www.americanosp.com/index.php/AJBSP ISSN online: 3064-7568

American Journal of Business Science Philosophy

Understanding Environmental Governance in Emerging Markets: A Multi-Level Theory-Building Review of Institutions, Stakeholders, and Firm Capabilities

Mubanga Lackson Chipimo

School of Postgraduate Studies, University of Lusaka, Zambia. ORCID: 0009-0006-5656-6160. Email: chipimomubanga@gmail.com

Paper type: Review

Received: 5 December 2025
Revised: 23 December 2025
Accepted: 24 December 2025
Published: 1 January 2026

Citation: Chipimo, M. L. (2026). Understanding environmental governance in emerging markets: A multi-level theory-building review of institutions, stakeholders, and firm capabilities. *American Journal of Business Science Philosophy*, *3*(1), 1–20. https://doi.org/10.70122/ajbsp.v3i1.1

Abstract

This theory-building review explores how environmental governance works in emerging markets. It synthesizes findings from twenty-three empirical studies in Asia, Africa, Latin America, and emerging Europe. Using PRISMA guidelines, structured search, the review integrates institutional, stakeholder, legitimacy, and resource-based insights to explain why firms react differently to environmental expectations. The findings highlight that credible regulatory enforcement emerged as the most consistently identified factor shaping substantive environmental practices; when enforcement is limited, firms are more likely to comply symbolically. Stakeholder pressure—exercised by NGOs, media, communities, and global buyers—serves an important complementary function, particularly where the state's capacity is limited. Firm-level capabilities (e.g., board experience, financial slack, and environmental expertise) moderate how organizations interpret and implement governance pressures. Adoption is further strengthened by a cohesive mix of policy instruments. The review proposes an integrated conceptual framework and outlines implications for policymakers, regulators, firms, and global value-chain actors.

Keywords: environmental governance; institutional enforcement; stakeholder accountability; policy instruments; symbolic vs substantive compliance

1. Introduction

Environmental governance is a defining challenge of the twenty-first century. Whereas global aspirations for sustainability are enshrined in planetary frameworks such as the Paris Agreement or the Sustainable Development Goals, putting these plans into practice is less evenly distributed. Put succinctly, developed economies have institutionalized sustainability with the help of regulations, markets, and civil society actors monitoring performance. Conversely, regulatory gaps, deficient enforcement mechanisms, and resource constraints characterize systems of environmental governance in emerging markets. Thus, is foregrounded the considerable question of how institutional and policy drivers matter for corporate sustainability in the setting of emerging markets (Hamilton & Tschopp, 2012; Marquis & Qian, 2014).

Over the past two decades, Environmental, Social and Governance (ESG) reporting has arisen as an unequivocal marker of this unevenness. More than 90 per cent large European and Japanese firms disclose sustainability reports, but in many developing countries disclosure remains limited and where frameworks (e.g. the Global Reporting Initiative – GRI) are being adopted, reporting often seems ceremonial rather than institutionalized – enabling organisations to attain legitimacy rather than transform practices (Wahyuningrum et al., 2025). This raises an acute governance problem: are institutional frameworks enabling meaningful sustainability, or are they enmeshing organisations and others in a web of symbolic compliance? Theoretical debates help unpack this question. Institutional theory provides an explanation for convergence across

contexts, under coercive, normative and mimetic pressures as well as points to potential sub-national contingencies (Khan et al., 2023). Stakeholder theory identifies NGOs, investors, and communities as accountability actors (Ghafran & Yasmin, 2025). Legitimacy theory highlights the use of disclosure strategies which are aimed at addressing expectations without substantive action (Marquis & Qian, 2014; Wahyuningrum et al., 2025). A recent body of work evidences the potential for media attention and leadership expertise to play important roles in nudging firms to greater ESG substance (Jaafar & Amran, 2017; Zheng et al., 2024).

Even though case study evidence is abundant, this evidence is only partially integrated systematically. Furthermore, this evidence spans across a range of disciplines, and attempts to combine individual perspectives into a consistent conceptual framework of understanding when and why symbolic sustainability policies (re)emerge across geographical scales are scarce. This article remedies this gap by undertaking a systematic review of 23 studies published between 2000 and 9 September 2025 and synthesizes case study findings worldwide. This study contributes to mapping dominant institutional and policy drivers, integrates different theoretical perspectives into a coherent conceptual framework and provides insight into governance design strategies to bridge the symbolic–substantive sustainability gap.

1.1. Theoretical Framework

Understanding corporate sustainability in emerging markets require an appreciation of the institutional and policy environments that determine firm behavior. Firms do not operate in a vacuum—they are immersed in networks of formal regulations, informal norms, stakeholder expectations, and global governance pressures. This study outlines the key theoretical lenses that inform this systematic review: Institutional Theory, Stakeholder Theory, Legitimacy Theory, and complementary perspectives through the Resource-Based View (RBV) and Agency/Signaling theories.

1.1.1. Institutional Theory

Institutional theory offers a compelling explanatory lens on why firms in groups or at individual levels converge—or, diverge—in their organizational responses to sustainability pressures. Coercive forces, such as government regulations, financial reconstruction boards, and international 'code of conduct' requirements, 'force' firms to implement sustainability practices, even if enforcement motivations are not equally enforced (Hamilton & Tschopp, 2012; Li et al., 2025). Normative pressures are from 'team' professional associations, non-governmental organisations (NGOs) and responsible social movements and advocacy coalitions (Waddock, 2008). Mimetic pressures originate from similar firms emulating their peers, competitors or the lead firm in order to stay competitive, if not legitimized, especially in 'risky' or uncertain environments (Marquis & Qian, 2014). Recent studies also show the institutional contingencies that influence the governance-sustainability relationship, such as ownership structures, central government-local government relationships and other property rights contexts informing sub-national players (Khan et al., 2023).

1.1.2. Stakeholder Theory

Stakeholder theory draws attention to the relational aspect of governance, explaining that firms' survival requires balancing the demands of multiple constituencies, namely, investors, consumers, employees, communities, and governments. In this vein, NGOs, transnational advocacy group and local communities often serve in inspector roles in contexts of under- developed regulatory scrutiny (Ghafran & Yasmin, 2022). Media attention as an informal stakeholder device creates pressures for firms to be more accountable and creative (Zheng et al., 2024) In domains such as fishery, agriculture, and energy, collaborative stakeholder platforms have played key roles in promoting sustainability practice without strong state regulation (Wahyuningrum et al., 2025).

1.1.3. Legitimacy Theory

Legitimacy theory, complements both institutional and stakeholder perspectives by accounting for firms' motivation to comply with social value and norms. In many emerging economies, firms tend to adopt sustainability disclosure as a strategic driver to ensure their legitimacy (Wahyuningrum et al., 2025) rather than to make substantive transformation. Symbolic reporting, selective disclosure or adoption of standards, and 'greenwashing' are common strategies for placating stakeholders (Marquis & Qian, 2014), which do not necessarily lead to firms' environmental or social improvements. The theory maintains that to gain legitimacy, firms are constantly involved in a process of negotiating their 'social contract' with their stakeholders. When discrepancies arise, for a firm's survival depends on renewing its social contract to earn legitimacy again (Lokuwaduge & Heenetigala, 2017).

Symbolic sustainability practices manifest when firms make public commitments or undertake acts of environmental responsibility while failing to make substantive changes to their operations. Several studies provide evidence of a persistent decoupling of sustainability disclosures and environmental performance (García-Sánchez et al., 2022; Cepêda et al., 2025). The motivation for symbolic reporting is often derived from companies' legitimacy-seeking behavior, especially within the context of emerging markets that tend to have fewer availability of external verification and weak regulatory oversight. External assurance, using high-quality reporting guidelines, stakeholder engagement and governance factors, such as sustainability committees, have been shown to significantly reduce a firm's likelihood of symbolic compliance by enhancing both the firm's transparency and reducing information asymmetry across firms (Palea et al., 2025; Velte, 2025). These findings support legitimacy theory's claim that companies may opportunistically embrace the language of sustainability unless credible monitoring systems are in place to verify a firm's substantive actions.

