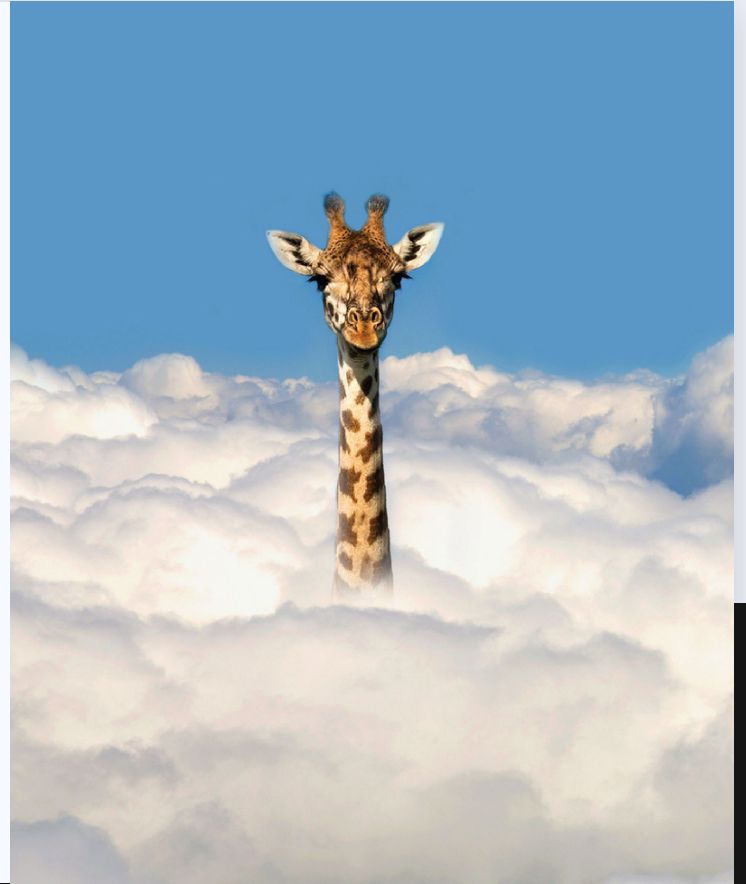# CULTURE, ESG PERFORMANCE, AND THE KUZNETS CURVE

A CROSS-COUNTRY ANALYSIS

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TOPICALITY OF THE SUBJECT

Purpose: Investigate the relationship between national culture, ESG performance, and EKC patterns of countries

Research question: How does national culture influence the ESG performance and the EKC patterns of countries?

Main argument: National culture is a significant factor that affects both the ESG performance and the EKC patterns of countries

ESG performance: A measure of how well a firm manages its environmental, social, and governance impacts and risks

EKC: A hypothesis that suggests an inverted U-shaped relationship between economic development and environmental degradation

Gap: The role of national culture in moderating the relationship between ESG performance and the EKC is not yet addressed
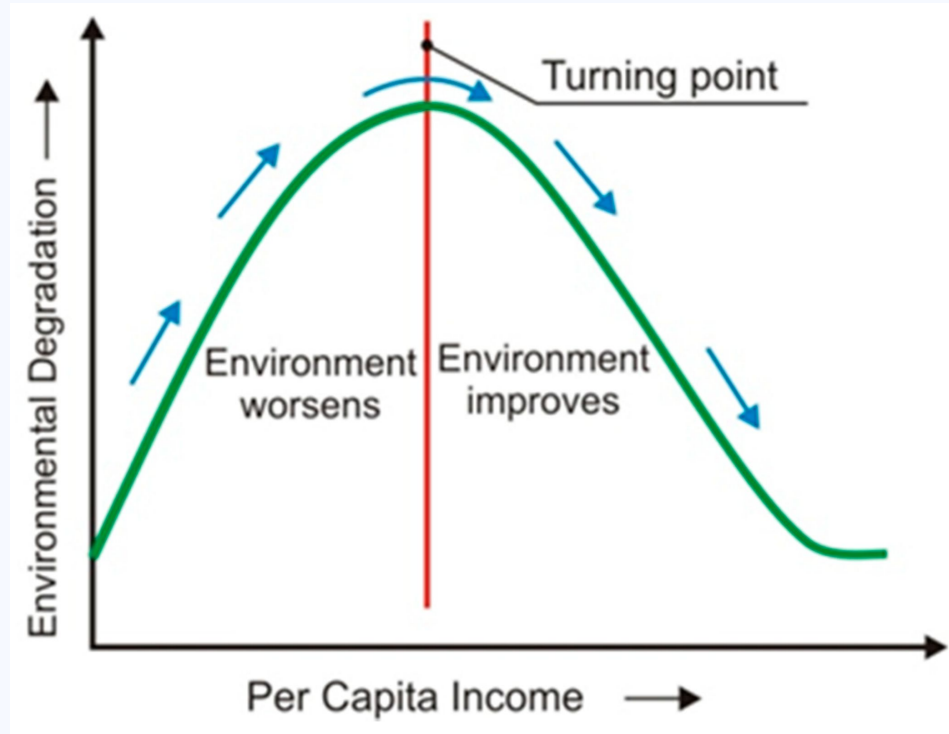
OBJECTIVE

Aim: Examine the moderating role of national culture in the relationship between ESG performance and the EKC

Main question: Is there a relationship between the ESG ratings of the countries and their environmental Kuznets curve patterns?

Other questions:

1. How does the national culture of the countries affect their ESG ratings and their environmental Kuznets curve patterns?

2. What are the main factors that explain the variation in the ESG ratings and the environmental Kuznets curve patterns across the countries?

3. How do the ESG ratings of the countries affect their economic growth and welfare?

4. How do the environmental Kuznets curve patterns of the countries vary by region and income group?

"THE CURVE IS MORE POWERFUL THAN THE SWORD." – MAE WEST

LITERATURE REVIEW

- **Section 1:** National culture and its impact

- **Section 2:** ESG performance and its relationship with corporate performance

- **Section 3:** EKC patterns and its determinants

- **Section 4:** Connections between national culture, ESG performance, and EKC patterns

- **Section 5:** Summary and implications of the literature review

DATA SOURCES

- Data of countries from 2000 to 2022

- ESG performance data from S&P Global database

- EKC variable measured by CO2 emissions per capita from World Bank database

- National culture variables measured by Hofstede's cultural dimensions

- Control variables include GDP per capita, energy efficiency, energy intensity, and dummy variables

EMPIRICAL METHODS AND HYPOTHESES

Regression analysis for testing the hypothesis of the EKC and the impact of culture

Classification techniques for assigning labels to countries based on their ESG profiles

We could also explore CSR and SDG data

Hypotheses:

- Countries with higher ESG ratings have lower environmental degradation and faster EKC transitions

- Countries with higher individualism, low power distance, and low uncertainty avoidance have higher ESG ratings and more favorable EKC patterns

- ESG ratings and EKC patterns are influenced by economic development, trade openness, institutional quality, and natural resource endowment

STRUCTURE

- • Title

- • Abstract

- • Introduction

- • Literature review

- • Data & method(s)

- • Results & discussion

- • Conclusion

- • References

- • Appendixes

THANK YOU