

TOWARDS MODERN TRENDS IN BUSINESS: THE IMPACT OF ESG TO THE COMPANY'S PERFORMANCE

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Annotatsiya

Shunday qilib, hozirgi noaniq iqtisodiy sharoitda faoliyat yuritayotgan har bir tashkilot omon qolishi uchun o'zgarishlarga qanday munosabatda bo'lishni bilishi kerak. Bundan tashqari, bugungi raqobatbardosh global biznes muhitida tashkilotlar raqobatbardosh va daromadli bo'lib qolish uchun o'zgaruvchan atrof-muhit sharoitlariga va doimiy o'zgarishlarga moslashishi kerak. Mazkur maqolada shu masalalar muhokama qilingan.

Kalit so'zlar

Iqtisodiy xatarlar, kompaniya, boshqaruv, menejment, biznes tendensiyalari, tahlil, o'zgarishlar.

Introduction

It is the new management methods and tools that help organizations adapt to current market requirements and are a key factor in ensuring business efficiency, profitability and finally, competitiveness. The managers themselves are largely involved in the implementation of managerial trends. This is a complex process, and to introduce and use new and innovative methods, managers themselves need to have relevant knowledge and skills. Process of globalization, development of digitalization, together with socio-economic changes demands on the improvement of management.

So, what is the role of ESG? It can be highlighted that ESG is a «collection of guidelines for a company's activities that socially responsible investors use to filter investments. Thus, environmental principle considers how well a business manages the environment; the management of a company's interactions with its employees, retailers, clients, and the communities in which it operates is examined under social criteria; and leadership, CEO compensation, audits, and internal controls, as well as shareholder rights, are all topics covered under governance.

Nowadays regulatory organizations are becoming more involved in establishing guidelines and standards for environmental, social, and governance (ESG) issues. According to research of Pareek M. (2022) the demand for ESG information from investors is expected to rise, consequently, authorities around the world are likely to keep up their recent push for rulemaking. By attempting to implement complete perspective of ESG, companies and corporations can better position themselves.

Nowadays, under the influence of globalization and internationalization, corporations are emerging, and competition is taking on an international dimension. The pace of change has increased significantly in recent years and change has become part of the daily reality of businesses and organizations (Cambalikova A, 2021). For companies, it is becoming necessary to adapt their traditional ways of doing business to the changed situation and new market opportunities, which results in the emergence of new management methods. So, one of these management directions nowadays is ESG. Environmental, Social, and Governance factors are referred to as ESG.

According to Peterdy K (2022) ESG is a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social, and governance criteria. ESG adopts the viewpoint that sustainability includes more than just environmental concerns. Outcomes and measurements of ESG are now receiving more attention because of growing policy towards it.

ESG is often used in the context of investing; however, stakeholders include not just the investment community but also customers, suppliers, and employees, all of whom are increasingly interested in organization's operations. The three ESG factors (environment, social and governance) are usually interlinked, and equally initiate sustainable performance of a company or business at varying degrees. Investors are employing these factors in their search for potential growth opportunities and material risks. In fact, each of the ESG factors have different material effect on a business or sector. For instance, as it is stated in Pharmaceutical Technology (2021) environmental factors are more important for the renewabl sector's, but not as important for the servic sector's. However, in recent years, environmental issues gained much attention from a political and economic viewpoint. The reasons are climate changes, global warming and certainly carbon emissions. In addition, these issues are quantifiable and can be reported by the company.

On the other hand, management should not focus only on environmental issues; as the changes and trends in business management show that social and governance factors are also significant, and can attract investors.

Methodology

The study is carried on secondary research of recent literature about ESG socially responsible investment in general and the sustainability information.

Result and Discussion

As Pareek M. (2022) discusses in his research ESG criteria refer to investments made in economic decisions that, while not harming the environment, are meant to advance long-term economic and social well-being. Customers expect businesses to invest time and resources in such sustainable practices because of the high level of environmental and social awareness. Consequently, the focus on the influence of ESG disclosures on corporate financial performance resulted overall increase in reporting instruments globally and disclosures, which impact for some corporations positively. For instance, in positioning as environmentally friendly company and in increase of brand awareness.

Today, disclosure of non-financial information is required in many European nations (Pareek M, 2022). Hence, other nations were inspired to adopt obligatory ESG disclosure policies for sustainable development by this change from voluntary to required disclosure. The benefits of ESG are increased visibility, customer education and practice of non-financial disclosures. Particularly, for developing countries the advantageous side of ESG can bring efficient outcomes.

However, there are also some issues for development. According to Pareek M.(2022) research', developed nations like Sweden, Norway, Italy, the UK, Denmark, and Germany have made significant steps in the area of ESG reporting in terms of voluntary disclosure and reporting tools. Businesses, corporations and companies, still need to concentrate on the specific ESG-related factors that are most important for generating long-term advantages for their operations, their shareholders, and society, although there has been a greater emphasis on social considerations in regulatory frameworks.

Based on the studies made by Research Trends and Commerce (2022) the future trends in ESG can be forecasted based on the changes and factors of globalization and digitalization. Firstly, it is move towards low carbon economy. As the worldwide tendency is a reduction of emissions to zero, corporations move towards such reduction. Secondly, integration to disclosure. There is a greater focus on the integration of ESG practices. Next, need for diversity and inclusivity in human resources of corporates. Another is concern for the privacy of data and its protection. Next trend is a re-look at the purpose for which a business exists in a larger context to arise value for all stakeholders and re-examine their motivation for being in a particular business. Binding executive compensation at business entities to ESG outcomes. These are tendencies towards outcomes of ESG strive. However, to achieve the ESG outcome, handling sustainability issues and effective ESG risk management, regulatory monitoring is important. In order to increase the quantity and consistency of such regulatory initiatives, regulators worldwide have taken action.

As there are expectations that society and investors will continue to keep interest in issues related ESG, authorities will probably emphasize on companies to make their ESG disclosures comparable (Peterdy K, 2022). Moreover, to solve complicated environmental

issues, role of regulatory efforts is increasing, the same as legislation of ESG in the governance and social spheres likely to follow. According to Pareek M. (2022) challenge to the corporations, in expanding role of ESG will be that, they will need to make a conscious effort to employ staff with specific ESG capabilities or skill current staff to ensure that they can respond to new regulations, as these issues are sufficiently complicated.

Conclusion

To sum up, ESG disclosure has been on the rise, as a result of modern trends in business, related globalization and rapid changes of social and environmental issues. As a result, the shift toward timely and consistent sustainability disclosure and reporting by enterprises is proceeding. And it may be seen in the following ways:

- *more companies are willing to disclose their sustainability efforts*
- *there are now more businesses sharing information*
- *the level of detail in business disclosure has increased*

Global regulatory attempts to support and guide the growth of the sustainable investment market and so promote more sustainable communities; economies will probably increase significantly in the coming years. And developing countries, in order to get more benefit from ESG, need to adopt the best practices and regulatory norms of various developed countries and implement them locally to keep its regulations in line with emerging trends.

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