of long-term value creation [31].

2.4.4. Resource-Based View (RBV) Theory

By recognizing sustainability as a source of unique organizational resources and capabilities rather than just as an external compliance requirement, the Resource-Based View (RBV) provides a potent theoretical framework for comprehending how Environmental, Social, and Governance (ESG) practices can drive sustainable competitive advantage. These qualities enable businesses to go beyond symbolic acceptance to substantive implementation, promoting operational resilience, risk management, and product differentiation, when they are deeply ingrained in organizational knowledge, routines, and culture. Furthermore, RBV describes how multinational corporations can use, transfer, and modify these distinctive firm-specific sustainability capabilities across various international markets in the context of global strategy, turning ESG commitments from a cost center into a strategic engine for long-term competitiveness and value creation [6].

2.4.5. Institutional Theory

Institutional Theory explains that organizations adopt structures like Environmental, Social, and Governance practices not merely for economic efficiency, but to gain social legitimacy by conforming to external rules, norms, and expectations [42]. Through the mechanism of institutional isomorphism, organizations become increasingly similar fewer than three main pressures coercive forces from regulators and laws, normative expectations from professional standards, and mimetic imitation of successful peers during uncertainty. This frequently results in a tension where firms establish standardized global policies while adapting implementation locally. Importantly, Institutional Theory explains why the existence of formal ESG structures or reporting does not always translate into real operational change; instead, it frequently explains the difference between substantive, deep-rooted implementation and symbolic compliance, adopting practices only to satisfy external stakeholders and preserve a social license to operate.

2.4.6. Legitimacy Theory

Legitimacy theory describes how corporations align their practices, activities, and disclosures with prevailing societal norms, values, and expectations to gain social acceptance. Organizations can demonstrate their responsiveness to stakeholders and uphold their social license to operate by implementing environmental initiatives, social responsibility practices, ethical governance, and ESG reporting. The theory emphasizes the significance of a legitimacy gap, which can occur when organizational practices diverge from shifting societal expectations and may encourage businesses to change their operations or communicate more about sustainability. Legitimacy in global strategy becomes more complex since multinational corporations operate across countries with different regulatory systems, cultural values, stakeholder expectations,

and social traditions. Because of this, businesses need to reconcile local and global ESG standards [42]. Therefore, legitimacy theory helps explain why businesses adopt and disclose ESG practices and how they use sustainability strategies to maintain, gain, or regain social support in a range of international situations.

2.4.7. Triple Bottom Line Theory

By focusing on Profit, Planet, and People economic prosperity, environmental sustainability, and social well-being the Triple Bottom Line (TBL) concept, closely linked to [16], offers a multifaceted approach to organizational sustainability. TBL encourages businesses to think about the social and environmental effects of strategic choices as well as their implications for long-term value generation, rather than concentrating just on short-term financial performance. The social dimension deals with employee welfare, human rights, labor legislation, diversity, community engagement and relations involving stakeholders. The environmental dimension deals with the efficiency of resources, the control of pollution, emissions, risks related to climate and sustainable management of resources. The economic dimension deals with sustainable profitability and financial sustainability. The framework is particularly pertinent to international strategic management, where multinational enterprises have to reconcile economic objectives with multiple national environmental and social criteria. Hence, TBL defines sustainability not as a simple financial or legal problem, but rather as a complex strategic issue.

2.5. Empirical Evidence on Sustainability, ESG, and Organizational Performance

Empirical research indicates that sustainability and ESG are strategically important and affect organizational performance variably across contexts. Stronger sustainability practices correlate with distinct organizational traits and performance characteristics. The majority of studies show a non-negative link between ESG and financial performance, but causation remains ambiguous. Variations in ESG measurement, performance indicators, and organizational factors lead to differing outcomes [11]. Globally, ESG implementation is influenced by regulatory and institutional differences, especially in emerging economies. Multinational enterprises must balance global ESG principles with local adaptations. The literature suggests ESG impacts outcomes via mechanisms like stakeholder relationships, reputation, and risk management. Future research should explore the conditions under which ESG generates strategic value.

2.6. Integrated Theoretical Perspective

When considered collectively, the theoretical literature demonstrates that many complementary viewpoints that clarify various facets of global strategic management can be used to comprehend sustainability and ESG. While Agency Theory places more emphasis on governance, monitoring, accountability, and transparency, Stakeholder Theory emphasizes the significance of addressing the interests of various stakeholders. While the Resource-Based View (RBV) shows how ESG-related resources and competencies can become strategically valuable when they are successfully established and difficult to replicate, Stewardship Theory concentrates on responsible leadership and long-term organizational orientation. While Legitimacy Theory highlights firms' attempts to obtain, preserve, or restore social approval by congruence with public norms and credible communication, Institutional Theory explains ESG adoption through coercive, normative, and mimetic influences.

