

Extended Abstract | Proceedings of the 1st International Conference on Sustainable Economies and Inclusive Growth

Drivers of Environmental, Social, and Governance Performance in Middle East and North Africa Companies

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KEYWORDS*ESG performance, MENA, Diversity and Inclusion, Firm Size, Political Stability, Corruption***ARTICLE HISTORY**

Published: 8 July 2026

This study analyzes the key determinants of Environmental, Social, and Governance (ESG) performance among publicly traded companies in the Middle East and North Africa (MENA) region. Using company-level data for 130 listed firms matched with country-level indicators, the analysis examines whether ESG performance is shaped more strongly by internal business characteristics or by the environment in which firms operate. The empirical design focuses on diversity and inclusion, firm size, political stability, corruption, and industry sector. Ordinary least squares (OLS) regression was used as the main estimation method, along with descriptive statistics, correlation analysis, and diagnostic tests. The results show that diversity and inclusion, as well as firm size, are positively and significantly associated with ESG performance. However, political stability and industry sector are not statistically significant. Corruption shows weak and inconclusive evidence of an association with ESG performance. The findings indicate that firm capabilities and governance have a stronger influence on differences in ESG performance among listed MENA firms than country-level factors. This study advances ESG research in the region by integrating both firm-level and country-level determinants and provides useful insights for managers, investors, and policymakers seeking to promote sustainability.

Funding Statement

This research received no external funding.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this paper.

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Cite as

Abou Mrad, J. E., Bou Fakher, E. (2026). Drivers of Environmental, Social, and Governance Performance in Middle East and North Africa Companies. In *Proceedings of the 1st International Conference on Sustainable Economies and Inclusive Growth* (pp. 1–2). Business Research Proceedings. 10.51300/BRP-2026-10