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**Managerial orientations toward ESG in the pre-
acquisition phase of M&A**

A multi-regional perspective

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ABSTRACT:

Nowadays Environmental, Social, and Governance (ESG) criteria have become an important topic in corporate strategy and investment assessment. However, the studies that examine how ESG criteria is processed by managers during the pre-acquisition phase of M&A are limited. The existing literature analysed this topic mainly through quantitative methods, single-country settings, and with a focus on post-acquisition phase. As a result of that, it remains less explored the cognitive and interpretative processes through which manager assess ESG criteria during the pre-acquisition stage, and how these processes vary across regions.

The thesis addresses these gaps through a qualitative single case study, and the primary data are collected through three semi-structured interviews with managers of a multinational chemical group operating in Europe, the Americas, and Asia: the Group Head of Sustainability Strategy and Internal Audit; the Executive Vice President for the Americas; the Executive Vice President for Eurasia. The conceptual framework combines five complementary theoretical perspectives: information asymmetry, behavioural decision theory, institutional theory, stakeholder theory, and upper echelons theory. The interview material was analysed through thematic analysis divided in blocks, combining initial codes with themes emerged from the interviewees' statements.

The findings reveal that ESG is not interpreted as a uniform organisational construct; within the group, the three distinct managerial orientation coexist, and each one is shaped by the manager's functional role: ESG is considered as a strategic instrument supporting value creation, as a matter of regulatory compliance, and as a factor that needs to be adapted to the local context. The findings also show that each region presents a distinct configuration of regulatory density and stakeholder pressures, and that the European HQ apply its home-region standards across its regional operations.

Overall, the theoretical discussion shows that managerial orientations toward ESG criteria in the pre-acquisition phase are shaped simultaneously by the managers' functional role and by the region's institutional structure in which the assessment is run. The study is mainly consistent with the existing literature, and it contributes to adding a nuance to two aspects that received limited attention: the qualitative analysis of the pre-acquisition phase, and the observation of how institutional pressures translate into managerial cognition within a single multiregional firm. These two aspects are modest in scope and related to the specific case examined. The main implication is that the analytical focus should shift from the corporate level to the functional level.

KEYWORDS: ESG, mergers and acquisitions, pre-acquisition evaluation, managerial orientation, information asymmetry, behavioural decision theory, institutional theory, stakeholder theory, institutional context, upper echelons theory, qualitative case study

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1 INTRODUCTION

In recent years, Environmental, Social, and Governance (ESG) considerations have become a central dimension of corporate competitiveness, investment decisions, and financial valuation. Now ESG practices have been seen as necessary requisites for long-term performance and governance (Eccles et al., 2014). As sustainability transitions permeate global markets, firms face growing regulatory pressures, stakeholder expectations, and demands for greater transparency in their environmental and social impact. Consequently, ESG performance is no longer viewed just as an optional reputational feature, but rather as a fundamental risk factor and value driver that can influence how firms are evaluated by investors and other stakeholders (Eccles et al., 2014; Friede et al., 2015; EBA, 2021)

As ESG considerations become more deeply embedded in corporate strategy, they increasingly shape how firms approach major strategic decisions (Li et al., 2024). One particularly relevant context in which these considerations may emerge is mergers and acquisitions (M&A), which represent some of the most significant investment decisions undertaken by firms. While traditional M&A analyses have primarily focused on financial synergies, operational efficiencies, and market expansion, contemporary regulatory pressures, stakeholder expectations, and sustainability-driven business models increasingly require firms to incorporate ESG criteria into strategic assessment processes (KPMG, 2023). In this context, ESG performance may influence not only corporate reputation but also the perceived risks and opportunities associated with potential acquisition targets (García-Nieto et al., 2024; Kim & Park, 2023; KPMG, 2023)

Despite the growing popularity of ESG considerations in corporate strategy, empirical evidence on the actual impact of ESG performance on M&A decision-making remains fragmented and inconclusive. While an expanding body of literature suggests that stronger ESG profiles may be associated with positive market outcomes, existing studies are still limited in scope and geographical coverage. For instance, Yoon et al. (2018) document value-enhancing effects of ESG engagement in the context of South Korean firms, a setting characterised by specific corporate governance structures and evolving sustainability practices. Similar positive market reactions have been observed in other

regions by Zhao et al. (2018), Dalal and Thaker (2019), and Fatemi et al. (2018). Taken together, these studies illustrate how the relationship between ESG performance and market outcomes may vary across institutional environments and regulatory contexts. However, these findings do not yet allow for definitive conclusions regarding a robust relationship between ESG performance and M&A activity, particularly with reference to how ESG factors are integrated into pre-acquisition screening, valuation, and strategic fit assessments.

More recent evidence provided by Feyisetan et al. (2025) contributes to this ongoing debate by offering empirical support for the strategic relevance of ESG in the M&A context. Their results indicate that improvements in a firm's ESG performance significantly increase the likelihood of engaging in M&A transactions, thereby reinforcing the view of ESG as a value-relevant factor rather than a purely reputational concern. While these findings align with theoretical expectations and prior regional studies, they simultaneously underscore the need for further research to clarify the mechanisms through which ESG considerations influence M&A decisions across different institutional and regulatory environments.

Within the M&A context, ESG factors can affect several stages of the pre-acquisition phase: the screening and selection of potential targets (García-Nieto et al., 2024), the evaluation of long-term strategic fit (Chatterjee, 2009; Grant et al., 2022), and the assessment of financial and non-financial risks during due diligence (KPMG, 2023; Lajoux & Elson, 2000; Wangerin, 2019). Moreover, multinational enterprises (MNEs) face varying ESG expectations across regions, including differences in regulatory environments, stakeholder pressure, and market maturity in sustainability practices (Lee et al., 2025). Understanding how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations in the pre-acquisition evaluation process is therefore increasingly relevant, yet still insufficiently explored in existing research.

1.1 Research Problem and Gap

Although academic interest in ESG has expanded significantly, most studies examining the relationship between ESG and M&A rely on quantitative and post-acquisition outcomes (Fatemi et al., 2018; Feyisetan et al., 2025; Yoon et al., 2018; Zhao et al., 2018), and little is known about how managers actually interpret and weigh ESG consideration when they need to assess potential target companies. Despite of the growing recognition of the role of ESG in M&A (KPMG, 2023; Lee et al., 2025) it is possible to analyse three gaps that needs to be clarified for understanding how ESG is took into account.

Firstly, existing literature on ESG and M&A relies mostly on quantitative approaches: Feyisetan et al. (2025) analyse the FTSE-listed UK firms between 2012 and 2022; Yoon et al. (2018) focus their research on South Korea; Zhao et al. (2018) use Chinese acquirer samples; Dalal and Thaker (2019) analyse the influence of ESG factors on the performance of Indian PLCs; Fatemi et al. (2018) test the financial-market reaction to ESG disclosure. Even the recent literature written by Lou et al. (2025), which focuses on the cognitive aspects, is based on data from surveys and archives relating to 109 acquisitions in the UK and it acknowledges that the underlying decision-making processes remain a “black box” derived from the results. These studies are useful for understanding that ESG and managerial cognition are related to M&A activity. Then another gap is that the literature on M&A has mainly focused on post-acquisition integration, leaving the pre-acquisition decision-making phase largely unexplored from a process perspective. Qualitative studies on sensemaking have shown how managers in acquired companies manage to reconcile conflicting roles after the deal closes (Chreim & Tafaghod, 2012), how the emotions of middle managers reconcile sensemaking and sensegiving during integration (Kroon & Reif, 2023), and how cultural friction can emerge once companies have merged (Horwitz et al., 2002). However, as noted by Welch et al. (2020), the cognitive work carried out during the initial evaluation phase is the most overlooked, despite this being the stage at which ESG criteria can have the greatest influence on various assessments and considerations. Thirdly, institutional pressures in ESG regulations, disclosures systems, and stakeholder expectations are well documented across Europe, the Americas and

Asia (Lee et al., 2025), and quantitative studies on ESG in M&A are mostly conducted in a specific country (Dalal & Thaker, 2019; Yoon et al., 2018; Zhao et al., 2018).

Therefore, a clear theoretical and empirical gap persists concerning how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations during the pre-acquisition evaluation process, and how these orientations vary across different institutional and regional contexts. This research contributes primarily to M&A process research by extending qualitative analysis to the pre-acquisition phase, and area that has so far received little attention. More in general, the thesis addresses the behavioural strategy focusing on how institutional pressures translate into managerial cognition under conditions of cross-border complexity.