These viewpoints are complemented by the Triple Bottom Line (TBL), which emphasizes the production of social, environmental, and economic value. Together, these theories imply that ESG is a multifaceted strategic phenomenon influenced by stakeholder expectations, governance, leadership, organizational capabilities, institutional pressures, legitimacy, and sustainable value creation rather than just a compliance requirement or an automatic source of financial performance. Additionally, they highlight significant research gaps about how ESG pledges are turned into strategic capabilities, when such capabilities become hard to replicate, how substantive implementation varies from symbolic adoption, and how ESG strategies function.

3. Research Methodology

3.1. Research Design

To develop a thorough understanding of sustainability and Environmental, Social, and Governance within global strategy, a systematic literature review was undertaken. A systematic literature review provides a structured approach for locating, assessing, organizing, and synthesizing existing research on a defined topic. The approach has been used in sustainability and ESG research because of its emphasis on transparency, systematic searching, explicit selection criteria, and structured synthesis [30]. It can also reduce the risk of relying selectively on individual studies by requiring the researcher to establish an explicit process for identifying and evaluating relevant evidence.

The systematic review approach was selected because sustainability and ESG issues are increasingly important strategic considerations for organizations operating in highly competitive and globally interconnected business environments. The contemporary literature is diverse, covering strategic management, corporate governance, environmental management, sustainability, international business, finance, and other areas. The review aimed to bring together this fragmented literature to develop a comprehensive understanding of the relationship between sustainability and ESG with global strategy, organi-

zational competitiveness, strategic decision-making, innovation, resilience, and long-term business performance.

In this study, we define systematic review as a controlled, transparent, and reproducible process of searching, screening, extracting, and synthesizing data to map and synthesize the thematic structure of sustainability and ESG in global strategy. The review is primarily descriptive and thematic rather than a statistical meta-analysis. This clarification is important because the included studies differ in theoretical orientation, research design, measures, contexts, and reported outcomes, making direct statistical aggregation beyond the scope of the present review.

To support methodological rigor, the study followed a sequence of procedures that included defining the review area, identifying search terms, collecting documents, screening records, assessing document quality, extracting relevant information, and conducting thematic analysis. Keywords included "sustainability," "Environmental, Social, and Governance (ESG)," "global strategy," "corporate sustainability," and "sustainable competitive advantage." These terms were selected because they correspond directly to the major concepts addressed in the review.

The literature search used major academic databases identified in the study, including Scopus, Web of Science, ScienceDirect, Google Scholar, and SpringerLink. These sources were selected because they provide access to scholarly literature relevant to sustainability, ESG, strategic management, and global business. A reference-based snowballing technique was also used to identify additional relevant studies through the references of selected publications.

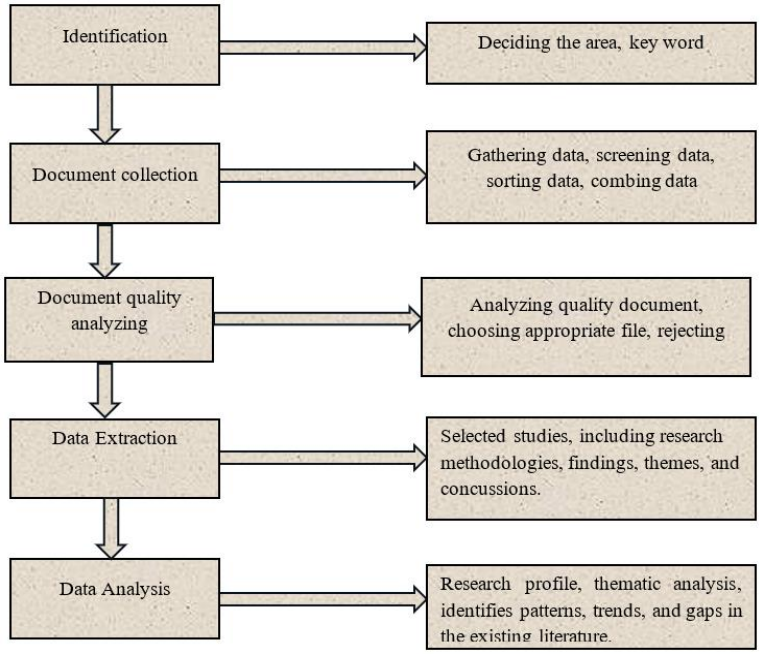


Figure 1. *Systematic Reviews Steps for Sustainability and ESG in Global Strategy.*

3.2. Inclusion and Exclusion Criteria

During the data collection process, important characteristics such as article type, journal, publication year, study topic, title, research methodology, relationships among variables or constructs, indicators, and major findings were extracted through structured content analysis.

