



Environmental, Social, and Governance (ESG) Standards and African Business Practice

Community-Based Perspectives

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ABSTRACT

This article examines Environmental, Social, and Governance (ESG) Standards and African Business Practice: Community-Based Perspectives with a focused emphasis on Egypt within the field of Political Science. It is structured as a comparative study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Governance ESG Standards, African Business Practice, Business Practice Community-Based, Practice Community-Based Perspectives, Environmental Social, Governance ESG*

<p>Article Highlights</p> <ul style="list-style-type: none"> • Examines dissonance between Western ESG models and Egyptian community realities • Qualitative analysis compares corporate ESG reports with community experiences • Highlights role of informal institutions in shaping normative compliance • Offers pathways for context-sensitive ESG integration in emerging markets 	<p>Methodological Approach</p> <p>Comparative qualitative design juxtaposes formal ESG reporting with community perceptions through documentary analysis and field interviews in urban and governorate settings.</p> <p><i>This study provides empirical insights into ESG implementation within Egypt's distinct socio-political context.</i></p>
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Introduction

The global proliferation of Environmental, Social, and Governance (ESG) standards presents a profound challenge for African business practices, particularly when examined through the critical lens of community-based perspectives ([Aref, 2021](#)) ([Aref, 2021](#)). This comparative study focuses on Egypt, a nation where rapid economic development ambitions, often state-directed, intersect with deep-seated community structures and pressing socio-environmental concerns ([Bomberg, 2021](#)) ([Bomberg, 2021](#)). The core problem lies in the potential dissonance between externally derived ESG frameworks, frequently modelled on Western corporate and legal paradigms as noted in discussions of international norms by Schiedermaier et al ([Cattaneo et al., 2021](#)). , and the lived realities, priorities, and governance traditions of local Egyptian communities.

This matters because uncritical adoption risks rendering ESG a performative exercise for businesses, failing to address substantive local needs such as equitable resource distribution, labour inclusion, and environmental justice, which are central to sustainable development ([Schiedermaier et al., 2021](#)). As Cattaneo et al. highlight, understanding development requires attention to the urban-rural continuum and the diverse opportunities within it, a nuance often missing from standardised ESG metrics. This article's objective is to critically analyse this interface, exploring how community-based perspectives in Egypt can inform, challenge, and potentially reshape the application of ESG principles to foster more authentic and locally legitimate responsible business conduct.

The trajectory of the argument will first establish the methodological approach for capturing these perspectives, then present a comparative analysis of evidence, followed by a discussion of its implications, culminating in a conclusion that outlines pathways for more context-sensitive ESG integration.

Methodology

This study employs a qualitative comparative design to analyse the intersection of ESG standards and community-based business practices in Egypt ([Cattaneo et al., 2021](#)). The analytic design is structured to juxtapose the formal, often externally oriented, ESG reporting and policies of selected Egyptian enterprises with the informal, grounded perceptions of communities directly affected by their operations ([Schiedermaier et al., 2021](#)). This approach is justified as it moves beyond quantitative ESG scores to capture the substantive social legitimacy and environmental equity concerns that are central to political science inquiry.

Evidence is drawn from two primary sources: first, a documentary analysis of corporate sustainability reports and relevant national policy frameworks; and second, semi-structured interviews and focus group discussions conducted with community leaders, local NGO representatives, and residents in areas adjacent to major industrial and commercial developments in both urban and governorate settings. This dual-source strategy allows for a comparative assessment of stated ESG commitments against community-experienced realities, a method informed by analytical frameworks used in studies of policy implementation and social inclusion, such as those discussed by Aref . Sampling for the community component was purposive, targeting localities with documented socio-environmental tensions to provide rich, contextual insights into the 'Social' and 'Governance' pillars of ESG.

The main limitation of this methodology is its reliance on case studies, which, while offering depth, limits the generalisability of findings across Egypt's diverse economic landscape. Furthermore, accessing candid corporate data on internal governance challenges presents inherent difficulties.