1.2 Research question

The thesis investigates the following research question:

How do managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations in the M&A pre-acquisition evaluation process, and how do these orientations vary across different institutional and regional contexts?

To answer this question, the research adopts an exploratory qualitative approach based on semi-structured interviews with managers from Chemicals Group. The selection of Chemicals Group as the empirical context for this study is justified on both theoretical and practical grounds.

Theoretically, Chemical Group represents a multi-regional industrial group operating in a sector characterised by intense ESG-related regulatory pressures, particularly in the environmental dimension, making it a theoretically relevant context for examining how ESG considerations enter managerial acquisition evaluations.

Practically, the study benefits from privileged access to senior managers operating across different geographic regions, including regional executives and ESG managers, who in this organisational context are typically the same individuals responsible for both the strategic evaluation of potential targets and the final acquisition decision, which enables the collection of in-depth qualitative insights that would be difficult to obtain

through conventional sampling procedures. While Chemicals Group does not constitute a high-frequency acquirer, its organisational structure and cross-regional exposure make it a suitable context for examining how ESG criteria are interpreted and operationalised during the pre-acquisition phase, regardless of transaction volume.

The study therefore uses Chemicals Group not as a bounded organisational case to be generalised from, but as an access-enabled empirical platform through which managerial reasoning about ESG in acquisition contexts can be explored in-depth.

The concept of managerial orientations used in the research question refers to the cognitive and interpretative frameworks through which managers process ESG information. Managerial orientations are not uniform decision-making criteria; rather, they can be shaped by an individual's functional background (Hambrick & Mason, 1984), institutional contexts (DiMaggio & Powell, 1983), or cognitive biases and heuristics (Bian, 2022; Wan & Chih, 2024). This variability makes managerial orientations suitable for a qualitative study; indeed, quantitative research would be unable to capture the reasoning processes through which managers attribute meaning to ESG criteria during the target screening phase.

1.3 Delimitation of the study

This study is deliberately confined to a single organisation. The empirical data comes from the Chemicals Group and is based on semi-structured interviews conducted with three senior executives. The study does not extend to middle managers and does not cover multiple sectors or industries. This choice reflects the existing literature; single-case qualitative studies with a limited number of informants are now well-established in M&A research when the objective is interpretative rather than statistical analysis. Grant (2018) theorises the decision-making process relating to mergers and acquisitions on the basis of three exploratory case studies; Weber et al. (2019) develop theories of the M&A process based on four German companies; Kroon and Reif (2023) investigate managerial sensemaking during integration through a single case study. The focus on a single sector helps to reduce the variability that might otherwise arise when analysing multiple sectors at a macro level.

1.4 Intended contribution

This thesis offers two primary contributions to both academic research and managerial practice.

First, it contributes to the literature on ESG in M&A by examining how managerial orientations toward ESG criteria shape the way sustainability considerations are interpreted and integrated during the pre-acquisition evaluation process. While existing studies have largely focused on quantitative outcomes and post-acquisition performance, less attention has been given to the cognitive and interpretative processes through which managers orient toward ESG-related information when assessing potential targets. By adopting a qualitative perspective, this study seeks to advance an orientation-centred understanding of how managers make sense of ESG signals within the broader evaluative context of the pre-acquisition phase.

Second, the study provides an empirical and managerial contribution by adopting a multi-regional qualitative perspective within a multinational industrial context. Drawing on semi-structured interviews with managers operating across different geographic regions, the research explores how institutional, regulatory, and contextual differences shape the interpretation and operationalisation of ESG criteria during acquisition evaluations. In doing so, the study offers insights into how managerial orientations toward ESG criteria are shaped by institutional, regulatory, and contextual differences, and how these orientations influence the way sustainability considerations enter the pre-acquisition evaluation process across different regional settings.

This thesis is structured as follows:

- Chapter 2 is the literature review, relating to the five theoretical perspective analysed in this study and it presents the theoretical framework;
- Chapter 3 describes the research methodology;
- Chapter 4 presents the empirical findings derived from managerial interviews;
- Chapter 5 discusses the findings in relation to the existing literature and theoretical frameworks;

- Chapter 6 concludes the thesis by summarising the main findings, discussing limitations, and offers suggestions for future researches.

2 LITERATURE REVIEW

This chapter reviews the theoretical and empirical foundation that support the study's research question. It is organised in six main sections. Section 2.1 discover the origin of ESG framework, from its introduction in the 2004 United Nation Global Compact report to its gradual institutionalisation. Section 2.2 examines the three pillars of the ESG framework, discussing about their interconnected role in shaping firms' sustainability profiles. Section 2.3 addresses the functioning and limitations of the ESG rating agencies. Section 2.4 presents four complementary theoretical perspectives through which managerial orientations toward ESG criteria in the pre-acquisition context can be understood. Section 2.5 focuses on the pre-acquisition phase of M&A, identifying the role of ESG due diligence as an assessment practice and examining how regional and management-level differences influence its application. Section 2.6, summarises these perspectives into a conceptual framework, linking the theoretical theories to the pre-acquisition phase and identifying the key research gaps that the present study seeks to address.

2.1 ESG framework

Before the concept of ESG, there was the concept of the Triple Bottom Line (TBL), introduced by Elkington (1997), which laid the ground for assessing corporate performance beyond only financial metrics. Elkington argued that companies should be assessed through three dimensions: people, planet and profit; which is in line with the actual social, environmental and economic impact of the ESG criteria. Afterwords, the concept of ESG was first introduced in the 2004 United Nations Global Compact report "Who Cares Wins." This report is the result of a joint initiative by 20 financial institutions from nine different countries. The subtitle of the report reads: "Connecting financial markets to a changing world," and it is precisely in this context that ESG was presented as a framework supporting the full integration of the three pillars: environmental, social, and governance. This framework would be helpful in financial analysis and investment decision-making. In addition, the report also argued that integrating these three factors into the capital allocation process would help make markets more linear and stable, thereby

improving financial performance over time, with a long-term perspective (UN Global Compact, 2004).

As a result, ESG began its gradual expansion and evolution around the world, evolving from what was initially conceived as a niche principle of responsible investment to a widely adopted framework that guides corporate strategy, risk assessments, and financial evaluations (Eccles et al. 2014). Furthermore, ESG principles are closely linked to the Principles for Responsible Investment (PRI), which define responsible investment as the integration of environmental, social, and governance factors into investment analysis and ownership practices (PRI, 2006). In addition to this, Li et al. (2021) show how ESG is commonly understood as a structured system for assessing corporate behaviour beyond traditional corporate parameters. This provides investors and all other stakeholders with criteria by which to assess not only profitability, but also sustainability, risk exposure, and governance quality. In this regard, ESG operates both as an assessment method and as an investment philosophy geared towards long-term value, as mentioned above, and sustainable development.

2.2 ESG pillars

Having analysed the structure of the ESG framework, it is now necessary to focus on what these pillars actually refer to. The first is the environmental pillar, which refers to the impact that a company has on the natural environment, such as carbon emissions, climate-related risks, resource use, pollution control, and environmental compliance (Li et al., 2021). The social dimension, on the other hand, concerns the relationships that a company has with its employees, customers, suppliers, and the community in general. This pillar includes labour standards, human rights practices, stakeholder engagement, product responsibility, and corporate reputation (Sassen et al., 2016). The final pillar is governance, as described by van Duuren et al. (2015), relates to the structures and processes by which companies are managed and controlled. This also includes aspects of board composition, executive compensation, shareholder rights, transparency, and internal controls. Researchers argue that governance is the organizational foundation that enables environmental and social initiatives to be implemented effectively.

Although each pillar represents a different dimension, all three are conceptually connected and generally considered collectively as an integrated framework. Indeed, Li et al. (2021) emphasise in their research that environmental, social and governance dimensions should not be interpreted individually, as their combined arrangement determines corporate sustainability outcomes and financial implications. Furthermore, ESG factors can have both positive and negative implications for companies, as they impact a company's financial performance and solvency, as highlighted by regulatory bodies such as the European Banking Authority (EBA, 2021). This interpretation reinforces the view of ESG as a framework that integrates non-financial considerations into financial evaluation processes.