The inclusion criteria focused on original and peer-reviewed journal articles written in English and published between 2020 and 2026. The selected studies were required to address sustainability and Environmental, Social, and Governance (ESG) within the context of global strategy or closely related strategic management contexts. Both empirical and conceptual studies were considered where they examined the influence or strategic implications of sustainability and ESG for organizational competitiveness, strategic decision-making, governance, innovation, resilience, or long-term business performance.

The exclusion criteria included duplicate records, studies that did not address the research objectives, and publications that did not meet the required academic quality. Books, conference papers, reports, theses, dissertations, editorials, working papers, unpublished studies, and non-peer-reviewed publications were excluded from the review. Studies focused exclusively on technical ESG measurement without a meaningful connection to strategic management were also excluded. Relevance was assessed through examination of titles, abstracts, keywords, and conclusions in relation to the study objectives and search strategy [44].

The thematic analysis focused on information such as publication year, theoretical perspectives, research methodologies,

major themes, and key findings. Recurring themes included ESG integration, stakeholder engagement, corporate governance, sustainability-oriented innovation, organizational resilience, sustainable supply chains, and sustainable competitive advantage. The inclusion and exclusion criteria therefore provided a structured basis for narrowing the literature to studies relevant to the research questions.

3.3. Data Source and Search Strategy

To identify pertinent studies on sustainability and Environmental, Social, and Governance (ESG) within global strategy, the data collection process followed a structured and organized procedure. The study focused primarily on peer-reviewed academic publications in business, management, strategy, sustainability, and corporate governance. English-language journal articles published between 2020 and 2026 were considered in accordance with the inclusion criteria.

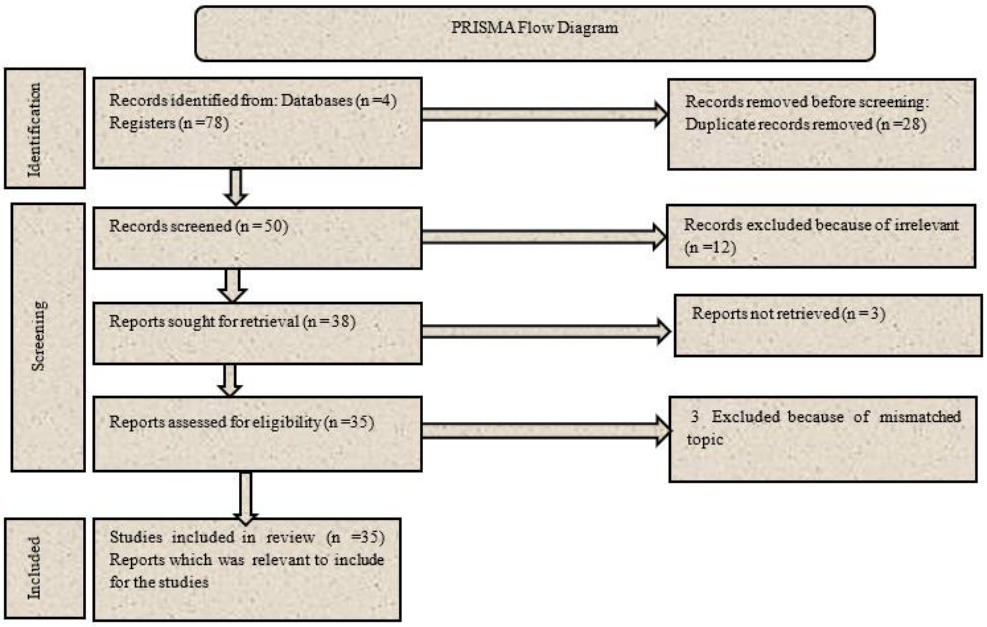
Major academic databases mentioned in the study, such as Scopus, Google Scholar, ScienceDirect, SpringerLink, and ResearchGate, were used for the literature search. "Sustainability," "Environmental, Social, and Governance (ESG)," "global strategy," "corporate sustainability," and "sustainable competitive advantage" were among the keywords. Based on the methodology outlined in [30] the researcher employed methodical processes including keyword identification, document collecting, document-quality assessment, data extraction, and thematic synthesis.

