

Is Environmental, Social, and Governance (ESG) Practices relevant to Non-Traditional Sectors in Australia?

A Literature Review

Irene Mendoza
November 2024



Source: <https://create.vista.com/unlimited/stock-photos/684352666/stock-photo-business-partnership-nurturing-growing-plant-together-carbon-icon-symbolize-esg/>

This literature review investigates the relevance of Environmental, Social, and Governance (ESG) practices in non-traditional sectors in Australia, specifically small and medium enterprises (SMEs), the gig economy, and emerging markets. While significant contributors to economic growth, these sectors face challenges in adopting ESG frameworks. The aim of this review is to analyse whether ESG principles are beneficial for these sectors and evaluate the opportunities and challenges they face. Using a thematic approach, the review examines the environmental, social, and governance dimensions to evaluate their relevance to these industries.

Environmental Sustainability

According to Johnson & Brown (2024), environmental sustainability has emerged as a significant consideration for SMEs in Australia, which contribute approximately 57% of the nation's GDP but are resource-constrained in implementing green initiatives. Walker et al. (2024) found that government incentives and accessible tools for energy efficiency can boost ESG uptake, mainly among small businesses in rural regions. In the gig economy, ride-share and delivery services have been criticised for their environmental impact due to high carbon emissions. Wright and Sharma (2024) argue that creating operational efficiencies, such as route optimisation and electric vehicle adoption, can substantially reduce emissions, making environmental relevance of ESG in this sector.



Source: <https://www.pexels.com/search/ride%20sharing/>

Social Responsibility

Social responsibility is a major ESG pillar, especially in sectors with vulnerable workers, such as the gig economy. Gig platforms, including Uber and DoorDash, have faced scrutiny for inadequate worker protections and wage insecurity (Sydney Business School, 2024). Some studies indicate that enforcing social standards, such as minimum wages and access to benefits, can improve worker welfare and company reputation. For SMEs, fostering community partnerships and improving employee well-being is a practical way to implement social initiatives which align with ESG goals while addressing social equity gaps in rural and regional areas.



Source: <https://www.istockphoto.com/search/2/image-film?page=7&phrase=gig%20economy>

Governance Innovations

Good governance is crucial for ensuring accountability in ESG adoption. According to *Anderson et al., 2024*, regulated governance frameworks are usually non-existent for SMEs in Australia. Tools such as digital platforms and cloud-based ESG reporting systems are emerging as cost-effective solutions to bridge this gap. In the gig economy, governance challenges focus on algorithmic management systems, which often lack transparency and fairness (Sydney Business School, 2024). Regulatory interventions promoting algorithmic accountability have been proposed to ensure equitable outcomes, demonstrating the increasing importance of governance as a part of ESG in this sector.



Source: <https://pixabay.com/images/search/mobile%20app/>

ESG is hugely relevant to non-traditional sectors in Australia due to the significance of environmental concerns, social inequities, and governance challenges. While SMEs and gig economy platforms face obstacles such as limited resources and regulatory gaps, customised strategies make ESG adoption impactful and feasible. By addressing sector-specific issues, ESG frameworks can push sustainable growth, enhance worker welfare, and improve governance. Future studies should focus on adapting ESG principles to the unique needs of these sectors, ensuring that they remain inclusive and practical for Australia's diverse economic landscape.

References

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Irene Mendoza – Universal Business School Sydney – Melbourne Campus