

## 6 Summary and Conclusion

The beginning of this thesis explores how, under the ‘big tent approach’, ESG has emerged from a niche financial term, to an acronym that is embraced by a multitude of stakeholders in the political, academic and business sphere with varying understandings of ESG’s purpose. Moreover, the thesis cautiously adopts the definition of ESG as the operationalization of Corporate Social Responsibility and subsequently examines how the ESG ecosystem, consisting of for-profit, non-profit and government institutions alike, drives the ‘ESG revolution’, aimed at increasing convergence between ESG reporting, ESG investing and ESG strategy. Furthermore, the current ESG dynamics are critically discussed as both opposing and proposing arguments for ESG are explored. It was shown that – in the name of positive change – the line between profiteering and making progress can be thin, though it definitely exists. While the current renderings of ESG undoubtedly bear imperfections, the demand of younger people within their various societal roles solidified the notion that ESG is no longer at risk of disappearing. The true nature of (financial) long-term value is inseparably linked to the values of a generation that is coming of age during times of environmental anxiety and high exposure to social inequalities (especially due to global connectivity).

To re-calibrate the compass for the ESG transformation, Peter Drucker’s understanding of social responsibility and the requirements for a bearable society were integrated into the ESG debate. His body of thought, as evidenced by this thesis, closely aligns with ESG’s original

purpose of considering non-financial data in the investment process in order to foster the development of sustainable societies. Here, it is critical to mention that, because we live in a society just as much as we live in an environment, the importance of the ‘S’ and ‘G’ pillar ought to be increased to match the recent efforts concerned with the ‘E’ pillar. The comprehensive theoretical background ends with the extensions for each of the acronym’s pillars. Radical sincerity for ‘E’, heightened attention on workforce development for ‘S’ and justifiable executive compensation – next to political transparency – for ‘G’, build, in short, the novel conceptual additions that are all argued to be in the best self-interest of companies and investors alike in the pursuit of creating long-term value, thereby enabling ESG to truly become the tool for transformative change in which it is commonly marketed to be.

The conducted survey empirically underpins to the notion that, for the younger generation, the social license of the business enterprise is indeed closely intertwined with normative values and that ESG issues are perceived as highly relevant. The analysis of the expert interviews confirmed the current definitional flexibility of ESG – even among active participants in the ecosystem. Accordingly, the idea of ESG’s infancy prevailed, where the lack of comprehensive standards is regarded as both the greatest hindrance to broad adoption, as well as the catch-all reason for ESG’s improvable influence on driving real change. Consequently, it is critical to acknowledge how necessary it is to focus on the effectiveness of ESG first, and efficiency second. Here, the interviews allowed the insight that not only the suggested extensions to ESG – rooted in Drucker’s body of thought – could be initial starting points to bring “*ESG back on track*” (Fixler, 2022), but that participants in the ESG ecosystem have promising ideas for the development of sustainable societies.

*All long-term values are equal, but some long-term values are more equal than others*<sup>60</sup>. – could be the literary inspired meta insight, after a thorough analysis of how the business and political leaders are driving

---

60 This is a playful modification of the famous line “*All animals are equal, but some are more equal than others.*” from George Orwell’s book ‘Animal Farm’.

the 'ESG revolution'. Purposefully throughout this thesis, the word revolution was put in quotation marks when put into context with ESG, as the true revolutionary forces lie outside of the professionals within ESG ecosystem, namely the man-made environmental crisis and impediments to a functioning society. Yet, the social ills of today – although one ought to believe so – are not necessarily on an irreversible trajectory dictated by the laws of nature, as the environmental crisis is. Therefore, it must be warned that the failure of (social) revolution often lies in the process itself, as the leaders of the revolution serve their own interest rather than the interests of those they are meant to serve. The only – yet long-known – consequence is that there is no final revolution<sup>61</sup>.

Applied to the 'ESG revolution', this means that limiting ESG's focus to the creation of long-term financial value is not holistic enough to truly foster the development of sustainable societies. It will continue to legitimize corporate action that is best described as beating around the bush fire, rather than extinguishing it. Mitigating the financial risks of social and environmental change through ESG serves companies and investors at best for the mid-term, because both changes are inevitable. Hence, the ESG ecosystem as a whole is advised to re-direct the acronym's current momentum towards something that yields the qualities of life for everyone, instead of the quantities of financial returns for themselves and their accomplices.

As the collective corporate consciousness grapples with an identity crisis between the homo oeconomicus and the homo ecologicus, Drucker's emphasis that the manager of all institutions (but particularly business) must establish themselves as the representative of the common good, can finally bear fruit in today's business world as ESG is (advised to be) increasingly integral to corporate strategy.

In all brevity, what this thesis suggests is that through a re-calibration of ESG's purpose and mission, it can simultaneously function as

---

61 See 'We' written by Yevgeny Zamyatin: *"If the number of numbers is infinite, how can there be a final number? Then how can you speak of a final revolution? There is no final one. Revolutions are infinite."*

a mechanism to protect society from itself, as well as be a driver for positive change, if true long-term value in the form of quality of life is made the priority. Thus, ESG can be a vehicle towards the bearable society.