3.4. Data Analysis

This research utilized descriptive and thematic content analysis to tackle pre-established review questions. The descriptive analysis offers readers a concise overview of the examined articles by displaying the findings using charts and outlining the study's features. Additionally, thematic content analysis served as the approach for data analysis. The researchers initially encode the primary issues found in the chosen articles manually, followed by employing an interpretative method to examine the study's findings.

4. Results and Discussion

The data extraction was conducted according to the criteria for article inclusion and exclusion. The criteria for including articles in this seminar were their relevance to the themes of organizational culture and knowledge management. A preliminary search of scholarly databases using chosen keyword combinations identified a total of 78 articles. The 28 articles were eliminated due to duplication, resulting in 50 articles. In addition to the exclusion of duplicates, the researcher filtered the articles by examining titles and scanning abstracts. Thus, 12 articles were eliminated, and 38 articles advanced to the next stage. An additional thorough evaluation was performed by assessing full-text articles for suitability. From these 3 articles deemed irrelevant and lacked full texts that provided the required information. Ultimately, articles were excluded from the reviewed literature because they were not in English, as the researcher was unable to understand articles in other languages. By completing all these stages, ultimately this seminar covered 35 reviewed literatures. Accordingly, all the included articles for this review purpose were related to the title and published from 2020 to 2026 G. C. and written in English.



Source: Researchers sketch (2026).

Figure 2. *PRISMA flow diagram.*

4.1. Distribution of Research Approaches

Various conceptual articles, systematic literature reviews, quantitative research, and qualitative research method analyzes are among the articles chosen for this systematic review. Comparing the results across various sectors becomes difficult due to this diversity of research. The chosen papers for review include systematic literature reviews (12), qualitative empirical studies (11), and quantitative studies (12), as shown in Figure 1.

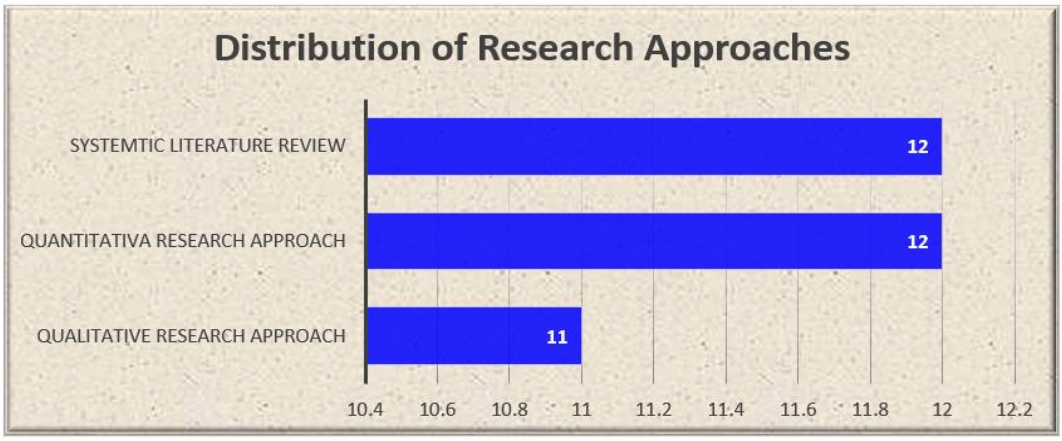


Figure 3: *Distribution of Research Approach.*

4.2. Distribution by Years of Publications

As indicated in Figure 2 below, among the selected papers, 11 articles were published from 2020-2024 and 20 were published, between 2024 – 2025 where the left 4 were in 2026th which shows majority of the papers included in this systematic review were currently published.