1.1.4. Resource-Based View (RBV) and Dynamic Capabilities

The resource-based view complements governance theories by articulating how internal resources and leadership within the firm influence sustainability outcomes. Organisations endowed with resources such as financial capacity, board level knowledge, and green finance have the capacity to transcend compliance to engage in substantive sustainability practices (Jaafar & Amran, 2017; Li et al., 2025). Dynamic capabilities, namely the capacity to internalize stakeholder responses, innovate, interpret and adapt to regulatory changes, determine whether firms are able to convert external pressures into longer term performance advantages (Arranz et al., 2020; Passaro et al., 2023).

1.1.5. Agency and Signaling Theories

Agency and signaling theories address the widespread information asymmetries in emerging markets. In contexts where capital is scarce, managers may strategically use ESG disclosure to signal responsible behavior to investors and regulators (Hamilton & Tschopp, 2012). Signaling socially responsible behavior may also allow emerging market firms to address weak monitoring and social trust through self-regulation, resulting in incentives for symbolic rather than substantive reporting (Marquis & Qian, 2014). Consistent with signaling-based motives for ESG disclosure, signaling theory lends insights into the proclivity of businesses to adopt international reporting standards and undertake international assurance, despite impaired enforcement environments in some emerging markets, as a means of attracting foreign investment and signaling congruence between their behavior and global expectations (Del Gesso & Lodhi, 2025).

1.1.6. Integrative Perspective

Taken together, these theoretical explanations suggest that corporate sustainability in emerging markets is not the outcome of one single driver, but rather the result of complex interactions between institutional, stakeholder and firm dynamics. Policies and governance interventions lead to coercive drivers, stakeholders and the media generate normative and informal drivers, and firms' internal resources shape their capacity to respond substantively. Therefore, this review takes a theory-building approach by integrating these

perspectives into a framework for understanding how institutional and policy drivers shape sustainability outcomes in emerging market contexts.

2. Methods

2.1. Research Design

This study follows the PRISMA 2020 guidelines for supporting transparent reporting, coupled with widely established approaches to qualitative evidence synthesis in management and sustainability research (Tranfield et al., 2003; Snyder, 2019). Since the aim of the study was to derive conceptual insights, as opposed to aggregating effect sizes, a qualitative, narrative, and theory-building synthesis was particularly appropriate. The review therefore combines elements of thematic synthesis, meta-narrative review, and inductive concept development. This design is especially appropriate for fields, such as environmental governance in emerging markets, where evidence is heterogeneous and originates in different theoretical traditions.

Given the applied realities of conducting research within a reality of limited subscription access to proprietary databases, the review primarily relied on Google Scholar, which for all its flaws remains the most accessible and expansive open-access search engine for interdisciplinary academic literature (Haddaway et al., 2015). To enhance the robustness of the search process, the review was backstopped by forward citation chasing, backward reference screening, and hand searches of journals known to publish on environmental governance and institutional theory.

2.2. Protocol and Registration

This systematic review was conducted in accordance with PRISMA guidelines (Page et al., 2021). The review protocol was not registered in any public database because this review was designed as an independent synthesis of key and frequently cited published evidence in the field of environmental governance.

2.3. Search Strategy

A structured search was conducted using three conceptual domains: (1) environmental or sustainability governance, (2) institutional or policy drivers, and (3) emerging-market contexts. Keywords were combined into a Boolean search string that included terms such as “environmental governance,” “sustainability governance,” “institutional pressures,” “policy instruments,” “regulatory enforcement,” and “emerging markets.” Google Scholar results are ranked algorithmically rather than exhaustively indexed; therefore, in line with guidance for resource-constrained reviews, the first 300 records returned by relevance were screened. All searches were conducted between 2000 and 9 September 2025. To minimize the risk of missing relevant studies, the Google Scholar search was complemented by citation chaining. Forward citation chasing was performed using the “Cited by” function, and backward screening involved systematically reviewing the reference lists of all included studies. This added an additional layer of comprehensiveness to the review process.

2.4. Inclusion and Exclusion Criteria

Specific criteria guided the inclusion and exclusion of studies to ensure that only the most relevant and high-quality studies were retained, based on a set of criteria. Studies were included in the review if they were in the form of peer-reviewed journal articles, book chapters, or graduate theses written in English and explicitly dealt with institutional or policy drivers of corporate sustainability, environmental governance or ESG disclosure as a key focus of analysis. This review was undertaken with a particular emphasis on research focused on emerging markets and developing countries, although relevant comparative studies with a global relevance were also included. Only studies published from 2000 onwards were included. This was intended to account for contemporary institutional and policy dynamics. Studies were excluded from the sample if they were purely conceptual without substantive engagement with institutional or policy dimensions, if they were written in languages other than English, or if they comprised grey literature such as unpublished working

papers or conference abstracts. Studies that were identified to focus exclusively on developed economies without much insight that could be transferred to emerging markets were also excluded. These considerations meant that the final dataset was both specific and relevant to the study's purposes.

2.5. Screening Process

The screening process was conducted in three stages: title-screening, abstract-screening and full-text screening. Since this is a single-author review, all screening was conducted independently by the author. To bolster procedural reliability, screening criteria were pre-specified, piloted on a small batch of records and subsequently applied consistently throughout. Full-text review cases that appeared ambiguous were resolved using consensus validation, where inclusion criteria were rechecked and the author referred back to the original study context to ensure correct classification. The PRISMA diagram provided in this section illustrates the flow of records from identification to final inclusion. The 93 records identified through the search were subject to title and abstract screening. At this stage, 45 studies were excluded as not directly engaging with environmental governance or institutional drivers, leaving 48 for full-text review. At this stage, 25 further studies were excluded as they did not include a focus on policy or institutions, leaving a final 23 studies for synthesis (see Figure 1). This is fully consistent with PRISMA principles and demonstrates the systematic narrowing of the literature to a far more conceptually manageable corpus.

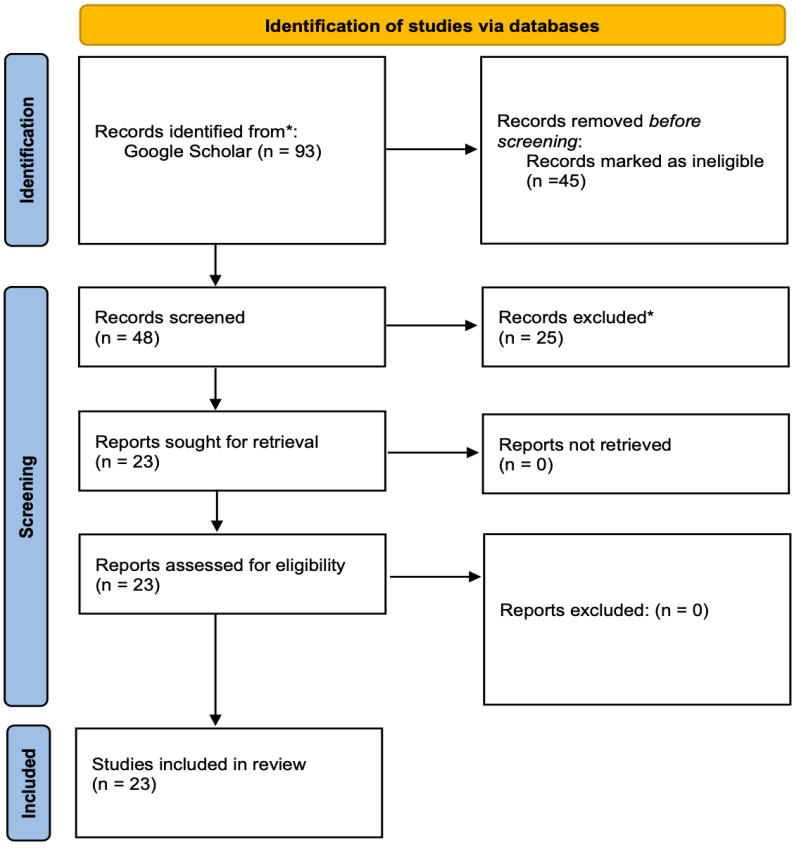

Figure 1. PRISMA diagram.

2.6. Data Extraction and Synthesis

The data extraction followed a systematic logic. For each eligible study, we recorded on a pre-designed data extraction form the country and sector covered; theoretical framework, if any; research design; governance mechanism(s) considered; institutional (or other) stakeholder drivers; and reported effects and/or boundary conditions. Data extraction was conducted by the author using a pre-designed extraction form. To enhance consistency, criteria were piloted on a small subset of studies before full extraction.