In recent years, ESG factors have become increasingly important in Europe, in North America and some Asian regions. This importance has arisen from the constant development of disclosure standards, rating systems and regulatory initiatives (Eccles & Viviers, 2011). Furthermore, through a large-scale meta-analysis, researchers Friede et al. (2015) reported a predominantly positive relationship between ESG performance and the financial performance of companies, thus contributing over time to the mainstream acceptance of ESG in investment practices. However, conceptual and methodological debates are still ongoing on how to measure and interpret these ESG indicators, particularly due to the existence of different rating methodologies and the lack of complete standardisation (Drempetic et al., 2020).

2.3 ESG ratings and their limitations

In practice, ESG performance is assessed using rating systems developed by specialised agencies. These providers collect company data, both that published by the company itself, such as annual reports or sustainability reports, and that provided by external databases and media sources. All the information collected is translated into specific indicators, which are then aggregated into environmental, social and governance categories. These category-level assessments are grouped together to produce scores for each pillar, which when combined produce an overall ESG score (Dorfleitner et al., 2015). This aggregation process, which starts with data collection and ends with an overall score,

facilitates the synthesis of complex qualitative and quantitative information into a comparable metric, which can then be used by investors and analysts in financial evaluation processes.

Nevertheless, even though the use of ESG criteria has expanded, their ratings are characterised by considerable methodological heterogeneity. Berg et al. (2022) conducted an analysis of six of the leading ESG rating agencies, which for the purposes of this thesis does not need to be explored in detail. The researchers demonstrated that, although the ratings were positively correlated, considerable divergences were identified between the various providers. The points of disagreement can be classified into three main categories: measurement divergence, which occur when different agencies use different indicators to assess the same pillar; scope divergence, which reflect the variation in the set of ESG issues included in the assessment; weighting differences, which refer to differences in how agencies prioritise and group the three ESG pillars. The researchers' findings suggest that the main divergence is driven by differences in measurement choices and scope definitions. This analysis suggests that ESG ratings are the result of methodological and regulatory decisions, rather than neutral representations of corporate sustainability (Berg et al., 2022).

The problem is even more serious when considering the research by Christensen et al. (2022), whose findings show that increased ESG disclosure does not necessarily lead to a reduction in the differences between rating agencies. In fact, greater disclosure could even accentuate this divergence, because agencies use different metrics and weighting schemes, which means they interpret the additional information in even more divergent ways. Therefore, greater transparency may actually increase the divergence in the scores of the three pillars. In conclusion, the researchers suggest that ESG ratings are highly dependent on the methodological and interpretative frameworks adopted by each provider.

These limitations raise various concerns regarding standardisation and comparability. The absence of a globally recognised, fully harmonised ESG rating system leads to inconsistent ratings across providers and jurisdictions (Drempetic et al., 2020). Furthermore, a high overall ESG score does not necessarily indicate that the performance of the three

pillars is balanced, as positive results in one dimension may offset weaknesses in another (Dorfleitner et al., 2015). This aggregation effect further complicates the interpretation of these criteria in strategic contexts.

From a conceptual standpoint, these methodological divergences imply that ESG cannot be conceptualised as a single universally comparable objective measure. Instead, it is an evaluative construct that is shaped by definitional choices, weighting schemes and institutional contexts. This interpretative dimension can be of a particular relevance in the context of M&A. Indeed, during the pre-acquisition phase, managers must be conscious that they cannot rely just on headline ESG scores as definitive indicators of target quality. Conversely, the distribution of ESG information necessitates a contextual assessment, critical judgement and strategic interpretation. The inherent variability in ESG ratings implies that managerial orientations toward ESG information in the M&A context cannot rely on headline scores alone (Berg et al., 2022). Instead, managers must assess the credibility, materiality, and contextual relevance of ESG indicators when forming their interpretive judgements during the pre-acquisition evaluation process (Ezenwa et al., 2025). From a global perspective, regional differences further reinforce this complexity. In the European Union, ESG integration is increasingly shaped by regulatory initiatives such as the EU Taxonomy and the Corporate Sustainability Reporting Directive, which aim to enhance transparency and comparability through mandatory disclosure standards (European Union, 2020; European Union, 2022). In contrast, the United States has historically relied more heavily on market-driven disclosure practices, although regulatory developments are evolving (Christensen et al., 2021). In many Asian markets, ESG adoption remains heterogeneous, reflecting diverse institutional frameworks and stages of regulatory development (Lee et al., 2025). At a general level, the existing literature indicated several findings regarding ESG. Friede et al. (2015) documented a positive correlation among ESG performance and financial outcomes, and stronger ESG performance can reduce information asymmetry between firms and investors (Kim & Park, 2023). However, few gaps continue to exist, such as the measurement of ESG performance that lacks across different providers, and this leads to a systematic divergence in ratings that undermines comparability (Berg et al., 2022; Christensen et al., 2022). These regional

variations influence both the construction and the interpretation of ESG metrics, thereby affecting how managers operating across jurisdictions integrate ESG considerations into strategic evaluation processes.

2.4 Theoretical perspectives

The following section examines the theoretical foundations that explain how and why managers develop specific orientations toward ESG criteria in the context of M&A, and how these orientations shape the interpretation and integration of sustainability considerations. Given the complexity of the phenomenon, no single theoretical perspective offers a sufficient explanation. Thus, the five theories examined in this chapter are presented not as competing perspectives, but as complementary lenses, each highlighting a distinct dimension of how managerial orientations toward ESG are formed and expressed in the pre-acquisition context (Feyisetan et al., 2025; García-Nieto et al., 2024; Kim & Park, 2023; Wan & Chih, 2024; DiMaggio & Powell, 1983; Freeman, 1984).

2.4.1 Information asymmetry

In order to understand how ESG criteria can influence decision-making, it is essential to understand the theoretical mechanisms through which non-financial information is incorporated into managerial evaluation processes. In this context, information asymmetry is a key factor; the relevant literature is particularly significant as it demonstrates how unequal access to information leads to differing assessments, for example regarding risk estimation and investment decisions (Borochin et al., 2019; Healy & Palepu, 2001). In a corporate context, information asymmetry occurs when one party possesses information that is more accurate or more relevant than that of another, thereby limiting the ability of external stakeholders to assess the quality of the firm and its potential exposure to risk more accurately (Healy & Palepu, 2001). When applied to the ESG context, this information imbalance can result in a weakened sustainability assessment, as managers may selectively withhold ESG-related information or strategically disseminate

information in such a way that it is tailored not to fully reflect actual performance (Cho et al., 2015).

Kim and Park (2023) explicitly examine whether ESG performance can mitigate the impact of information asymmetry and find that stronger ESG performance is associated with lower information asymmetry. Their study argues that ESG metrics can make a positive contribution to the information environment by providing market participants with additional non-financial information that goes beyond traditional financial information. Furthermore, they demonstrate that this relationship is strengthened if ESG information is subject to external verification. In the same study, the two authors also state that ESG plays a key role in stakeholder communication channels, as it contains information on corporate conduct and risks in a broader sense, which helps to reduce information asymmetry.

The importance of credibility is further reinforced by the evolving nature of ESG disclosure requirements across different jurisdictions, despite the fact that these requirements remain particularly inconsistent. Although ESG reporting by companies has historically been largely voluntary, the regulatory landscape is changing rapidly, particularly in Europe, where the Corporate Sustainability Reporting Directive has introduced disclosure requirements for a wide range of companies (European Union, 2022). However, outside the EU and, to some extent, within it for smaller entities, a significant portion of ESG reporting remains discretionary. Kim and Park (2023) note that, where reporting remains voluntary, stakeholders may question the reliability of the information disclosed, making external verification particularly relevant as a safeguard to bolster the credibility of the information. Their findings suggest that, when information is subject to external verification, information asymmetry is less prevalent, thus implying that the usefulness of ESG information depends not only on disclosure itself, but also on the perceived reliability of such disclosure. However, it is necessary some caution regarding the interpretation of these results: Healy and Palepu (2001) argue that many studies in this field face several methodological challenges, as firms that changes their disclosure practices often do that in combination with modifications in performance and governance. This entail

difficulties to determine whether the observed effects are actually driven by disclosure practices or by other factors below.

This dynamic is particularly significant in M&A, where valuations are carried out even under conditions of uncertainty. Borochin et al. (2019) argue that information asymmetry restricts the flow of information regarding a firm's strategies and activities, creates obstacles to valuation, and is associated with a higher cost of capital and a lower firm value. In their framework, the acquisition process is particularly relevant because the bidder's due diligence and the scrutiny surrounding the deal release new material information about the target, thereby alleviating information asymmetry around that firm. They therefore interpret the M&A announcement effect as reflecting, at least in part, the valuation discount associated with prior information asymmetry. Although their analysis does not directly address ESG criteria, the mechanism they identify, in which due diligence reduces information asymmetry, provides a relevant conceptual basis for understanding how non-financial information relating to ESG criteria can similarly reduce information asymmetry during the pre-acquisition phase.