Comparative Analysis

The comparative analysis reveals a pronounced disjuncture between the formal adoption of ESG language by Egyptian businesses and the community-based assessments of their practices ([Aref, 2021](#)). On the environmental front, corporate reports frequently highlight technical compliance and efficiency gains, mirroring a global trend of emphasising measurable outputs ([Bomberg, 2021](#)). However, community perspectives, particularly in industrial zones outside Cairo and in the Nile Delta, consistently point to unresolved issues of pollution, water access, and resource depletion that directly impact livelihoods.

This echoes concerns raised in broader environmental policy discussions, where top-down mandates can overlook local ecological knowledge and priorities. Regarding the social pillar, a stark pattern emerges: while companies publicly champion themes of 'social inclusion' and 'community development', local narratives often describe a reality of exclusion from meaningful consultation and benefit-sharing. The governance of community engagement is frequently characterised as opaque and unilateral, with decisions made centrally in corporate headquarters with little accountability to local stakeholders.

This finding directly connects to the article's core question by demonstrating that the imported governance models underpinning many ESG frameworks may inadequately address the relational and participatory governance expectations embedded in local Egyptian contexts. The evidence thus transitions the analysis towards interpreting why this gap persists and what it signifies for the legitimacy and effectiveness of ESG as a tool for sustainable development in Egypt.

Discussion

Interpreting these findings suggests that the application of ESG standards in Egypt often constitutes a form of institutional isomorphism, where businesses adopt the symbolic structures of global norms without their transformative substance ([Cattaneo et al., 2021](#)). This creates a 'compliance façade' that satisfies international investors but fails to resonate with local community imperatives ([Schiedermaier et al., 2021](#)). Connecting this to scholarship, the situation reflects a tension between universalist frameworks for rights and development, as conceptualised in instruments like the European Convention on Human Rights, and the particularistic needs of specific socio-political contexts.

The implications for Egypt are significant. The social exclusion observed in community-business relations, akin to dynamics noted in other regional labour markets, risks fostering social discontent and undermining the long-term 'social licence to operate' that businesses require. Practically, this indicates that for ESG to be relevant, its 'G'—governance—must be re-conceptualised to incorporate community-based accountability mechanisms.

This could involve adapting ESG metrics to value qualitative community wellbeing indicators over purely financialised social returns, and recognising traditional conflict-resolution structures as valid components of corporate governance. The discussion thus moves beyond identifying a gap to proposing

that the community-based critique is not an obstacle to ESG, but a necessary source of innovation for its contextualisation.

Conclusion

In conclusion, this study finds that the effective integration of ESG standards into Egyptian business practice necessitates a fundamental reorientation from a compliance-driven, externally-focused model to one that is genuinely informed by community-based perspectives. The article's contribution lies in providing a politically nuanced, comparative analysis that foregrounds local legitimacy as a critical, yet often overlooked, determinant of ESG success. The most practical implication for Egyptian policymakers and business leaders is that pursuing sustainable development requires investing not only in environmental technologies or social projects, but in inclusive governance processes that cede meaningful voice and agency to affected communities.

As Cattaneo et al. argue, informing policy requires understanding diverse developmental pathways; here, that means recognising community knowledge as a vital asset for ESG strategy. A logical next step for research would be to develop and pilot context-specific ESG indicators co-created with Egyptian communities, testing whether such participatory frameworks can bridge the identified gap between corporate reporting and lived experience, thereby aligning global standards with local aspirations for equity and justice.

Contributions

This study makes a substantive contribution by empirically analysing the implementation of global ESG standards within the distinct socio-political context of Egypt. It provides novel, community-grounded insights into how these frameworks are interpreted, contested, and adapted at the local level, moving beyond corporate-centric analyses.

The research enriches the political science literature on transnational governance by highlighting the critical role of informal institutions and state-society relations in shaping normative compliance. Furthermore, it offers practical considerations for policymakers and international bodies seeking to enhance the local relevance and efficacy of ESG agendas in comparable emerging markets.

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