A structured protocol was also prepared to extract the following data items from the included studies: author and year of publication, region or country of interest, sector of interest, institutional or policy drivers of

interest, framework(s) applied, and main corporate sustainability results of interest. These data items formed the descriptive basis to map included literature. The synthesis then proceeded in two steps: descriptive analysis was first conducted to display the spread of studies across regions, sectors and theoretical lenses, which was followed by thematic integration intended to extract recurrent governance drivers and institutional pressures. The analysis highlighted how coercive, normative and mimetic pressures have been exerted in various contexts, how policy instruments including regulations, financial reforms and certification schemes work to influence business conduct, and how stakeholders such as non-governmental organisations (NGOs), media and communities helped to shape firms' responses. By bringing these insights together, the review has constructed an integrated understanding of how environmental governance processes unfold in emerging market contexts.

2.7. Synthesis Approach

The synthesis of this study was based on inductive reasoning, using a Gioia-inspired coding structure. First-order codes stemmed from the primary studies, preserving their original language. These were transformed into second-order themes on coercive enforcement, fulfilling accountability to stakeholders, constraints arising from capability, and design of policy instruments. Building on them, we developed aggregate dimensions that informed the conceptual framework and theoretical propositions. In the stepwise approach, the study ensured a transparent progression of raw evidence to higher-order insight.

2.8. Addressing Bias and Limitations in the Review Process

A series of selection decisions were made to mitigate search-related bias. Since Google Scholar is not a curated database, forward and backward citation searches of key studies were conducted, thus reducing the chance of missing relevant studies due to Google Scholars ranking algorithms. Its use was also supplemented by manual searches of key journals. Although it must be acknowledged that the scope of database access is a limiting factor, the systematic search, dual screening, citation tracking, and structured synthesis provide a credible and transparent basis for the conceptual contributions developed in this review.

2.9. Quality Appraisal

Although an MMAT-based appraisal was conducted for all included studies, detailed tabular scores are not reproduced to avoid the spurious force of over-precision in cases where it was not possible to independently verify appraisal criteria. Rather, quality assessment is reported narratively and used to inform interpretation of findings.

3. Results

3.1. Overview of Included Studies

Twenty-three empirical studies were included in the qualitative/thematic synthesis. These addressed the question of how, why, and for whom capability-conducive policies and initiatives have worked, in contexts as varied as Asia, Africa, Latin America and emerging Europe. The most frequently represented contexts were China, India, Brazil and South Africa. The sample included qualitative case studies, cross-sectional quantitative analysis and mixed-methods designs. The MMAT-informed narrative appraisal indicated that the studies were, overall, of strong methodological rigor, although several studies lacked transparency around their analytical procedures, and mixed methods studies often failed to integrate qualitative and quantitative components in a transparent or systematic way. We judged that the heterogeneity of methods, and of contexts and populations, again supported the case for a thematic, theory-building synthesis rather than a statistical meta-analysis.

The papers span journals on environmental management, accounting, sustainability, business ethics and development policy, reflecting the cross-cutting nature of environmental governance. Key words that appeared across studies include "institutional drivers", "policy instruments", "ESG disclosure",

"sustainability reporting", "stakeholder pressure", "green investment", "media attention" and "legitimacy". These keywords encapsulate the disciplinary focus and value of the wide-ranging literature on both formal aspects of governance and informal institutional dynamics.

3.2. Regional Distribution

The regional analysis indicates that the development of this literature strand has been uneven (see Table 2). China leads this dataset and respective studies investigate ESG disclosure, media attention, sub-national institutional contingencies, and green investment (Marquis & Qian, 2014; Zheng et al., 2024; Khan et al., 2023). Indonesia provides evidence on water disclosure in agriculture, illustrating symbolic compliance and low disclosure levels (Wahyuningrum et al., 2025). South Asian perspectives can be found for Pakistan and India. These focus on coercive and normative institutional forces on manufacturers and SMEs, prompting the adoption of green supply chain initiatives (Ahmed et al., 2020; Baburajan, 2023). In Africa, the cases in Nigeria and South Africa demonstrates how sustainability practices are shaped by framework conditions of weak institutions, leaving a lead role for clients or international partners as day-to-day drivers (Dania, 2016; Kapfudzaruwa, 2013). Latin America demonstrated the interaction between state regulation, voluntary certification, and NGO activism (Hamilton & Tschopp, 2012).

Table 1. Overview of included studies (2000–2025).

Author(s)	Year	Country/Region	Governance/Policy Driver	Key Findings
Waddock	2008	Global	Institutional infrastructures (GRI, PRI, assurance)	Global frameworks create normative pressures for transparency and responsibility.
Hamilton & Tschopp	2012	Latin America (Brazil, Mexico, others)	CR reporting diffusion, institutional environments	Advocacy and institutional support explain Brazil's lead in sustainability reporting; diffusion visible across Americas.
Kapfudzaruwa	2013	South Africa/Kenya	National climate governance	Firms categorized as laggards, emergent planners, efficiency drivers, or visionaries.
Marquis & Qian	2014	China	Government signaling, CSR reporting	CSR reporting shaped by political dependence; often symbolic rather than substantive.
Dania	2016	Nigeria	Sustainable construction governance	Weak institutional frameworks; clients are the main sustainability drivers.
Jaafar & Amran	2017	Malaysia	Board expertise, leadership	Boards with environmental expertise foster positive deviance in environmental reporting.
Buhmann	2015	Global	CSR reporting laws, stakeholder accountability	Legal methods shape CSR and governance logics in sustainability reporting.
Ahmed *et al*.	2019	Pakistan	Institutional pressures, GSCM adoption	Internal practices improved environmental but not economic performance.
Zhang *et al.*	2019	China	CSR governance, Confucian values	Governance gaps and traditions influence CSR adoption and Belt & Road practices.
Ghafran & Yasmin	2025	Developing country case	NGO–corporate accountability	NGOs shape accountability logics in contexts of weak state regulation.
Tashman *et al.*	2022	Global	Voluntary Environmental Programs	Program stringency determines firm participation and outcomes.
Baburajan	2023	India	SME sourcing practices	Institutional pressures improve SSCM adoption among small firms.
Ngo	2023	Vietnam	Institutional pressures on SMEs	Environmental performance improved indirectly through management practices.
Passaro *et al.*	2015	Global / Multiregional	Regulatory frameworks; market pressures; firm capabilities	Eco-innovation adoption in SMEs is driven by regulatory push, competitive pressure, technology availability, and internal dynamic capabilities supporting sustainable transitions.
Khoshnava *et al*.	2019	Global / Asia	SDG-aligned environmental governance; green-economy frameworks	Policy coherence between green-economy principles and SDG targets improves sustainability performance; institutional alignment is essential for implementation.
Lopes & Oliveira	2023	Portugal	Green economy, SDGs	Policy changes affect renewable energy sector adoption more than construction.
Khan *et al.*	2023	China	Sub-national institutions, SOEs	SOEs and developed regions show stronger green investment–performance links.
Li *et al.*	2025	China	Financial liberalisation, ESG performance	Liberalisation enhanced ESG via disclosure and reduced managerial myopia.
Zheng *et al.*	2024	China	Media attention, informal institutions	Positive media coverage boosts ESG performance through green innovation.

Author(s)	Year	Country/Region	Governance/Policy Driver	Key Findings
Wahyuningrum *et al.*	2025	Indonesia	Water disclosure, GRI reporting	Low levels of disclosure; reporting symbolic rather than substantive.
Kashi *et al.*	2024	Islamic finance hubs	Institutional governance frameworks	Strong institutional environments improve sustainability performance.
Sellin	2024	Global supply chains	Decarbonization pressures	MNC monitoring and disclosure push suppliers toward compliance.
Martin	2025	Seafood supply chains	Multi-stakeholder governance, certification	Collaboration and certification drive sustainability but face enforcement gaps.

3.3. First-Order Findings and Descriptive Patterns

Across the studies, several recurring concepts appeared consistently in the raw data: "weak enforcement," "symbolic compliance," "regulatory gaps," "stakeholder pressure," "supply-chain accountability," "firm capabilities," "policy ambiguity," and "resource constraints." These expressions formed the first-order codes that fed into the inductive analysis. A core descriptive pattern emerging from these codes is the coexistence of formal pressures (e.g., regulatory mandates, enforcement agencies) and informal pressures (e.g., community activism, media scrutiny), often operating with uneven intensity across regions and sectors. Another descriptive pattern involved firms' varied internal capacities, which mediated their responses to institutional demands.