In a similar case, Cuypers et al. (2017) demonstrate that the distribution of value in M&A transactions is influenced by the differential experience between the acquirer and the target, and that this effect is contingent on the level of information asymmetry the acquirer faces with respect to the target. Their findings indicate that when information asymmetry is higher, like when the target has a broader product-market scope, the experience advantage becomes more pronounced, as the less informed party is at a relative disadvantage in the negotiation process. These results suggest that information asymmetry complicates target valuation and creates conditions in which one party may be unable to fully assess the strategic assets and risks of the other.

In conclusion, the studies analysed provide a clear and evident link between ESG criteria and the valuation of acquisitions through the lens of information asymmetry. Indeed, if the disclosure of ESG reports improves information and reduces uncertainty, as reported by Kim and Park (2023), such information can also assist managers in evaluating potential acquisitions, making non-financial risks more visible and easier to interpret. In this context, ESG can support the valuation of the target company not only because it highlights

the sustainability focus that the company is pursuing, but also because these values allow for the identification of aspects of corporate quality that remain only partially visible in traditional financial statements, such as governance weaknesses, stakeholder-related vulnerabilities and wider exposure to non-financial risk. Based on these various perspectives, the ESG framework aims to provide information that can reduce uncertainty, improve transparency and support more informed managerial judgement in valuation and due diligence.

2.4.2 Behavioural decision theory

Although information asymmetry examines how incomplete information can influence the valuation of acquisitions, behavioural decision theory offers a complementary perspective by examining how managers cognitively process information when faced with strategic decisions under conditions of uncertainty (Simon, 1955; Wan & Chih, 2024). As reported by Wan and Chih (2024), the decisions managers make are not always entirely rational; indeed, they are influenced by bounded rationality, cognitive simplification, and individual biases. These factors effectively influence how individuals interpret information and utilise it in strategic contexts. The authors argue that in business environments, managerial decision-making often takes place in situations characterised by high complexity, time pressure, and incomplete information. They state that under these conditions, decision-makers are unable to fully process all available information and consequently rely on cognitive shortcuts and simplified evaluation strategies when assessing strategic alternatives. This perspective is aligned with the broader behavioural view of strategic decision-making, according to which managers must balance exploration of new opportunities with the exploitation of existing knowledge when evaluating strategic actions in dynamic environments (Wan & Chih, 2024). As a result, managerial decisions often reflect not only objective financial analysis but also subjective interpretation of available information.

These dynamics are particularly relevant in the context of M&A, where managers find themselves assessing potential targets amidst uncertainty regarding the true value of assets, capabilities and future synergies. Acquisition decisions require complex cognitive

processes, in which managers are required to interpret multiple sources of information while managing information overload and uncertainty (Bian, 2022). The study conducted by Bian (2022) demonstrates that during the early stages of an evaluation, managers often make use of simplified mental models and heuristic reasoning to frame their analysis of potential targets; this is particularly the case when information is insufficient or difficult to interpret. Consequently, the author emphasises that managerial cognition plays a key role in determining how strategic opportunities are evaluated during the pre-acquisition phase.

Among the cognitive shortcuts, three heuristics are particularly relevant when managers evaluate ESG-related information in the context of pre-acquisition assessment. As elaborated by Statman (2017), the availability heuristic leads decision-makers to assess the probability or significance of events based on how easily relevant examples come to mind, rather than on systematic evidence. In the ESG context, this implies that a manager who has been recently exposed to a high-profile environmental scandal or a governance failure may disproportionately weight such incidents when evaluating the ESG profile of a potential target, even when aggregate data suggest that the underlying risk level is comparatively low. Similarly, the representativeness heuristic inclines managers to judge whether an entity belongs to a given category based on how closely it resembles a stereotypical member of that category, while underweighting statistical base-rate information (Statman, 2017). Applied to ESG assessment, a manager may perceive a target operating in a traditionally polluting industry as inherently ESG-deficient, or in contrary assume that a firm active in a knowledge-intensive sector presents a favourable sustainability profile, independently of its actual ESG indicators. Finally, the anchoring and adjustment heuristic describes the tendency to rely heavily on an initial reference value when making numerical estimates, subsequently making only insufficient adjustments as additional information is incorporated (Statman, 2017). In the pre-acquisition context, where ESG ratings produced by different agencies frequently diverge, as discussed in section 2.3, a manager may anchor to the first ESG score encountered, typically from a widely recognised provider, and fail to adequately revise their assessment in light of contradictory ratings from alternative sources. Taken together, these three heuristics

suggest that the cognitive processing of ESG information during the pre-acquisition phase is likely to be systematically influenced by predictable patterns of cognitive bias, with significant implications for how ESG signals are ultimately translated into acquisition-related decisions.

In the field of corporate finance, behavioural research also suggests that managerial characteristics and cognitive biases can significantly influence strategic investment decisions. Malmendier and Tate (2008) demonstrate that CEOs who are overly confident are more likely to engage in acquisitions, especially if internal financial resources are available. Their findings suggest that excessive managerial confidence can lead executives to overestimate the potential synergies presented to them or even to underestimate the risks associated with acquisitions, thereby significantly increasing the likelihood of engaging in transactions that would not be entirely justified by an objective financial analysis (Malmendier & Tate, 2008).

Further research suggests that executives' cognitive traits can influence corporate investment behaviour in a broad sense and, consequently, strategic outcomes. Song and Liu (2025) examined the relationship between managerial overconfidence, financial investment behaviour, and corporate innovation performance, demonstrating how overconfidence can influence the way managers evaluate strategic opportunities and allocate corporate resources. Their findings indicate that managerial characteristics influence how decision-makers evaluate strategic information and investment opportunities, reinforcing the behavioural view that corporate decision-making cannot be explained in its entirety by purely rational financial models (Song & Liu, 2025).

Furthermore, the study by Tunyi et al. (2026) shows how behavioural dynamics can interact with external pressures and governance contexts. The authors demonstrate that external governance mechanisms, such as takeover vulnerability, can influence management's strategic behaviour by modifying managerial incentives and risk perception. Indeed, their analysis suggests that when companies face more stringent external discipline mechanisms, the behaviour of management may become more restricted, which can influence investment decisions and strategic priorities within the firm (Tunyi et al.,

2026). From this perspective, managerial orientations toward strategic information, including ESG criteria, are shaped by two interacting factors: cognitive processes at the individual level, and institutional and governance pressures at the organisational level. From this perspective, ESG information can be treated as an additional factor that managers must interpret when assessing their potential targets. ESG indicators often convey complex information; managers must therefore interpret this information through cognitive judgement and strategic reasoning. As reported by Feyisetan et al. (2025), ESG performance can influence the outcomes of acquisitions by influencing how investors and managers perceive a company's quality, risk exposure and the creation of long-term value. However, few limitations in the behavioural decision theory arise; indeed, the researchers Powell et al. (2011) acknowledge that, despite the progress in this field, it has been too slow to include results from psychology and it lacks of adequate empirical grounding, with the objectives of the behavioural theory remaining insufficiently defined for a direct application in strategic context such as the evaluation of mergers and acquisitions.

2.4.3 Institutional theory

Another theory that needs to be considered is the institutional theory, which, in this context, provides a clear explanation of why firms adopt ESG practices and why such practices often differ depending on the context. Meyer and Rowan (1977) conducted the first research in this field, arguing that firms adopt structures and practices not only because they are economically efficient, but also to seek legitimacy within the broader social and regulatory context in which they operate. This was followed by DiMaggio and Powell (1983), who further developed this perspective, arguing that organisational behaviour becomes more homogeneous through three processes of institutional isomorphism: coercive, mimetic and normative pressures. According to this argument, firms are incentivised to align themselves with socially accepted expectations, rules and models of conduct in order to secure legitimacy, stability and access to fundamental resources (Scott, 2014).

In institutional theory, recent developments show that firms and their managers are not passive recipients of institutional pressures. On the contrary, they are able to interpret, negotiate and actively respond to various institutional demands in different ways, depending on the context in which they operate (Glynn & D'Aunno, 2023; Risi et al., 2023). This mode of action is particularly relevant to ESG, as sustainability-related practices emerge within institutional contexts characterised by regulations, professional standards, stakeholder expectations and broader social beliefs (Fernando & Lawrence, 2014; Brammer et al., 2012). It follows that the adoption of ESG can be seen both as a response to institutional demands and as a means of strengthening the legitimacy of a market increasingly oriented towards a sustainable vision (Risi et al., 2023).

