

## Press release

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# ESMT Berlin study: ESG ratings show limited financial impact in the Gulf

**Firms in the Gulf region are increasingly expected to align with environmental, social, and governance (ESG) standards. Yet the link between ESG performance and financial outcomes remains ambiguous. A new study examines whether publicly listed companies in GCC member states that achieve high ESG ratings also deliver superior financial performance.**

The study “ESG and financial performance in the Gulf Cooperation Council” was authored by [Catalina Stefanescu-Cuntze](#), professor of management science and faculty lead of the Master in Analytics and Artificial Intelligence Program at ESMT Berlin, together with [Rodrigo Tavares](#) and [Catarina Sá](#) from Nova School of Business and Economics (Nova SBE). It was published in the peer-reviewed open-access journal [Sustainable Communities](#).

The researchers analyzed 54 publicly listed firms across seven GCC countries to understand how ESG performance relates to financial outcomes. The study shows a mixed picture. While firms with stronger financial results tend to invest more heavily in ESG, higher ESG ratings do not lead to measurable improvements in stock market performance. This suggests that the causal relationship is often reversed: Financial strength enables companies to improve their ESG standing, rather than ESG creating immediate financial benefits.

The analysis shows that the financial impact of ESG is not uniform. It can be distorted by the dominance of a small number of large, financially strong companies, particularly those in the financial sector and major energy firms. This reflects both their greater resources and the visibility of their role in national transformation strategies. For investors, this suggests that ESG scores in the Gulf cannot yet be used as reliable indicators of future financial returns: “Our findings indicate that ESG performance in the Gulf is advancing, but its financial implications differ from those observed in many developed markets,” said Catalina Stefanescu-Cuntze. “ESG in the region seems to be shaped more by state-led policy and institutional commitments than by market forces.”

The paper contributes to the global debate on sustainable finance by highlighting the importance of regional context. The authors conclude that in markets where sustainability has not yet become a decisive factor for investors, companies may pursue ESG primarily to align with government visions and long-term transition goals. The authors note that this dynamic is especially relevant in the Gulf, where the shift toward sustainable economies is of international significance.

### About ESMT Berlin

ESMT Berlin is a leading global business school with its campus in the heart of Berlin. Founded by 25 global companies, ESMT offers master, MBA, and PhD programs, as well as executive education on its campus in Berlin, in locations around the world, online, and in online blended format. Focusing on leadership, innovation, and analytics, its diverse faculty publishes outstanding research in top academic journals. Additionally, the international business school provides an interdisciplinary platform for discourse between politics, business, and academia. ESMT is a non-profit private

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#### **About Nova SBE**

Nova SBE is Portugal's most prestigious business school and one of Europe's top institutions. It is the school of economics, finance, and management at NOVA University Lisbon. The current Dean is Prof. Pedro Oliveira (PhD, University of North Carolina at Chapel Hill). Nova SBE has been a member of CEMS since December 2007 and holds the prestigious Triple Crown accreditation, which includes EQUIS, AMBA, and AACSB. It was the first Portuguese business school to achieve international accreditations and worldwide recognition in higher education. Nova SBE's international perspective is also reflected in its adoption of English as the primary language of instruction. Nearly all undergraduate courses and all master's, MBA, and PhD programs are taught in English.

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