3.4. Second-Order Themes

Through inductive clustering, the first-order codes were grouped into four major second-order themes that characterize environmental governance in emerging markets:

3.4.1. Institutional Pressures and Contingencies

Studies consistently showed that firms' environmental behaviours are conditioned by the credibility, consistency, and visibility of enforcement institutions. Firms are more likely to undertake substantive environmental practices in high-capacity regulatory contexts with clear sanctions and political autonomy, whereas symbolic compliance and opportunistic reporting emerges when regulatory agencies lack resources or political independence. Several high-scoring studies (MMAT "High") found that poorly coordinated or unpredictable enforcement undermines even well-designed policies.

Institutional theory is a key explanatory angle across the studies. Coercive pressures, for example environmental regulation, financial reforms, and mandatory disclosure laws, were found to shape firm behaviour (Li et al., 2025; Hamilton & Tschopp, 2012); normative pressures were observed in the form of professional guidelines, sustainability codes, and NGO expectations (Waddock, 2008); and mimetic pressures include peer imitation in uncertain environments (Marquis & Qian, 2014). Importantly, institutional contingencies at the sub-national level were found to mediate outcomes, such that state-owned enterprises and firms in developed regions showed greater commitment to green investment than firms in weaker regions (Khan et al., 2023).

3.3.2. Policy Instruments and Governance Tools

One common theme across the evidence is the influence of the design, combination and clarity of policy instruments. Countries that combined command-and-control, market-based incentive, and information-based instruments tended to see more balanced and sustained environmental responses. However, some included studies observed that 'policy ambiguity'—especially where environmental regulations conflict with industrial or investment policies—created uncertainty and encouraged firms to opt for low-cost symbolic, as opposed to substantive, responses. The effectiveness of policy instruments was strongly moderated by the strength of institutional enforcement.

Multiple studies highlighted the importance of policy instruments on influencing the sustainability outcomes. Financial liberalisation can improve ESG performance through improving transparency and reducing

managerial myopia (Li et al., 2025). Certification schemes played a significant role in signaling accountability in the biofuel and seafood sectors but was disincentivised by the weak enforcement of regulations (Martin, 2025). In the agriculture sector, water governance regulations were not sufficient to motivate firms to fully disclose information with most firms disclosed fewer than half of the relevant indicators (Wahyuningrum et al., 2025).

3.3.3. Stakeholder and Informal Institutional Drivers

Outside of government regulators, a broader range of external stakeholders—local communities, NGOs, industry associations, buyers in global value chains, environmental activists—also put pressure on firms. The evidence illustrated that stakeholder accountability varies significantly in different regions. While the Asian and Latin American studies highlighted the growing role of the media and civil society organisations in holding firms to account, the African cases emphasised community-level pressure and donor-driven accountability.

Stakeholder enforcement can be an important source of pressure on firms, particularly in weaker regulatory contexts, providing a "second governance mechanism". In terms of informal reactions, informal institutions and stakeholders proved equally significant. Media reinforced corporations' environmental, social, and governance (ESG) performance due to their informal accountability role. They had the ability to contribute publicity, and firms paid considerable attention to their opinions. In particular, media coverage acted as positive reinforcement on corporate ESG performances when media coverage was positive and sustained over time. In contrast, corporations refused to respond to reputational pressures elicited by negative media coverage at least in the short term (Zheng et al., 2024).

In emerging markets, NGOs, community collectives and media actors increasingly act as complementary governance mechanisms that influence corporate environmental behaviour. In contexts where regulatory enforcement is uneven, stakeholder scrutiny can increase transparency and induce firms to adopt more substantive environmental practices (Ghafran & Yasmin, 2025). Conversely, sustainability-oriented governance mechanisms such as stakeholder engagement platforms and independent assurance increase firms' receptivity to external pressure and promote greater alignment between performance and communication (Palea et al., 2025). This reinforces the importance of civil society and non-state actors in bolstering environmental governance, especially in institutional environments characterised by fragmented oversight. It's not as if media and NGO accountability actors took the place of accountability. They were additions to other accountability actors. Local communities, through normative pressure, were further informal accountability actors. This was more common in industries that used a lot of resources such as mining or energy (Kapfudzaruwa, 2013).

3.3.4. Firm-Level Moderators: Leadership and Resources

A prevailing finding across the reviewed studies is that organizational capabilities especially absorptive capacity, financial slack, human-capital depth, and environmental management knowledge play a prominent role in shaping firm response to institutional pressures. In contrast to their resource-constrained counterparts (especially SMEs) typically comply symbolically due to high cost and knowledge barrier to environmental activities, firms that possess strong internal capabilities are more likely to view the institutional demand as a strategic opportunity and have more substantive environmental practices in place. Several studies also stressed the role of managerial interpretation in organizations response to institutional pressure, whereby the way leaders interpret institutional pressures would affect whether it is perceived as an environmental governance burden or a strategic competitive advantage.

While institutions and policies provide the enabling environment, firm-level factors determine whether the response is substantive or symbolic. Leadership expertise, notably the presence of environmental specialists in corporate boards, was associated with positive deviance in reporting practice (Jaafar & Amran, 2017). Access to resources, both financial and green technologies, also explains the differences between firms that go beyond compliance by engaging in more proactive sustainability practices and those that are less proactive (Passaro

et al., 2023). Resource-constrained firms tend to engage in factual or non-disclosure practices that are minimalist and motivated primarily by legitimation rather than accountability concerns.

3.4. Aggregate Dimensions

From these themes, three aggregate dimensions are developed: (a) institutional enforcement strength, (b) stakeholder accountability pressure, and (c) capability-based moderation. Institutional enforcement strength, stakeholder accountability pressure, and dynamic environmental capability together account for how firms' environmental behaviours are influenced by the intersections of regulatory capacity (Marquis & Qian, 2014), stakeholder scrutiny (Ghafran & Yasmin, 2025), and internal capabilities (Rashid et al., 2015; Passaro et al., 2023). These dimensions combined make up the conceptualisation of integrated environmental governance, and form the basis of the development of the framework in the next section.

3.5. Cross-Contextual Variation

There was significant regional variation. Asian contexts, especially China and Malaysia, showed more organized regulatory landscapes, albeit with inconsistent sub-national enforcement (Khan et al., 2023). African studies (Dania, 2016; Kapfudzaruwa, 2013) highlighted institutional fragmentation and reliance on informal governance actors. Evidence from Portugal (Lopes & Oliveira, 2023) showed political instability and inconsistent commitments to sustainability. There were also variations across different sectors: extractive sectors experienced strong community pressure (Kapfudzaruwa, 2013), while agriculture and SMEs showed more symbolic behaviours due to less enforcement (Wahyuningrum et al., 2025; Baburajan, 2023). These differences highlight the importance of contextualised governance strategies.

3.6. Contradictions and Inconsistencies in the Evidence

The evidence base brought to light a number of tensions. Disclosure laws improved environmental outcomes in some contexts (Li et al., 2025) but not others, where verification mechanisms were weak (Wahyuningrum et al., 2025). In some examples, stakeholder pressure substituted for weak regulation (Ghafran & Yasmin, 2022); yet stakeholder pressure had little traction in other politically constrained environments. We found instances of firms undertaking substantive environmental practices even in weak institutions, due to pressures from global supply chain requirements (Sellin, 2024; Martin, 2025) or due to the internal commitment of the firms' leadership (Jaafar & Amran, 2017). Such tensions highlighted that environmental governance outcomes were highly context dependent on local institutional conditions and firm level differences.

4. Conceptual Framework

4.1. Overview of the Integrative Framework

Findings from this review converge into a conceptual framework demonstrating how environmental governance in emerging markets is shaped through the institutional enforcement strength, stakeholder accountability pressure, and firm internal capabilities (see Figure 2). This framework situates environmental governance as a product of the interactions of formal institutions with regulations (institutional theory) (Marquis & Qian, 2014) and informal institutions with stakeholders (stakeholder theory) (Ghafran & Yasmin, 2022) interactions that seek to reinforce legitimacy (legitimacy theory) (Dania, 2016), whilst also drawing attention to the important role of firm-level environmental management capabilities (resource-based view) (Jaafar & Amran, 2017). Articulating these theoretical lenses demonstrate how environmental outcomes are not determined by an institution or firm having an environmental rules or policies but through the extent to which institutions enforce, stakeholders demand accountability, and firms possess the capabilities to respond substantively.