From this perspective, coercive pressures are understood as formal requirements arising from legislation, regulations, public policies, and other regulatory requirements to which companies are bound to comply (DiMaggio & Powell, 1983). Turning our attention to ESG, this type of pressure is reinforced through mandatory disclosure regimes, sustainability reporting obligations and regulatory reforms aimed at aligning companies with stakeholder-oriented economic models (De Brito et al., 2008). As for regulatory pressures, these stem from shared values, professional standards and expectations promoted by industry networks, experts, consumers and other stakeholders (DiMaggio & Powell, 1983; Hyatt & Berente, 2017). Firms subject to these pressures must be able to align themselves with prevailing ESG expectations; otherwise, they may face reputational penalties, exclusion from commercial networks, or a weakening of stakeholder support (Kassinis & Vafeas, 2006; Cavusoglu et al., 2015). Finally, mimetic pressures become particularly significant in periods of uncertainty, when firms imitate the structures, strategies and practices of organisations perceived as legitimate or successful (DiMaggio & Powell, 1983; Fligstein, 1985). In the context of ESG criteria, this means that companies can emulate their main competitors, multinational corporations or globally established standards in order to reduce uncertainty and, consequently, strengthen their institutional legitimacy (George et al., 2006; Heugens & Lander, 2009).

The significance of these institutional mechanisms for ESG has been increasingly demonstrated by recent empirical research. Indeed, data from multinational companies

operating in China show that institutional pressures of a regulatory, legislative and cognitive nature have a positive impact on companies' ESG strategies, suggesting that the application of ESG criteria is determined by the institutional context of the host market rather than by internal preferences or voluntary commitments (Lee et al., 2025). Similarly, data from South Korea show that foreign ownership and chaebol affiliation (an industrial conglomerate managed and controlled by a single owner or family in South Korea) positively influence the establishment of ESG committees, supporting the argument that global coercive pressures, particularly those associated with foreign investors, international standards and exposure to global markets, can strengthen ESG governance structures within firms (Han & Song, 2025). These findings demonstrate that the adoption of ESG is conditioned by the specific institutional pressures to which firms are exposed, and that it is therefore not uniform across firms.

However, the institutional theory itself presents few limitations. DiMaggio and Powell (1983) explicitly acknowledge that their description of the institutional isomorphism consist in only hypotheses, which their empirical validation were beyond the purpose of their paper, and that the proposed mechanism were understood as explanatory statements calling for future research rather than empirical facts.

Institutional theory also explains why ESG criteria can be interpreted differently depending on the region and organisational context. Companies operating in multiple countries are required to comply simultaneously with host country regulations, the expectations of local stakeholders, and global sustainability standards, making ESG strategy inherently context-dependent (Marano & Kostova, 2015; Peng et al., 2009). In this regard, institutional contexts not only encourage adoption but also influence the way in which managers interpret ESG priorities and translate them into concrete strategic actions. This concept is further supported by evidence suggesting that local fiscal interventions can weaken the positive relationship between managerial characteristics and ESG performance, implying that institutional conditions may affect the effectiveness of managerial judgement and the way in which ESG is implemented (Liu et al., 2024).

A final implication of institutional theory is that the adoption of ESG criteria may sometimes be driven more by a desire for legitimacy than by a genuine transformation in terms of sustainability. The distinction between symbolic and substantive adoption of ESG criteria can be explored further through the theory of legitimacy; in this regard, Meyer and Rowan (1977) argue that organisations operating in highly institutionalised environments adopt certain procedures not because they are necessarily efficient, but because their application provides legitimacy and improves the odds of survival. To balance the demands of institutional compliance with those of operational efficiency, organisations rely on decoupling: formal structures demonstrate compliance with institutional requirements, while day-to-day activities remain protected from inspections and assessment, supported by a *“logic of trust and good faith”* (Meyer & Rowan, 1977, p. 357) rather than by rigid coordination. Following this, Suchman (1995) defines legitimacy as the generalised perception that the actions of an entity are desirable or appropriate within a socially constructed system of norms and values, distinguishing three forms: pragmatic legitimacy, based on the self-interested calculations of immediate audiences; moral legitimacy, based on normative judgements of propriety; and cognitive legitimacy, based on comprehensibility and perceived obviousness. Suchman (1995) further observes that managers may pursue legitimacy through decoupling or through *“hollow symbolic gestures”* (Suchman, 1995, p. 579) of moral propriety. According to several studies, rather than deeply embedding ESG criteria into decision-making and governance processes, firms tend to integrate these criteria in a symbolic manner in response to external pressures, which also helps to explain concerns regarding symbolic disclosure and greenwashing (Dye et al., 2021; De Silva Lokuwaduge & De Silva, 2022). Overall, institutional theory suggests that ESG criteria should not be understood as a universally fixed standard, but rather as criteria that enter into strategic assessment as a context-dependent construct whose relevance is shaped by regulatory requirements, stakeholder expectations, imitative dynamics and the various conditions of legitimacy surrounding the firm (Lee et al., 2025; Han & Song, 2025).

2.4.4 Stakeholder theory

Turning to stakeholder theory, this argues that companies should take into account the interests of the various groups that can influence or be influenced by corporate objectives, rather than focusing solely on shareholders; it is for this reason that this theory is particularly useful for understanding how non-financial considerations become part of a company's strategic decisions (Freeman, 1984; Donaldson & Preston, 1995). In the ESG context, this perspective suggests that companies have a greater chance of achieving long-term success when they generate value for a wider range of stakeholders (including investors, customers, communities, employees, suppliers, and regulators) while managing the organisation in a responsible and transparent manner (Mitchell et al., 1997; Asif & Searcy, 2026). Stakeholder theory is particularly significant as it helps us understand how managers prioritise stakeholder demands by taking into account their power, the urgency of these demands and their legitimacy; this means that certain actors, such as regulators or investors, can become particularly influential in shaping strategic decisions and the quality of ESG-related practices (Mitchell et al., 1997; Asif & Searcy, 2026).

According to the study conducted by Gao et al. (2022), this perspective is particularly relevant in the context of M&A, as acquisition processes require the support, or at the very least, the non-opposition, of various key stakeholder groups, whose relationships can directly influence the feasibility and success of such transactions. The authors demonstrate how acquisitions involve a series of interdependent activities, including planning, due diligence, negotiation, financing and integration, all of which depend on the cooperation of actors such as members of the target company, regulatory authorities, boards of directors and capital market operators. Furthermore, the same study argues that stakeholder resistance, including opposition from shareholders, target companies, financial actors and regulatory authorities, can contribute to the failure of the acquisition, making stakeholder management strategically relevant as early as the pre-acquisition phase. Based on this analysis, stakeholder theory suggests that acquisition decisions are evaluated both in terms of internal financial logic and in terms of how the acquiring firm is perceived by those external groups whose trust, approval or

cooperation are necessary for the transition to proceed (Donaldson & Preston, 1995; Gao et al., 2022).

ESG can be understood as one of the mechanisms through which firms seek to secure stakeholder support and reduce resistance in strategic contexts (Asif & Searcy, 2026). Asif and Searcy (2026) demonstrate how ESG aligns with the core logic of stakeholder theory, in that it reflects the need to create social and environmental value while managing the organisation in a responsible and transparent manner towards multiple stakeholder groups. In the context of M&A, this implies that ESG practices may be relevant both because they signal corporate responsibility and because they shape how stakeholders assess the acquirer's reliability, legitimacy, and long-term orientation before a transaction is completed (Gao et al., 2022; Asif & Searcy, 2026).

A more detailed analysis is provided by Gao et al. (2022), who demonstrate that visible forms of corporate social engagement, such as corporate donations, can help companies secure the support of consumers, employees, governments, investors, financial analysts and suppliers. In the same study, the authors argue that, in takeover contexts, such actions can serve as signals of trust, cooperation and stakeholder consideration, thereby enhancing the acquiring firm's reputation in the eyes of target firms, regulators and market participants. This argument is consistent with previous empirical evidence, which shows that stronger CSR profiles are associated with faster deal completion, lower uncertainty and more favourable market reactions in acquisition contexts (Deng et al., 2013; Hawn, 2013; Arouri et al., 2019). These findings suggest that stakeholder-oriented conduct can facilitate acquisition processes, rather than remaining a purely symbolic attribute. Similarly, ESG considerations are playing an increasingly central role in M&A transactions: aligning acquisition strategies with sustainability objectives can strengthen a company's reputation and stakeholder trust, both of which are highly significant factors when companies undertake complex strategic transactions under the scrutiny of public opinion and the market (García-Nieto et al., 2024).