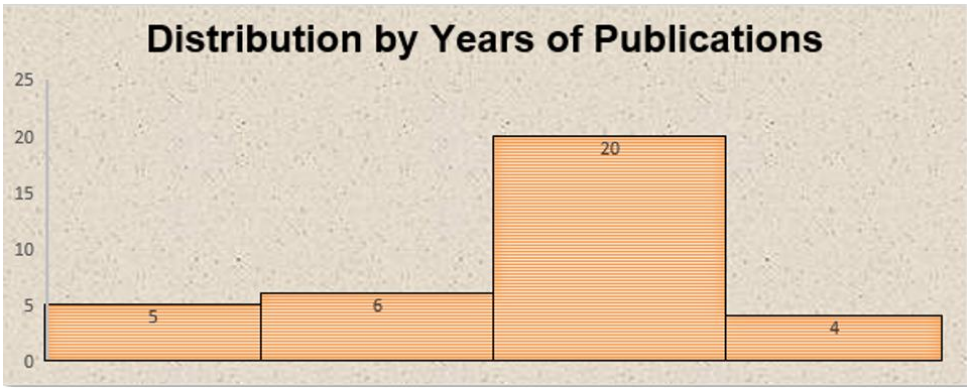


Figure 4. *Distribution by Years of Publications.*

4.3. Theoretical Perspectives of the Reviewed Articles

Examining sustainability and integrating environmental, social, and governance factors into global strategy is made possible by several theoretical stances. When sustainability-related skills, green technology, ESG knowledge, and ethical business practices are valuable, uncommon, hard to replicate, and well-organized, the Resource-Based View views them as possible sources of competitive advantage [28]. [26] expands on this viewpoint by highlighting the strategic significance of businesses' interactions with the environment through sustainable development, product stewardship, and pollution control. While the Stakeholder Salience Model suggests that stakeholder priorities can be evaluated based on their power, legitimacy, and urgency, Stakeholder Theory explains how multinational corporations respond to the expectations of investors, employees, governments, suppliers, customers, and communities [25, 38]. The difficulty of preserving global consistency

while adapting to local contexts is highlighted by institutional theory, which also explains how MNEs modify their ESG strategies to various regulatory constraints, societal norms, and institutional influences across nations [32]. In addition to offering a viewpoint for analyzing differences between stated intentions and actual practices, legitimacy theory contends that sustainability initiatives and ESG disclosures can assist firms in preserving stakeholder confidence and societal approval [49]. Lastly, Agency Theory emphasizes the role of governance mechanisms in coordinating managerial choices with organizational interests by highlighting potential conflicts between managers and shareholders regarding sustainability investments, executive incentives, transparency, and accountability [29].

The relationship between sustainability, ESG integration, and global strategy is explained by a number of analytical frameworks in addition to these theoretical viewpoints. According to [13], the Global Integration–Local Responsiveness Framework describes how multinational enterprises (MNEs) strike a compromise between uniform corporate sustainability strategies and local environmental rules, social expectations, and institutional requirements across worldwide marketplaces. The ESG Framework supports sustainability-related strategy choices in areas including foreign market entry, investment, and global supply chain management by offering a useful foundation for assessing corporate performance across environmental, social, and governance dimensions. The Triple Bottom Line Framework extends organizational evaluation beyond financial success alone by highlighting the connection of social well-being, environmental responsibility, and economic prosperity [16]. In addition to these strategies, the Dynamic Capabilities Framework describes how businesses create and reorganize organizational resources in response to shifting market conditions, technology advancements, and demands connected to sustainability [52]. When taken as a whole, these theories and frameworks provide complementary viewpoints for examining how MNEs build sustainability capabilities, address institutional and stakeholder expectations, uphold legitimacy, improve governance, and modify ESG practices in a variety of global contexts.

4.4. ESG Integration and Strategic Competitiveness

Organizations that adopt sustainability-oriented strategies are frequently associated with improved risk management, stronger stakeholder relationships, increased operational efficiency, and greater adaptation to social and environmental changes, according to the researcher's review. Additionally, businesses that prioritize sustainability may benefit from investor confidence, customer loyalty, employee involvement, and brand value [53]. These results imply that when sustainability factors are integrated into organizational capacities and decision-making rather than being viewed as stand-alone initiatives, ESG can support strategic competitiveness.

However, from the perspective of global strategy, the competitive effects of ESG are not always evident. The ability to transform sustainability practices into strategic value is influenced by a number of factors, including organizational capabilities, market conditions, institutional limitations, stakeholder expectations, and the extent to which ESG is connected to the company's core value proposition [24]. Therefore, rather than viewing ESG as a stand-alone predictor of performance, the literature advocates viewing it as part of a bigger strategic framework that encompasses resources, capabilities, governance, innovation, and stakeholder linkages.

4.5. ESG and Strategic Decision-Making in Global Markets

The results also show that multinational firms' strategy choices are becoming more and more influenced by sustainability and ESG. As companies expand internationally and form global alliances, organizations are increasingly taking sustainability criteria, social responsibilities, governance standards, environmental concerns, and ethical requirements into account when making strategic decisions. As a result, a more thorough stakeholder-oriented framework that takes into account ethical and environmental obligations in addition to economic goals is increasingly influencing global strategy [40].

This development creates a significant contradiction between local responsiveness and global integration [54]. Multinational firms may seek uniform global ESG standards to preserve organizational coherence, reporting consistency, and corporate reputation, while local subsidiaries may need to adapt their practices to accommodate various laws, cultural expectations, institutional capacities, and stakeholder priorities. According to the research, strategic consistency and contextual flexibility are more important for an effective global ESG strategy than a strictly uniform approach.