4.2. Institutional Enforcement Strength as the Primary Governance Driver

The first pillar of the framework is institutional enforcement strength, which refers to the credibility, capacity, and consistency of state regulatory authorities. The evidence shows that weak regulatory enforcement frequently results in symbolic compliance, as demonstrated in China (Marquis & Qian, 2014), Nigeria (Dania, 2016), and Indonesia (Wahyuningrum et al., 2025). Conversely, studies such as Tashman et al. (2022) indicate that credible enforcement—through inspections, sanctions, and regulatory monitoring—pushes firms toward substantive environmental practices. Enforcement strength also determines whether policy instruments (e.g., environmental reporting rules, emission standards, water disclosure requirements) achieve their intended effect (Lopes & Oliveira, 2023; Li et al., 2025). Thus, institutional enforcement operates as the central mechanism shaping how firms interpret regulatory expectations.

Transitioning to a green economy is gaining traction as an important strategy for sustainable development goals (SDGs) implementation. Khoshnava et al. (2019) show that when development targets are aligned to green economy, the coherence of environmental policy making is improved, with better implementation. Their multi-criteria decision-making model demonstrates that the strongest criteria linkages driving SDG-aligned development are environmental quality, sustainable economic growth, and social welfare. This evidence provides a basis showing that under green economy strategies, using integrated environmental, economic and social indicators, governance can be improved for emerging markets and developing countries to close their policy implementation gap.

4.3. Stakeholder Accountability Pressure as a Complementary Governance Force

The second pillar, stakeholder accountability pressure, refers to the extent of pressure from non-state actors communities, NGOs, activists, media and global value-chain partners to shape corporate environmental praxis. Informal practices frequently overlap with or serve as substitute governance regimes when state regulation is weak, inconsistent or absent. For example, Ghafran & Yasmin (2022) showed how NGOs in Bangladesh co-created accountability logics with firms in the absence of any external regulatory oversight of such accountability disclosures, while Zheng et al. (2024) show how media exposure enhanced green innovation and ESG performance in Chinese firms, and Kapfudzaruwa (2013) demonstrated how community pressures influence environmental governance in extractives sectors in Africa. Stakeholder accountability pressures thus substitute or complement formal regulation in manifold ways depending on the general configuration of political openness, civil society strength and information transparency.

4.4. Firm-Level Capabilities as a Core Moderating Mechanism

The third pillar is capability-based moderation. This perspective addresses that fact that firms do not simply react and respond to external pressure equally. Instead, they do so under the internal lenses of their capabilities. As supported by the majority of existing studies, firms with strong internal resources and environment-related capabilities have actively addressed governance pressures more substantively than those that do not. Jaafar & Amran (2017), for instance, found that boards with environmental knowledge showed stronger environmental commitment. Pilla & Pandian (2023) show that financial and technological capabilities are what drive green innovations by firms. On the other hand, some SMEs in Indonesia and Pakistan often engage in only symbolic responses due to limited internal resources and knowledge (Ahmed et al., 2020; Wahyuningrum et al., 2025; Ngo, 2023). Capabilities, therefore, act as a form of structural moderator that shapes the conversion of institutional and stakeholder pressures into symbolic or substantive response.

4.5. Interaction Pathways Between Institutions, Stakeholders, and Capabilities

Overall, the three pillars relate to one another in a dynamic manner. For instance, strong institutional enforcement increases the likelihood that firms will take demands by a broad set of stakeholders seriously. Stakeholder pressure in turn has more traction, if it is backed by credible state enforcement. In contrast, in the case of weak enforcement, but sometimes also with stakeholder-led regulations step into governance voids, while the reach and some effectiveness vary from one region of the globe to another depending also on the

political environment (Ghafran & Yasmin, 2025; Kapfudzaruwa, 2013). Internal capabilities decide whether firms are able to leverage these external pressures into substantive production of meaningful environmental performance (Jaafar & Amran, 2017). For example, capability constrained firms may engage in symbolic reporting even under strong regulatory or public pressure due to obstacles related to cost and knowledge (Ahmed et al., 2020; Wahyuningrum et al., 2025).

4.6. Policy Instrument Mix as a Supporting Structural Mechanism

The framework also considers policy instrument mix as a structural feature shaping the effectiveness of institutional and stakeholder pressures. The evidence suggests that both command-and-control rules and a coherent mix of market- and information-based incentives improve environmental performance (Buhmann, 2015; Martin, 2025). On the other hand, policy ambiguity—especially, inconsistencies between environmental rules and industrial or investment policies—creates uncertainty that induces symbolic behaviour (Lopes & Oliveira, 2023). As such, policy instruments limit or facilitate the broader governance landscape.

The conceptual framework thus proposes that environmental governance outcomes arise from a three-way interaction: Institutional enforcement strength determines the credibility of regulatory expectations; Stakeholder accountability pressure shapes firm social license to operate; Firm-level capabilities determine whether responses to these pressures are symbolic or substantive. The policy instrument mix functions as a contextual layer that shapes the intensity, clarity, and coherence of pressures. The interaction between these components explains why similar environmental policies produce different outcomes across emerging markets a pattern strongly reflected in China (Marquis & Qian, 2014), Indonesia (Wahyuningrum et al., 2025), Portugal (Lopes & Oliveira, 2023), Malaysia (Jaafar & Amran, 2017), and sub-Saharan Africa (Kapfudzaruwa, 2013; Dania, 2016). This integrative framework provides a foundation for developing the theoretical propositions presented in the next section.

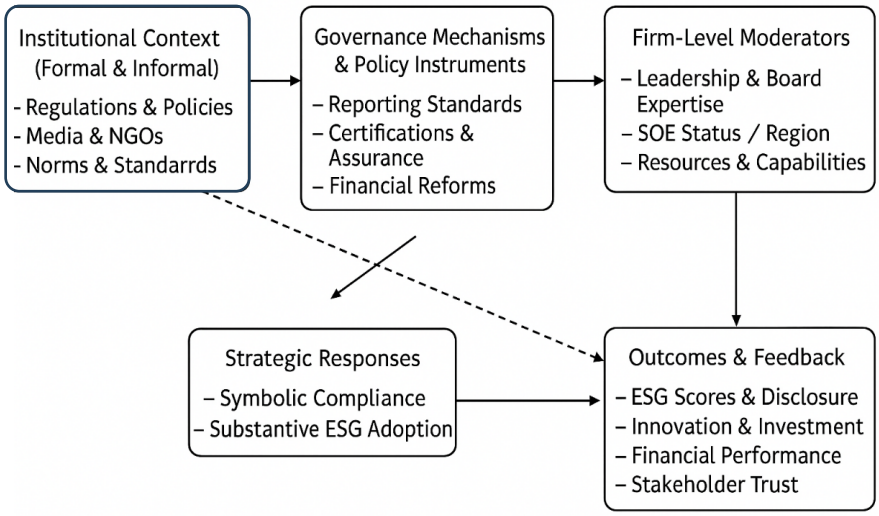

Figure 2. Conceptual framework of institutional and policy drivers of corporate sustainability in emerging markets.

5. Proposed Theoretical Propositions

Informed by the integrated conceptual model in which institutional enforcement strength, stakeholder accountability pressure, and firm-level capabilities jointly influence firm strategic environmental responses this review proposes a set of mid-range propositions. These propositions capture consistent patterns emerging from across the 23 studies, drawing on institutional, stakeholder, legitimacy, and resource-based perspectives.

5.1. Proposition 1: Institutional Enforcement as Primary Driver

P1: Stronger and more credible institutional enforcement increases the likelihood that firms will adopt substantive rather than symbolic environmental practices. This proposition aligns with evidence from China (Marquis & Qian, 2014; Zheng et al., 2024), Indonesia (Wahyuningrum et al., 2025), and Nigeria (Dania, 2016), showing that weak or inconsistent enforcement leads firms to comply symbolically, whereas robust oversight and penalties encourage substantive action.