Stakeholder theory also helps explain why weak ESG profiles may create reputational and strategic risks for acquiring firms during pre-acquisition evaluation (Freeman, 1984;

Gao et al., 2022). Gao et al. (2022) show that firms facing negative media coverage or belonging to controversial industries encounter more sceptical stakeholder attitudes, which increases the value of visible responsible conduct in facilitating subsequent acquisitions. More broadly, when stakeholder trust is weak, firms may face greater scrutiny from regulators, more cautious reactions from investors, and stronger resistance from target-related stakeholders, all of which can complicate acquisition assessment and execution (Gao et al., 2022; Mitchell et al., 1997). For this reason, stakeholder theory provides a useful explanation for why ESG considerations shape managerial orientations during the pre-acquisition phase: managers must consider not only the financial attractiveness of a target, but also how the transaction may be perceived by the stakeholder groups whose approval, trust, and cooperation are necessary for the acquisition to proceed (Donaldson & Preston, 1995; Gao et al., 2022; Asif & Searcy, 2026).

2.4.5 Upper echelons theory

A further theoretical perspective that contributes to the understanding of managerial orientations toward ESG in the acquisition context is the upper echelons theory, originally proposed by Hambrick and Mason (1984). The central premise of this theory is that organisational outcomes, including strategic choices and performance levels, are partially predicted by the background characteristics of the firm's top executives. According to this perspective, managers do not process strategic information in a fully rational manner. Instead, each executive brings a set of cognitive bases and values to the decision-making situation, which serve to filter and distort the perception of the environment and of the available alternatives (Hambrick & Mason, 1984). These cognitive bases are shaped by observable characteristics such as age, functional background, educational credentials, career experiences, and tenure within the organisation. As a result, two executives confronted with the same strategic situation may interpret it differently and arrive at different conclusions, because their prior experiences create distinct perceptual lenses through which information is selected and interpreted.

In a subsequent refinement of the theory, Hambrick (2007) introduced the concept of managerial discretion as a key moderator of the upper echelons logic. Hambrick (2007) argued that upper echelons theory offers stronger predictions of organisational outcomes when executives operate in contexts characterised by high discretion, that is, when there is an absence of constraint and a considerable degree of ambiguity regarding the available means and ends. In such conditions, executive characteristics become more directly reflected in strategic choices. On the other hand, when discretion is limited, for example due to strict regulatory frameworks or concentrated ownership structures, the influence of individual executive characteristics on strategic outcomes is more constrained (Hambrick, 2007; Crossland & Hambrick, 2011).

This perspective is particularly relevant for the present study. The research question asks how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations during the pre-acquisition evaluation process, and how these orientations vary across different institutional and regional contexts. Upper echelons theory provides the theoretical foundation for this investigation, as it explains why managers with different professional backgrounds, functional experiences, and career trajectories are expected to develop different orientations toward ESG information when evaluating potential acquisition targets. In the empirical setting of this study, the interviewees occupy different functional positions and operate across different geographic regions, and upper echelons theory predicts that these differences will be reflected in how each manager interprets and prioritises ESG-related considerations. This theoretical expectation aligns with recent research showing that executive characteristics, including functional experience and career background, moderate the relationship between strategic orientations and firm-level outcomes (Saiyed et al., 2023; Wang et al., 2015). In this part, it is necessary to underline two limitations acknowledged by Hambrick and Mason (1984): firstly, the demographic indicators such as the age, tenure, and functional background are incomplete proxies for the cognitive process underlying that they represent, and this can weaken the empirical relationships provided by the theory; secondly, the authors argued that the executive nominations are rarely random, as the managers are selected depending on their profile whether is aligned with the firm's

strategic direction, and this create a problem of endogeneity that complicates the interpretation of the results.

It should be noted that other theoretical perspectives could offer complementary insights into the phenomena examined in this study. In particular, the Resource-Based View (Barney, 1991) and the Dynamic Capabilities framework (Teece et al., 1997) could be applied to examine whether the ability to evaluate and integrate ESG information constitutes a firm-level strategic resource that generates competitive advantage. However, these perspectives focus primarily on organisational-level capabilities and sustained competitive advantage, whereas the present study centres on individual-level managerial orientations and their variation across institutional contexts. The exploration of ESG-related organisational capabilities is therefore acknowledged as a relevant path for future research, but it falls outside the scope of the present study.

2.4.6 Key takeaways of the theories

All the five theories presented in this chapter address the ESG-related managerial orientations from different and complementary point of view.

The first theory presented concerns the informational environment in which the acquirer's assessment of the target takes place, and it shows how ESG disclosure can reduce uncertainty about non-financial dimensions of the target quality (Healy & Palepu, 2001; Borochin et al., 2019; Kim & Park, 2023). Moving to the second theory, this one concerns the cognitive processes through which managers translate the informational environment into judgment (Simon, 1955; Wan & Chih, 2024). While institutional theory regards the macro-environmental and field level pressures that shows why ESG criteria become relevant why their interpretation differs among different context (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). Stakeholder theory, instead concerns the relational framework within which the buyer operates, identifying the key players whose perceptions and reactions managers must anticipate. Lastly, the upper echelons theory regards the individual-level filter through which previous pressures and information flows are processed and upon which actions are taken (Hambrick & Mason, 1984). There are several connections that must be taken into consideration before proceeding with

the analysis. First, institutional theory and the literature of information asymmetry interact through the concept of legitimacy; indeed, Meyer & Rowan (1977) argue that organisations adopt ceremonially conforming structures to secure legitimacy and that such structures might be disconnected from actual activities. Suchman (1995) generalises this insight by distinguishing between pragmatic, moral and cognitive forms of legitimacy and also noting the fact that managers can produce symbolic gestures of compliance that are difficult to verify for external audiences. Healy and Palepu (2001) report that the credibility of voluntary disclosure is a central empirical issue and that it is difficult to interpret the link between disclosure and capital market outcomes. Secondly, behavioural decision theory and upper echelons theory together present a link about how institutional and informational pressures are translated into strategic choices. Here, Simon (1955) establishes the basis by arguing that human decision-making operates within a framework of bounded rationality and through simplified approximations of contexts. In addition to that, Hambrick & Mason (1984) extend this logic to the strategic level by showing that strategic choices reflect the cognitive foundations and values of senior managers, which themselves are approximated by observable background characteristics. Lastly, Wan and Chih (2024) improve this analysis examining the search strategies through which managers face uncertainty in dynamic contexts. The cumulative takeaway is that ESG criteria enter in the pre-acquisition consideration from a managerial perspective through a layered process: the institutional pressures (coercive, mimetic, and normative) shape the way on how firms operate (DiMaggio & Powell, 1983), and scholars have applied this logic to explain how ESG practices spread across sectors and regions (Lee et al., 2025). Information asymmetry determines what can be observed of the target company's ESG profile and with which degree of credibility (Healy & Palepu, 2001; Kim & Park, 2023). Managerial cognition, touched by the upper echelons theory and behavioural theory, show how the available signals are interpreted by managers (Hambrick & Mason, 1984; Simon, 1955). To conclude, no single theory fully address this process, however these theories analysed together provide an idea of which ESG judgements are formed in the pre-acquisition phase.

2.5 ESG in the M&A pre-acquisition process

2.5.1 The pre-acquisition phase in M&A transactions

The M&A process is widely recognised in the literature as a sequential, multi-stage process, in which decisions taken in the early stages exercise a disproportionate influence on the subsequent outcomes (Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986). This process is typically divided into two main phases separated by the transfer of legal ownership: the pre-acquisition phase and the post-acquisition phase (Haspeslagh & Jemison, 1991). Although researchers have devoted particular attention to the post-acquisition integration phase, the initial phase has received relatively less analytical attention, despite the fact that many of the challenges encountered after the closure of a deal can be traced back to decisions made prior to it (Welch et al., 2020; Grant et al., 2022).