4.6. Governance, Leadership, and Stakeholder Engagement

Another important finding is the strategic significance of governance structures in the application of ESG. Strong governance procedures characterized by accountability, transparency, moral leadership, stakeholder involvement, and effective board monitoring often enable the implementation of sustainability. Organizations are better equipped to manage reputational risks, maintain legitimacy, increase responsibility, and deal with unpredictability when they have stronger governance processes [20].

Because ESG promises may remain symbolic in the absence of support from decision-making structures, incentives, monitoring methods, and leadership practices, the governance factor is equally crucial [7]. Therefore, ethical leadership and stakeholder involvement can establish a connection between official sustainability pledges and operational practices. From

the perspectives of Agency Theory, Stewardship Theory, Stakeholder Theory, and Legitimacy Theory, governance helps explain the organizational conditions that provide credibility to ESG commitments and the motivations behind ESG adoption.

4.7. Sustainability-Oriented Innovation and Strategic Transformation

The evaluation emphasizes how important innovation with a sustainability focus is becoming to international strategy. Through resource efficiency, operational improvements, innovation, and market positioning, companies implementing green technology, renewable energy systems, circular economy models, sustainable supply-chain practices, and environmentally conscious industrial systems may gain strategic advantages [14]. Therefore, sustainability-oriented innovation can function as both a strategic transformation instrument and an environmental response.

This result is consistent with the Resource-Based View because sustainability skills can become strategic resources when they are incorporated into organizational routines, knowledge, technology, and relationships. However, how much innovation creates a competitive advantage depends on whether the capability is beneficial in the relevant market and whether the company can profit from it. Therefore, sustainability innovation should be assessed in the context of the organization's broader strategic architecture rather than being assumed to offer an inherent advantage.

4.8. Sustainable Global Supply Chains

Another crucial aspect of ESG in global strategy is supply-chain sustainability. Sustainability issues in supplier networks can have an impact on a company's reputation, operational continuity, stakeholder trust, and organizational effectiveness because multinational firms operate across vast global value chains [56]. Businesses are being held more and more responsible by investors, regulators, consumers, and civil society for their supply chains' environmental and social practices in addition to their direct operations.

Strategically, this means that organizational and regulatory barriers to ESG accountability are increasingly being addressed through mandatory sustainability due diligence requirements, stakeholder expectations, and responsible business conduct standards. Therefore, companies need to embed sustainability-related risks across global value chains, from labor conditions and environmental impact to traceability, supplier compliance, monitoring systems, and responsible sourcing. These developments emphasize the importance of global strategy approaches that integrate supplier management, procurement, production, logistics, and market-facing operations with ESG considerations. For multinational enterprises (MNEs), embedding risk-based due diligence into value-chain management can help identify adverse impacts, strengthen supply-chain transparency, and improve compliance with evolving regulatory requirements across jurisdictions [4].

However, the argument that organizational obstacles to ESG responsibility are simply diminishing requires qualification. Although regulatory frameworks and stakeholder expectations are strengthening, implementation gaps remain, particularly in supplier-risk assessment, traceability, and the monitoring of environmental and social impacts across multiple supply-chain tiers [4].

4.9. ESG, Resilience, and Risk Management

According to the findings, ESG-focused organizations will be better prepared to deal with economic downturns, regulatory changes, environmental shocks, and geopolitical uncertainty. Sustainability methods can help organizations improve their adaptation, risk awareness, resilience, and long-term survival in unpredictable environments. While ESG performance may improve organizational resilience through better resource allocation and adaptive capabilities, research on multinational corporations suggests that green supply chain management practices can aid in the recovery from disruptions [35].

4.10. ESG Standards, Measurement, and Reporting Challenges

Despite the apparent benefits of ESG, the research reveals important implementation challenges. A significant issue is the disparity in ESG standards, measurement methods, indicators, and reporting systems between companies and countries. Differences in institutional structures, reporting practices, cultural values, and legal frameworks reduce the comparability and, in some cases, the transparency of sustainability information [9, 32].

These measurement disparities pose a substantial methodological problem for the ESG literature. Measurement issues, rather than innately contradicting correlations, could explain the variations in outcomes reported among studies utilizing different ESG definitions, indicators, and grading systems. [5] demonstrate that ESG rating divergence is caused by differences in measurement, scope, and weighting, with measurement variances accounting for 56% of the variance in their study. These findings emphasize the need for future comparison studies to enhance conceptual clarity, employ transparent and consistent operational definitions, and thoroughly assess measurement equivalence in order to improve the reliability, validity, and comparability of empirical data.