5.2. Proposition 2: Stakeholder Pressure as a Complementary Governance Mechanism

P2: Stakeholder accountability pressure strengthens the relationship between institutional enforcement and substantive environmental responses, particularly where regulatory capacity is weak. Studies from Bangladesh (Ghafran & Yasmin, 2022), Southeast Asia (Ngo, 2023), Africa (Kapfudzaruwa, 2013), and China (Zheng et al., 2024) demonstrate that NGO activism, media scrutiny, and community expectations amplify environmental action. Where state capacity is weak, stakeholders often substitute for formal oversight.

5.3. Proposition 3: Capabilities Moderate the Impact of External Pressures

P3: Firm-level resources and environmental capabilities positively moderate the effect of institutional and stakeholder pressures on substantive environmental responses. Evidence from Malaysia (Jaafar & Amran, 2017) and Pakistan (Ahmed et al., 2020; Niamat & Qureshi, 2025) suggests that firms with better financial, technological, and knowledge capacities display stronger environmental commitment, while resource-constrained firms tend toward symbolic practices.

5.4. Proposition 4: Policy Instrument Mix Enhances Governance Effectiveness

P4: Coherent policy instrument mixes—combining regulatory, market-based, and informational tools—increase the overall effectiveness of environmental governance. Research from Portugal (Lopes & Oliveira, 2023), the EU–Asia interface (Martin, 2025), and voluntary programme frameworks (Tashman et al., 2022) demonstrates that fragmented or contradictory policies dilute effectiveness, while aligned policy portfolios strengthen compliance incentives.

5.5. Proposition 5: Governance Dynamics Produce Distinctive Strategic Response Patterns

P5: Distinct combinations of enforcement strength, stakeholder pressure, and firm capabilities lead to patterned configurations of symbolic or substantive responses across emerging markets. Comparative evidence reveals repeated behavioural patterns:

- Low enforcement + low capabilities → symbolic compliance
- High stakeholder pressure + moderate capabilities → hybrid responses
- High enforcement + strong capabilities → substantive ESG adoption

This proposition formalises the empirical patterns found across China, Malaysia, Indonesia, Pakistan, Portugal, and African contexts.

6. Discussion

6.1. Institutional Drivers and the Problem of Stringency

The review reinforces that institutional enforcement capacity is the most consistent determinant of governance outcomes. Across contexts—from China (Marquis & Qian, 2014; Zheng et al., 2024) to Nigeria (Dania, 2016) and Indonesia (Wahyuningrum et al., 2025)—weak enforcement fosters symbolic reporting, while credible oversight enables substantive environmental improvement. This underscores the importance of strengthening regulatory institutions, inspection systems, and sanctions as foundational components of governance. A recurrent theme in the evidence base is the centrality of institutional pressures. In China, coercive forces were strong, in the form of mandated CSR reporting and financial liberalisation reforms, but the outcomes differed

depending on enforcement and sub-national capacity (Marquis & Qian, 2014; Li et al., 2025; Khan et al., 2023). Similar tendencies were reported in Indonesia where firms selectively adopted GRI-endorsed water-related disclosures, with most firms reporting less than half of the indicators (Wahyuningrum et al., 2025). These results support the proposition that stringency and credible enforcement matter (Tashman et al., 2022). Where policies do not provide for verification, firms drift into symbolic compliance, using sustainability language in their disclosures without operational backing.

6.2. The Expanding Role of Informal Institutions

In addition to formal governance mechanisms, informal institutions may also be gaining in importance. Evidence from China suggests that positive media coverage boosts ESG performance partly by encouraging green innovation and environmental investment (Zheng et al., 2024). Non-governmental organisations (NGOs) have also played an important role where formal regulation is weak. NGOs partnered with firms to cultivate particular logics of accountability (Ghafran & Yasmin, 2022). In Africa, local communities influenced climate-related corporate responses. Firms were classified as laggards, emergent planners, or visionaries depending upon their stakeholder salience (Kapfudzaruwa, 2013). Taken together these studies imply that informal institutions often serve as substitutes in contexts of weak state capacity. Informal institutions become reputational gatekeepers, increasing the cost of inaction.

6.3. Firm-Level Moderators: Leadership, Resources, and Contingencies

Even under similar institutional conditions, firms vary in their responses. Research identifies environmentally knowledgeable boards and resource slack as firm-level contingencies underpinning a firm's ability to transcend compliance and engage in forms of "positive deviance" in environmental reporting and eco-innovation (Jaafar & Amran, 2017; Rashid et al., 2015; Passaro et al., 2023). Resource-constrained SMEs in South Asia, on the other hand, exhibit such behaviours only on a superficial level (e.g., disclosure) in order to meet external expectations without undertaking substantive changes to their environmental practices (Ahmed et al., 2020; Baburajan, 2023). Sub-national contingencies also play a role: a study from China found that the correlation between green investment and financial performance was much stronger for state-owned enterprises and firms located in developed regions than for private firms in less developed regions (Khan et al., 2023). Together, these studies lend support to the proposition that firm-level capabilities and circumstances moderate the effect of institutional and policy drivers.

Eco-innovation has become a central mechanism for firms seeking to reconcile competitive performance with environmental sustainability. Evidence indicates that eco-innovation is shaped by a combination of regulatory pressure, technology push, market pull, and firm-specific capabilities (Rashid et al., 2015; Passaro et al., 2023). Dynamic capabilities theory further explains how firms build the capacity to integrate environmental considerations into products, processes, and organisational routines (Arranz et al., 2020). These capabilities—such as absorptive capacity, operational flexibility, and collaborative networks—enhance the likelihood of sustained eco-innovation over time. Studies in SMEs reinforce these patterns, showing that external pressures and internal strategic orientation jointly influence eco-innovation intensity (Passaro et al., 2023). This suggests that capability-building, governance support, and environmental regulation play synergistic roles in advancing eco-innovation in emerging markets.

6.4 Symbolic vs. Substantive Pathways

The framework developed here suggests an emergent contradiction between symbolic and substantive response. Symbolic compliance was associated with disclosure-intense, performance-weak practices in Indonesian agriculture (Wahyuningrum et al., 2025) and politically influenced heavy CSR reporting in China (Marquis & Qian, 2014). In contrast, substantive response was associated with stringent programme requirements, leadership expertise and financial reforms that rewarded innovation and long-term investments (Tashman et al., 2022; Li et al., 2025). This contradiction hints at an important insight for governance design: policies with coercive pressure in combination with enabling conditions are more likely to lead to substantive sustainability outcomes.

6.5. Feedback Loops and Governance Evolution

Finally, the review emphasizes the role of feedback dynamics. Substantive outcomes, in the form of strengthened ESG scores, stakeholder trust and financial resilience, support institutional capacity by diffusing mimetic models and cementing advocacy for further reforms (Hamilton & Tschopp, 2012; Waddock, 2008). On the other hand, symbolic practices undermine trust and invite corrective interventions, as in the case of weak disclosure regime that provoked NGO campaign and media critique in the cases analysed here. This feedback mechanism between outcomes and institutions suggests that governance systems are iterative processes that evolve according to firm behaviour, stakeholder monitoring and policy recalibration.

6.6. Stakeholder Accountability Acts as a Critical Complement

The findings illustrate that institutional governance alone is insufficient in many emerging markets; stakeholder accountability—via NGOs, media, communities, and global buyers—fills governance gaps. In Bangladesh, for instance, NGO–corporate partnerships create alternative accountability structures where formal enforcement is weak (Ghafran & Yasmin, 2022). Similarly, community expectations in extractive industries shape firm behaviour even in the absence of active state oversight (Kapfudzaruwa, 2013). This reveals a multi-layered governance ecosystem where stakeholders either complement or substitute for state functions.

6.7. Capabilities Determine whether Firms Interpret Governance as Opportunity or Constraint

The review highlights that firms' internal capacities fundamentally shape how they respond to regulatory and social pressures. Firms with strong managerial expertise, board knowledge, and technological capacity are more likely to interpret environmental governance as an opportunity for innovation and competitiveness (Jaafar & Amran, 2017; Rashid et al., 2015; Passaro et al., 2023). Conversely, SMEs with limited resources often rely on symbolic disclosures (Ahmed et al., 2020; Wahyuningrum et al., 2025). This finding supports the need for capacity-building policies, financial incentives, and technical assistance programmes.