When analysing the pre-acquisition phase, this encompasses all activities carried out from the initial definition of an acquisition strategy through to the legal completion of the transaction. Grant et al. (2022) divide this phase into two analytically distinct sub-phases: identification and acquisition-making. The first concerns the processes through which acquirers identify and select suitable targets; two approaches are used here: strategic fit, which analyses the degree of similarity and complementarity between the acquirer and the target, and organisational fit, which concerns the practical feasibility of realising the expected value (Haspeslagh & Jemison, 1991; Grant et al., 2022). This process is not limited to a passive review of available opportunities; in fact, successful acquirers tend to adopt a proactive approach, building and maintaining connections with potential targets and sellers over extended time horizons, even up to years before a transaction becomes feasible (Chatterjee, 2009; Grant et al., 2022). All these targets are continuously updated, and the identification of potential suitable candidates is integrated into the broader strategic planning process, which involves division managers and key operational staff alongside corporate-level decision-makers (Haspeslagh & Jemison, 1991; Grant et al., 2022).

Once a target has been identified and initial contact established, the sub-phase mentioned above begins. It encompasses the activities that progressively lead to the legal

finalisation of the transaction, including the commencement of negotiations, due diligence, the valuation, and the definition of the terms of the agreement (Grant et al., 2022; Angwin, 2001). Among these, due diligence is a particularly significant activity, as it constitutes the primary mechanism by which buyers reduce uncertainty, verify the information provided by the target and identify risks that could affect the terms or feasibility of the transaction (Wangerin, 2019; Lajoux & Elson, 2000). Conventional due diligence has traditionally focused on the legal, financial and tax aspects of the target company; however, researchers argue increasingly that a broader approach is necessary, such as cultural and human resources considerations, to avoid unexpected costs and integration failures in the post-acquisition phase (Angwin, 2001; Horwitz et al., 2002). The quality of due diligence, and therefore that of all information obtained during the pre-acquisition phase, has a direct impact on the accuracy of the valuation and on the buyer's negotiating position (Wangerin, 2019).

García-Nieto et al. (2024) also show that the risks concentrated in the pre-acquisition phase, which include information asymmetry, overvaluation and the incorrect identification of post-acquisition risk factors, should not be regarded as independent phenomena, as they are closely interlinked. Their analysis of M&As identifies information asymmetry as a structural feature of the pre-acquisition process, which complicates the selection of the target company, influences transaction pricing and can therefore lead to systematic misjudgements regarding the quality of the target company. In this context, the pre-acquisition phase should not be viewed simply as a technical process of data collection and financial modelling, but rather as a strategic assessment exercise in which the quality of the information and the acquiring team's ability to interpret it are decisive and fundamental to the ultimate success of the transaction (Welch et al., 2020).

2.5.2 The appearance of ESG in pre-acquisition evaluation

With regard to the pre-acquisition dynamics described above, ESG criteria have emerged as an increasingly significant trend in the process of evaluating the target company. This development reflects both external institutional pressures and a growing awareness

among acquirers of the informational and strategic value that these considerations can bring.

As discussed in section 2.4.3, institutional theory provides a useful framework for understanding why ESG criteria have been incorporated into the pre-acquisition assessment phase. The rapid growth of mandatory or quasi-mandatory disclosure policies on sustainability, more specifically the EU directives on Corporate Sustainability Reporting Directive, has increased the volume and standardisation of non-financial information available on potential targets, thereby reducing, at least in part, the information barriers that previously limited the integration of ESG criteria into due diligence (Feyisetan et al., 2025). At the same time, coercive, mimetic and regulatory pressures have driven acquiring firms to integrate ESG assessment into their evaluation frameworks, in order to maintain institutional legitimacy and meet investor expectations (DiMaggio & Powell, 1983; KPMG, 2023).

A study conducted by KPMG (2023) among industry operators confirms this shift. Indeed, the research shows that active dealmakers involved in M&A in Europe, the Middle East and Africa found that ESG considerations are now standard practice for 82% of the buyers surveyed, with a growing majority stating their intention to conduct formal ESG due diligence in future transactions. Essentially, the study shows that more than two-thirds of respondents would be willing to pay a premium for a target demonstrating a high level of ESG maturity in areas aligned with the buyer's own ESG priorities. This finding suggests that ESG is increasingly viewed as a relevant value attribute that can influence both the transaction price and the selection of targets during the identification sub-phase.

The integration of ESG criteria into the identification of targets directly involves the mechanisms described in section 2.4.1. As discussed in that section, information asymmetry represents a structural challenge in the pre-acquisition phase, limiting the buyer's ability to accurately assess the quality of the target and its exposure to risk. ESG-related information can act in part as a solution to this problem as it provides non-financial information on environmental practices, social conduct and governance structures,

making certain categories of risk (such as regulatory, reputational, and operational risks) more visible to potential acquirers (Kim & Park, 2023; García-Nieto et al., 2024). In particular, when ESG information is subject to external verification, its reliability as an indicator is significantly enhanced, reducing the possibility of selective or strategic disclosure by the target company (Kim & Park, 2023). From this perspective, ESG due diligence can be regarded as a tool that helps to reduce information asymmetry in the pre-acquisition phase, in line with the broader framework discussed in section 2.4.1.

Nevertheless, ESG criteria involve the behavioural and cognitive dimensions of the decision-making process relating to acquisitions, as analysed in section 2.4.2. Since ESG information is complex, multidimensional data that cannot be reduced to a single indicator, managers evaluating potential targets must exercise interpretative judgement in determining which ESG factors may be relevant to a specific transaction and how they should be weighed against financial considerations (Bian, 2022). As reported by Feyisetan et al. (2025), ESG performance significantly increases the likelihood of M&A engagement. Regarding its impact on financial performance, measured through return on assets, their results reveal a differentiated pattern across sectors: for financial firms, the contemporaneous effect of ESG is negative and statistically significant, whereas for non-financial firms, the effect is positive but statistically insignificant. However, when one-period lagged ESG scores are introduced, the relationship becomes positive and significant for both sub-samples, suggesting that ESG investments may yield financial benefits with a temporal delay. These results imply that the way in which managers interpret and incorporate ESG signals at an early stage has strategic consequences that can be measured subsequently.

From the perspective of stakeholders, as outlined in section 2.4.4, the integration of ESG criteria into the pre-acquisition assessment can also be seen as a mechanism for anticipating and managing the dynamics among stakeholders that accompany the acquisition process. Acquiring companies that demonstrate strong ESG profiles are in a better position to secure the trust and cooperation of the target company's stakeholders and regulatory authorities, all of whom are in the position to influence the feasibility and terms of the transaction (Gao et al., 2022; García-Nieto et al., 2024). On the other hand, target

companies with poor ESG performance may generate resistance from the acquirer's stakeholders or attract greater regulatory attention, both of which can lead to complications in the execution of the transaction. This stakeholder-oriented approach implies that ESG assessment in the pre-acquisition phase is not limited to identifying risks, but extends to evaluating the relational and reputational value that the target company brings to the transaction.

Although ESG integration is a rapidly growing area, a study conducted by KPMG (2023) shows that there are some challenges in implementing ESG due diligence. Three difficulties are identified more frequently than others, and these are: the absence of market consensus on what a standard scope of ESG due diligence should include; the difficulty in obtaining reliable and comparable data at the level of the entity subject to assessment; and the challenge of translating ESG results into quantifiable financial implications that can be integrated into valuation models. These difficulties suggest that, although ESG is increasingly present on the pre-acquisition agenda, its integration remains methodologically underdeveloped, creating variability in the way ESG information is collected and applied across different organisations and transactions. While the limitations of standardised ESG ratings and the methodological challenges of ESG due diligence are well documented in the literature, what remains widely underexplored is what alternative evaluative strategies, information sources, or interpretive practices managers rely upon when headline ESG scores are considered insufficiently reliable or comparable. This question is empirical and context-dependent, and it will therefore be addressed through the interview data collected in this study (see section 3.4).

2.5.3 Regional and managerial difference in ESG pre-acquisition integration

The level of integration of ESG criteria into the initial stages of M&A varies considerably depending on the institutional context, confirming the findings in section 2.4.3, which state that the adoption of ESG criteria is influenced by regulatory frameworks, stakeholder expectations and the conditions of legitimacy that characterise the various markets in which companies operate.