4.11. Greenwashing and Credibility of ESG Commitments

Greenwashing and knowledge irregularity are still major concerns, and some businesses may exaggerate their sustainability achievements or simply provide positive ESG statistics

without implementing the required environmental or social reforms. Such acts have the potential to undermine stakeholder trust and the validity of sustainability initiatives [36].

According to the Legitimacy Theory, companies might use ESG disclosure as a way to gain social acceptance. However, the legitimacy signal may be challenged if disclosure is not linked to significant organizational change. This makes it crucial to distinguish between ESG as organizational practice and ESG as disclosure. As a result, global strategists must take into account how reported commitments, governance structures, operational choices, resource distribution, and quantifiable results align.

4.12. Contextual Differences between Developed and Developing Economies

The results also show that different institutional and geographic contexts have different sustainability and ESG outcomes. Developing economies frequently struggle with a lack of funding, inadequate infrastructure, shoddy governance, institutional limitations, and uneven enforcement of regulations. Therefore, without adaptation to local institutional and economic circumstances, sustainability measures that seem viable in rich economies could not be readily transferable to developing-country contexts [27].

Due to the fact that a large portion of the literature is still found in Europe, North America, and China, while African nations and other developing regions are still somewhat underrepresented, this contextual variance is especially significant. Therefore, research on global strategy must differentiate between the universal aspects of ESG and the context-specific methods by which ESG is applied and has an impact on organizations.

4.13. Mixed Evidence and Framework Dependence

Although many studies report positive relationships between sustainability, ESG, and organizational performance, empirical findings remain mixed and context-dependent. Some researchers argue that sustainability investments generate long-term strategic and financial benefits, whereas others identify implementation costs, short-term profitability pressures, and strategic complexity. These differences may be associated with research design, industry conditions, organizational size, institutional context, time horizon, and ESG measurement approaches [41].

As a result, the right view is that ESG does not necessarily boost or reduce organizational performance. Rather, the evidence indicates that outcomes are determined by how ESG is defined, measured, implemented, regulated, and linked to organizational strategy. This finding emphasizes the case for further longitudinal, comparative, multi-level, and mixed-methods research to investigate the mechanisms and boundary conditions influencing ESG outcomes.

4.14. Research Gaps and Future Research Agenda

The review identifies several important research gaps. First, despite substantial work from China, the body of existing literature is disproportionately concentrated in wealthy economies like Europe and North America, leaving Africa and many rising regions underrepresented. Second, comparable cross-national and longitudinal studies examining long-term ESG effects remain scarce. Third, employee perspectives, organizational culture, leadership conduct, and other organizational and behavioral aspects are still in their infancy when compared to firm-level ESG and financial-performance research.

The shortcomings highlight the need for a more structured research approach. Future research can connect each gap to a suitable theoretical perspective, research strategy, and data source. For example, research on ESG adoption in different regulatory contexts may benefit from the application of institutional theory; research on ESG disclosure and greenwashing may be supported by legitimacy theory; research on sustainability capabilities and competitive advantage may be guided by RBV; research on stakeholder engagement may be supported by stakeholder theory; and research on ethical leadership and long-term sustainability orientation may be informed by stewardship theory.

Future research should employ more longitudinal designs, cross-national comparative studies, mixed methodologies, multi-level analysis, and carefully tested ESG evaluation instruments. These techniques can help distinguish short-term expenses from long-term strategic consequences and shed light on whether ESG-performance correlations are consistent across observed institutional and sector contexts. Given that different institutional conditions may result in theoretically significant variations in ESG adoption and outcomes, Africa and other underrepresented regions should also be given greater attention.

5. Conclusion

Through a survey of scholarly material produced between 2020 and 2026, this systematic review investigated the expanding role of sustainability and Environmental, Social, and Governance (ESG) practices within global strategy. The results show how ESG and sustainability have developed from largely voluntary corporate initiatives into significant strategic priorities related to long-term performance, organizational competitiveness, stakeholder relationships, governance quality, innovation, resilience, and global business sustainability.

According to the review, companies that incorporate sustainability and ESG principles into their strategic management systems often have better operational efficiency, a stronger corporate reputation, more investor confidence, better stakeholder relationships, and stronger long-term organizational capabilities. Additionally, creativity, risk management, resilience, and organizational adaptation may be strengthened by

sustainability-oriented tactics. These correlations should be viewed in light of organizational, institutional, industry and methodological factors because they are not consistent across settings.