6.8. Policy Instrument Mix Matters for Coherence and Predictability

The evidence indicates that fragmented or contradictory policy instruments undermine firms' responses. For instance, Portugal's fluctuating sustainability policies create uncertainty that encourages symbolic behaviour (Lopes & Oliveira, 2023). Conversely, coherent portfolios—combining reporting standards, fiscal incentives, and assurance systems—promote predictable expectations (Tashman et al., 2022; Martin, 2025). This supports the proposition that policy alignment is an underappreciated but critical feature of effective governance.

6.9. Toward Configurational Understanding of Governance Responses

A key contribution of this review is demonstrating that environmental governance outcomes are not linear but configurational. Firms respond to combinations of pressures rather than isolated variables. The evidence points to three recurring configurations:

1. Low enforcement + weak capabilities → symbolic compliance
2. Moderate enforcement + strong stakeholder pressure → hybrid responses
3. High enforcement + strong capabilities → substantive ESG adoption

These configurations explain cross-country variations and highlight the importance of considering governance contexts holistically.

6.10. Theoretical Contributions

This review contributes to environmental governance theory in three ways. First, this review combines institutional theory with insights from stakeholder, legitimacy, and resource-based perspectives to show that

sustainability outcomes result from the co-production of formal pressures, informal accountability, and firm capabilities. Second, this review develops the idea of institutional contingencies—such as ownership type and regional development—as critical moderators of governance effectiveness in emerging markets. Third, this review advances our understanding of the governance design by showing how it stems not only from firm opportunism but from misaligned incentives, weak enforcement, and resource scarcity.

6.11. Practical and Policy Implications

The findings suggest that policymakers should invest in institutional strengthening, streamline policy portfolios, expand third-party monitoring, and support firm capability training. For firms, the framework highlights that stakeholder expectations and regulatory developments increasingly demand substantive environmental integration. Investors and global buyers can leverage stakeholder channels to incentivise improvement in weaker governance environments.

7. Conclusions, Limitations and Future Research

7.1. Summary of Key Findings

This theory-building systematic review set out to explain why environmental governance outcomes vary so widely across emerging markets, despite the growing global emphasis on ESG practices and sustainability reporting. Drawing on evidence from twenty-three empirical studies across Asia, Africa, Latin America, and emerging Europe, the review demonstrates that environmental governance effectiveness is best understood as the result of interactive and multi-level dynamics rather than isolated regulatory or organisational factors. The analysis highlights that institutional enforcement strength is the basic building-block determinant of substantive verses symbolic environmental practices of firms. Strong and credible institutional enforcement mechanisms were consistently associated with better transparency, regulatory compliance and environmental performance in a variety of contexts. However, where institutional enforcement capacity was limited or fragmented, stakeholder accountability pressures from NGOs, media, civil society and global buyers emerged as important complementary and/or substitutive governance forces. Non-state actors help fill enforcement gaps, shape firm legitimacy concerns and amplify pressures for environmental improvement.

The review further shows that firms' responses to external governance pressures are significantly shaped by internal capabilities, including board expertise, managerial knowledge, financial resources, and technological readiness. Resource-capable firms are more likely to treat environmental governance as a strategic opportunity, whereas capability-constrained firms often resort to symbolic compliance. This insight underscores the importance of understanding governance outcomes through a configurational lens that accounts for how external pressures interact with internal capacities. Overall, this review advances the literature on environmental governance and ESG by providing an integrative, multi-level explanation of governance dynamics within emerging markets. The synthesis of institutional, stakeholder, legitimacy, and resource-based perspectives gives a richer account of how and why environmental responses vary across contexts. It sets the stage for more systematic empirical testing and supports ongoing efforts to build more robust environmental governance frameworks in rapidly transforming contexts.

7.2. Study Limitations

Although the current review provides a comprehensive synthesis of the institutional and policy drivers of environmental governance in emerging markets, it has several limitations. Firstly, the review is qualitative and theory-building rather than quantitative or meta-analytic. It relies on narrative synthesis to integrate findings across disciplines and therefore does not compute effect sizes or risk-of-bias scores. Its conclusions are therefore interpretive and conceptual rather than statistically generalisable. Second, the scope of evidence is limited by inclusion criteria. A total of twenty-three peer-reviewed studies were included in this literature review because they were published between 2000 and 9 September 2025 and were written in English. Over 90% of the sampled literature were from Google Scholar and a handful of prior sources were retrieved from manual reference screening. In addition, due to the exclusion criteria, contributions to the evidence may be

under-represented in other languages, grey literature or unpublished reports, meaning that there may have been more studies from different regions that were not captured in this review. Furthermore, there is a nominal focus on Asia, Africa, Latin America and emerging Europe, which could limit the transferability of findings to other developing contexts that are not included in the collected data.

Third, institutional and sectoral heterogeneity across countries may hinder comparability. Enforcement capacity, ownership structures and socio-political conditions are diverse across emerging markets, so that observed governance mechanisms may work differently elsewhere. Similarly, sectoral case studies, often based on agriculture, energy and construction industries, may not wholly reflect patterns in services-oriented or high-technology sectors. Finally, temporal and methodological limitations remain. Most of the included studies are cross-sectional, restricting understanding of the development of governance reforms over time. Despite these limitations, the review provides conceptual syntheses of diverse evidence and practical guidance for policymakers, firms and civil-society actors that aim to reduce the symbolic-substantive sustainability gap in emerging markets.

7.3. Future Research Recommendations

Future research should build on this review in three aspects. First, more longitudinal and comparative studies are warranted to reveal how institutional reforms in relative regions evolve into substantive or symbolic outcomes. Second, informal institutions should be given more attention in future research, especially the media effect and the potential roles played by community stakeholders. Third, scholars should explore the causal relationships between sustainability governance and its financial and social outcomes through loan system designs such as natural experiments, instrumental variables analysis and mixed methods analysis. In sum, corporate sustainability in emerging markets is best conceptualised as an outcome of a multi-level governance system. The alignment of institutional pressures, policy tools, stakeholder monitoring and firm capabilities is crucial to bridging the gap between symbolic disclosure and substantive sustainability. By advancing a theory-building synthesis, this review provides conceptual clarity and governance design insights to progressing scholarship and practice in environmental policy and governance.

Author Contributions:

Conceptualization: Mubanga Lackson Chipimo.
Data curation: Mubanga Lackson Chipimo.
Formal analysis: Mubanga Lackson Chipimo.
Funding acquisition: Mubanga Lackson Chipimo.
Investigation: Mubanga Lackson Chipimo.
Methodology: Mubanga Lackson Chipimo.
Project administration: Mubanga Lackson Chipimo.
Resources: Mubanga Lackson Chipimo.
Software: Mubanga Lackson Chipimo.
Visualization: Mubanga Lackson Chipimo.
Writing – original draft: Mubanga Lackson Chipimo.
Writing – review & editing: Mubanga Lackson Chipimo.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: This study is based exclusively on secondary data obtained from publicly available, peer-reviewed sources, all of which are cited in the reference list. No primary data were generated.

Conflicts of Interest: The author(s) declares no conflicts of interest.

References

Ahmed, W., Najmi, A., & Khan, F. (2020). Examining the impact of institutional pressures and green supply chain management practices on firm performance. *Management of Environmental Quality: An International Journal*, *31*(5), 1261-1283. https://doi.org/10.1108/MEQ-06-2019-0115

Arranz, N., Arroyabe, M., Li, J., & Fernandez de Arroyabe, J. C. (2020). Innovation as a driver of eco-innovation in the firm: An approach from the dynamic capabilities theory. *Business strategy and the environment*, *29*(3), 1494-1503. https://doi.org/10.1002/bse.2448

Baburajan, M. (2023). Sustainable sourcing: A comparative study of sourcing practices between Swedish and Qatari SMEs in the façade industry. *Journal of Cleaner Production, 419*, 138210. https://hh.diva-portal.org/smash/record.jsf?pid=diva2%3A1982283&dswid=8438

Buhmann, K. (2015). Introducing legal method when teaching stakeholder theory: Enhancing the understanding of stakeholder expectations in relation to human rights and CSR reporting. *Journal of Business Ethics Education*, *12*(Special Issue), 4-42. https://research.cbs.dk/en/publications/introducing-legal-method-when-teaching-stakeholder-theory-enhanci/

Cepêda, C., Monteiro, A. P., & Aibar-Guzmán, B. (2025). Decoupling in Sustainability Reporting: A Systematic Literature Review. *Corporate Social Responsibility and Environmental Management*, *32*(3), 2988-3007. https://doi.org/10.1002/csr.3114