The review also found that effective ESG implementation requires strong governance structures, ethical leadership, transparent reporting systems, stakeholder engagement and credible accountability mechanisms. Innovation for sustainability is also becoming a key part of global business transformation such as renewable energy systems, green technologies, circular economy practices and sustainable supply-chain management.

But the review also pointed to major hurdles including inconsistent reporting standards, differing ESG measurement, greenwashing, fragmented regulations, financial constraints, institutional weaknesses and unequal implementation capacity, especially in developing economies [33, 46]. The evidence on ESG and organizational performance is not yet entirely consistent due to the differences in research methodology, measurement, context and time horizon.

The review indicates that ESG and sustainability are essential components of current global strategy. The extent to which businesses move beyond symbolic pledges and incorporate social, environmental, ethical, stakeholder, innovative, and sustainable practices into their strategy and operational decisions determines their strategic relevance.

5.1. Limitations of the Study

Despite the study providing important insights into sustainability and ESG in global strategy, it is important to note some limitations. Secondary evidence in the form of peer-reviewed journal articles published between 2020 and 2026 was the primary source of information for this systematic review. Hence, the conclusions are based on the quality, scope and methodological characteristics of the evaluated studies. The absence of primary empirical data precludes any direct analysis of organizational procedures, managerial experiences and stakeholder viewpoints.

Second, research from established economies, such as Europe, North America and China, dominates the reviewed literature and research from emerging regions, particularly Africa and parts of Latin America, is relatively scarce. As a result, the results could not accurately reflect the contextual realities of developing countries. Third, scholarly papers that were indexed or found using the databases and sources utilized in the study were the main focus of the review. Therefore, it's possible that pertinent information from industry reports, conference proceedings, policy documents, institutional publications, and other types of gray literature was left out.

Fourth, it was difficult to compare results among research due to differences in ESG reporting standards, definitions, indicators, and measurement systems across nations and industries. Variations in claimed correlations between ESG and organizational outcomes may be partially explained by these differences. Lastly, a large number of the assessed studies employed short-term or cross-sectional research approaches. There is also a dearth of longitudinal data on the long-term strategic impacts of ESG integration. Therefore, time-based analysis and causal mechanisms should be given more attention in future research.

5.2. Recommendations

Regarding sustainability and ESG in global strategy, the results of this systematic assessment offer a number of suggestions for businesses, decision-makers, and scholars. Instead of treating sustainability and ESG concepts as distinct corporate social responsibility initiatives, organizations should include them into fundamental strategic management procedures. Organizational vision, mission, strategic planning, resource allocation, performance management, risk management, and decision-making processes should all incorporate sustainability. Organizations can better match sustainability goals with long-term strategic aims with the aid of such integration.

Additionally, ethical leadership, accountability, openness, effective board supervi6sion, stakeholder participation, and reliable monitoring are ways that organizations can improve their governance systems. ESG commitments should be linked to organizational incentives, managerial duties, transparency policies, and operational execution through governance systems.

Investment in sustainability-oriented innovation, such as green technology, renewable energy systems, eco-efficient industrial techniques, circular economy principles, and sustainable supply-chain systems, is also advised by the assessment. In addition to environmental results, these investments should be evaluated in terms of operational effectiveness, risk management, capacity for innovation, and long-term strategic orientation. Through ethical sourcing, supplier monitoring, sustainability standards, traceability, and open reporting, multinational firms could improve sustainability across international supply chains. ESG obligations ought to cover pertinent suppliers and other participants in international value chains in addition to direct operations.

While acknowledging variations in national institutional capabilities, governments and international organizations should strive for greater uniformity in ESG reporting frameworks, measurement methods, and sustainability disclosure requirements at the policy level. Additionally, especially in developing nations, policymakers should improve infrastructure, technical assistance, institutional capacity, environmental regulation, and financial accessibility for sustainability projects. More empirical and comparative studies on sustainability and ESG practices in developing nations, especially in Africa and other underrepresented regions, should be carried out by future scholars. To investigate the long-term impacts of ESG integration on organizational performance, resilience, innova-

tion, and competitiveness, longitudinal research is also required. Researchers need to do more work to understand how institutional settings, leadership, firm culture, employee behavior and stakeholder engagement affect ESG adoption. Finally, future research should focus more on emerging technologies like block chain, artificial intelligence and large-scale data analysis to promote sustainable global strategy. They should consider governance and ethical issues in their deployment and potential contributions to transparency, monitoring, resource efficiency and decision-making.

Abbreviations

ESG	Environmental, Social, and Governance
RBV	Resource-Based View
MNE	Multinational Enterprise
TBL	Triple Bottom Line

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Conflicts of Interest

The authors declare no conflicts of interest.

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