Dania, A. A. (2016). *Sustainable construction at the firm level: Case studies from Nigeria* (Doctoral dissertation, University of Reading). https://centaur.reading.ac.uk/72754/

Del Gesso, C., & Lodhi, R. N. (2025). Theories underlying ESG disclosure: A systematic review of accounting studies. *Journal of Accounting Literature, 47*(2), 433–461. https://doi.org/10.1108/JAL-08-2023-0143

García-Sánchez, I. M., Hussain, N., Aibar-Guzmán, C., & Aibar-Guzmán, B. (2022). Assurance of corporate social responsibility reports: Does it reduce decoupling practices?. *Business Ethics, the Environment & Responsibility*, *31*(1), 118-138. https://doi.org/10.1111/beer.12394

Ghafran, C., & Yasmin, S. (2025). Reconceptualizing accountability in NGO-corporate partnerships: an institutional logics perspective. *Accounting, Auditing & Accountability Journal*, *38*(1), 349-380. https://doi.org/10.1108/AAAJ-02-2023-6276

Haddaway, N. R., Collins, A. M., Coughlin, D., & Kirk, S. (2015). The role of Google Scholar in evidence reviews and its applicability to grey literature searching. *PLOS ONE, 10*(9), e0138237. https://doi.org/10.1371/journal.pone.0138237

Hamilton, T., & Tschopp, D. J. (2012). The market for corporate responsibility reporting in the Americas. *Growth and Change, 43*(4), 563–589. https://doi.org/10.1111/j.1468-2257.2012.00598.x

Jaafar, A. H., & Amran, A. (2017). Greening organizations through leaders' influence on positive deviance in corporate environmental reporting. *International Journal of Applied Business and Economic Research, 15*(24), 647–675. https://www.researchgate.net/profile/Amar-Jaafar/publication/322401866_Greening_organizations_through_the_leaders'_influence_on_positive_deviance_in_corporate_environmental_reporting_practice_A_case_of_Malaysian_public_listed_company/links/5b67b44a92851ca497cd11ef/Greening-organizations-through-the-leaders-influence-on-positive-deviance-in-corporate-environmental-reporting-practice-A-case-of-Malaysian-public-listed-company.pdf

Kapfudzaruwa, F. (2013). Investigating business' contribution to climate change governance in areas of limited statehood: The case of South Africa and Kenya. *Climate and Development, 5*(1), 30–41. https://open.uct.ac.za/handle/11427/30473

Kashi, A., Laallam, A., Nomran, N. M., Abumughli, A. A., & Al-Binali, T. (2024). Do institutional environment and corporate governance structures determine Islamic banks' sustainability performance? *Borsa Istanbul Review, 24*(6), 1088–1100. https://doi.org/10.1016/j.bir.2024.06.005

Khan, F. U., Zhang, J., Saeed, I., & Ullah, S. (2023). Do institutional contingencies matter for green investment? An institution-based view of Chinese listed companies. *Heliyon, 9*(9), e20600. https://www.cell.com/heliyon/fulltext/S2405-8440(23)10664-5

Khoshnava, S. M., Rostami, R., Zin, R. M., Štreimikienė, D., Yousefpour, A., Strielkowski, W., & Mardani, A. (2019). Aligning the criteria of green economy (GE) and sustainable development goals (SDGs) to implement sustainable development. *Sustainability*, *11*(17), 4615. https://doi.org/10.3390/su11174615

Li, Y., Liu, H., Guo, Z., & Gao, Z. (2025). Banking liberalisation and corporate ESG performance: Evidence from the removal of foreign ownership restrictions in China. *Frontiers in Environmental Science, 13*, 1652818. https://doi.org/10.3389/fenvs.2025.1652818

Lokuwaduge, C. S. D. S., & Heenetigala, K. (2017). Integrating environmental, social and governance (ESG) disclosure for a sustainable development: An Australian study. *Business Strategy and the Environment*, *26*(4), 438-450. https://doi.org/10.1002/bse.1927

Lopes, J. M., & Oliveira, J. C. (2023). Problems and solutions: The SDGs in the age of the green economy. *International Journal of Innovation and Sustainable Development, 17*(4), 410–424. https://doi.org/10.1504/IJISD.2023.133749

Marquis, C., & Qian, C. (2014). Corporate social responsibility reporting in China: Symbol or substance? *Organization Science, 25*(1), 127–148. https://doi.org/10.1287/orsc.2013.0837

Martin, C. J. (2025). *Operationalising dialogue: An institutional theory perspective on pre-competitive stewardship in the seafood supply chain* (Doctoral dissertation, University of Tokyo). https://repository.dl.itc.u-tokyo.ac.jp/records/2013903

Ngo, Q. H. (2023). Do environmental management practices mediate institutional pressures-environmental performance relationship? Evidence from Vietnamese SMEs. *Heliyon*, *9*(7). https://www.cell.com/heliyon/fulltext/S2405-8440(23)04843-0

Niamat, R., & Qureshi, F. H. (2025). Dynamic capabilities and environmental performance of high-tech SMEs in Pakistan–the role of Eco-innovation and female executives. *Organizacija*, *58*(2), 158-174. https://reference-global.com/2/v2/download/pdf/10.2478/orga-2025-0010

Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., … & Moher, D. (2021). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. *BMJ, 372*. https://doi.org/10.1136/bmj.n71

Palea, V., Gordano, S., & Migliavacca, A. (2025). Do firms practise what they preach? Corporate performance-communication decoupling on environmental SDGs and the impact of sustainability-oriented governance mechanisms. *Sustainability Accounting, Management and Policy Journal*, *16*(7), 98-127. https://doi.org/10.1108/SAMPJ-07-2024-0705

Passaro, R., Quinto, I., Scandurra, G., & Thomas, A. (2023). The drivers of eco-innovations in small and medium-sized enterprises: A systematic literature review and research directions. *Business Strategy and the Environment*, *32*(4), 1432-1450. https://doi.org/10.1002/bse.3197

Rashid, N., Jabar, J., Yahya, S., & Shami, S. (2015). Dynamic eco innovation practices: A systematic review of state of the art and future direction for eco innovation study. *Asian Social Science*, *11*(1), 8. http://dx.doi.org/10.5539/ass.v11n1p8

Sellin, J. M. I. (2024). *Three essays on the drivers of firms' decarbonization strategies* (Doctoral dissertation, Temple University). https://www.proquest.com/openview/c24b87267b9b3cdd6f691186dca23e3b/1?pq-origsite=gscholar&cbl=18750&diss=y

Snyder, H. (2019). Literature reviews as a research methodology: An overview and guidelines. *Journal of Business Research, 104*, 333–339. https://doi.org/10.1016/j.jbusres.2019.07.039

Tashman, P., Flankova, S., van Essen, M., & Marano, V. (2022). Why do firms participate in voluntary environmental programs? A meta-analysis. *Organization & Environment, 35*(1), 3–29. https://doi.org/10.1177/1086026621990063

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management, 14*(3), 207–222. https://doi.org/10.1111/1467-8551.00375

Velte, P. (2025). Corporate Social Responsibility (CSR) Decoupling and Tax Avoidance: Symbolic Use of Sustainable Boards in the European Union?. *Corporate Social Responsibility and Environmental Management*, *32*(3), 4179-4193. https://doi.org/10.1002/csr.3172

Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. *Academy of Management Perspectives, 22*(3), 87–108. https://doi.org/10.5465/amp.2008.34587997

Wahyuningrum, I. F. S., Budihardjo, M. A., Probohudono, A. N., Yanto, H., & Oktavilia, S. (2025). An analysis of water disclosure quantities: Evidence from agricultural companies in Indonesia. *Journal of Open Innovation: Technology, Market, and Complexity, 11*(2). https://doi.org/10.1016/j.joitmc.2025.100563

Zhang, D., Morse, S., & Ma, Q. (2019). Corporate social responsibility and sustainable development in China: Current status and future perspectives. *Sustainability, 11*(16). https://doi.org/10.3390/su11164392

Zheng, C., Xiao, F., Zeng, C., & Yang, S. (2024). A pathway towards corporate sustainability: Does media attention matter? *Heliyon, 10*(14). https://www.cell.com/heliyon/fulltext/S2405-8440(24)10520-8