The most advanced geographical context for the integration of ESG criteria is the European Union, where mandatory disclosure regimes, green finance regulations and sustainability reporting requirements have created a relatively robust institutional infrastructure, which places ESG criteria at the heart of M&A assessments (Feyisetan et al., 2025; KPMG, 2023). Furthermore, financial investors operating under the EU Sustainable Finance Disclosure Regulation have been particularly active in developing formal ESG due diligence frameworks, and their practices are widely considered to be the benchmark for ESG integration in the pre-acquisition phase (KPMG, 2023). In particular, the study conducted by KPMG (2023) analyses the workstream dedicated to ESG due diligence, in which ESG is treated as a discipline in its entirety rather than being distributed across existing workstreams; here, this workstream is much more widespread among buyers based in the EMEA region than among their Swiss counterparts, reflecting institutional differences even within the European region.

Looking specifically at the United Kingdom, empirical data show that ESG considerations are now statistically correlated with M&A activity. The study conducted by Feyisetan et al. (2025) analyses a sample of companies listed on the FTSE between 2012 and 2022, and finds that the higher the ESG scores, the more likely a firm is to engage in M&A transactions, and in addition to that this association is stronger in financial firms, thus reflecting the greater regulatory scrutiny to which financial institutions are subject. This sectoral differentiation demonstrates that ESG integration in the initial pre-acquisition phase is not uniform even within a single institutional context, but is shaped by sector-specific regulatory exposure and investor pressure.

However, institutional pressures outside Europe remain more heterogeneous. Although ESG considerations have gained importance in both the United States and parts of East Asia, regulatory frameworks are less uniform, voluntary reporting remains the most widespread, and the integration of ESG criteria into pre-acquisition due diligence practices is less standardised (García-Nieto et al., 2024). This regional difference means that the weight that the acquiring company assigns to ESG considerations when evaluating the target company, and the methodologies used for this evaluation, may differ

significantly depending on the institutional context in which the acquiring company and the target company operate.

These institutional differences also have implications for the management aspect of ESG integration. As noted earlier in section 2.4.2, managers operating in complex and uncertain conditions rely on interpretative frameworks and cognitive heuristics to assess strategic information. Where the disclosure of ESG information is more standardised and mandatory, it can provide more reliable information that can also be easily integrated into evaluation processes. On the other hand, where the disclosure of such information remains voluntary or otherwise fragmented, managers must exercise greater interpretative judgement. This suggests that the effectiveness of integrating ESG criteria during the pre-acquisition phase depends on the availability of this information, the interpretative capacity of the acquiring team, and the institutional context in which the assessment takes place.

2.6 Toward a conceptual framework

The five theories analysed in section 2.4 were not presented as competing explanations for the integration of ESG factors into M&A transactions, but rather as complementary perspectives which, taken together, reveal different dimensions of a single phenomenon. Information asymmetry underpins the logic of ESG disclosure, which provides non-financial signals regarding environmental, social and governance performance; ESG information expands the range of information available to buyers beyond the traditional financial statements that target companies may share (Healy & Palepu, 2001; Borochin et al., 2019; Kim & Park, 2023). However, the availability of this information does not determine how it will subsequently be examined and interpreted. Behavioural decision theory demonstrates that the way in which managers process ESG signals can be influenced by bounded rationality, cognitive simplification and individual heuristics, particularly in pre-acquisition scenarios, a context characterised by complexity and evaluative uncertainty (Wan & Chih, 2024; Bian, 2022). Whether a manager views an ESG metric as a risk factor, a reputational signal or a strategic opportunity depends on cognitive factors

that vary across individuals and organisational contexts (Malmendier & Tate, 2008; Song & Liu, 2025; Tunyi et al., 2026). Garbuio et al. (2010) identify a series of cognitive biases that influence systematically the decision-making process related to M&A across its key phases. During the preliminary due diligence, confirmation bias can lead managers to seek information that supports their pre-existing beliefs regarding the target company, thus ignoring the evidence that disconfirms that. Furthermore, authors observe that initial beliefs about price and synergies tend to bias the entire subsequent analysis, such that the due diligence process is ruined by a biased estimate even before that the practical information has been exchanged. Furthermore, overconfidence leads managers to overestimate their capabilities, indeed authors note that “*overconfidence bias may be especially insidious when it comes to identifying revenue and cost synergies in potential M&As*” (Garbuio et al., 2010, p. 91). The availability heuristic instigates managers to focus in an excessive way on financial information that is easily available, underestimating at the same time the cultural fit challenges, which are less easily available but equally consequential for post-merger performance (Garbuio et al., 2010). Lastly, the authors, in the final due diligence phase, present the anchoring and adjustment that leads acquirers to treat initial valuation as reference benchmarks from which they fail to adjust sufficiently, even when new and not advantageous evidence arises about the target company.

As regards institutional theory, it provides the contextual dimension that behavioural theory cannot explain on its own: the coercive, mimetic and normative pressures to which firms are exposed determine whether ESG due diligence is formalised or treated as a symbolic way (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Lee et al., 2025). Indeed, firms operating under advanced mandatory disclosure regimes have a greater incentive to integrate ESG criteria into pre-acquisition assessments than those operating in less regulated contexts (Dye et al., 2021; De Silva Lokuwaduge & De Silva, 2022). Finally, stakeholder theory brings a relational perspective to the topic, clarifying to whom managers are accountable when they incorporate ESG criteria into their assessment of acquisitions (Freeman, 1984; Donaldson & Preston, 1995; Gao et al., 2022). Indeed, they are accountable both to the financial markets and to a broader range of

actors, such as investors, regulators, employees, and stakeholders of the target company, whose cooperation and approval also determine the feasibility and legitimacy of the transaction (Asif & Searcy, 2026; García-Nieto et al., 2024).

Taken together, these theories provide a coherent conceptual framework. Information asymmetry explains why ESG criteria are of fundamental importance from an informational perspective; furthermore, behavioural theory demonstrates how managers cognitively process such information. As for institutional theory, it explains why this processing may vary depending on regional and organisational contexts. Finally, stakeholder theory clarifies which stakeholder interests shape managerial orientations toward ESG, and how stakeholder expectations may influence the way managers interpret and prioritise sustainability considerations during the pre-acquisition evaluation.

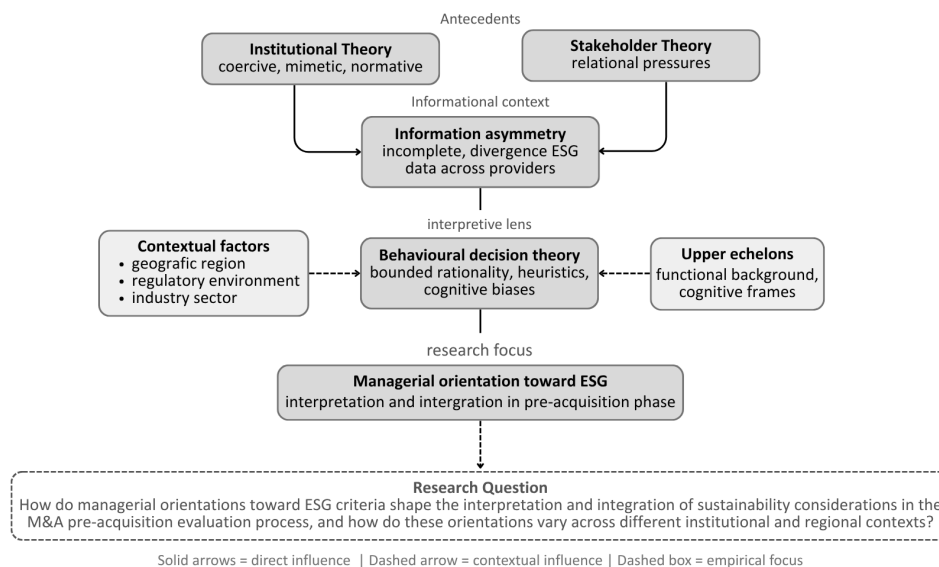


Figure 1. Conceptual framework.

The figure 1 presents the conceptual framework developed for this study. It integrates the five theoretical perspectives reported throughout the literature review and it is structured in a sequential path from antecedents to research question. There are two antecedents: institutional theory, which identifies the coercive, mimetic and normative pressures that push the organisations (DiMaggio & Powell, 1983); and the stakeholder theory, which captures the relational expectations of investors, regulators and other stakeholders (Freeman, 1984). These two antecedents converge to the information

context, as ESG data are incomplete, varies across rating agencies, and across jurisdictions (Berg et al., 2022), managers need to operate under conditions of information asymmetry (Healy & Palepu, 2001), which limit their capabilities to make fully informed judgements and assessments on a target company. Within this context, the behavioural decision theory is seen as an interpretative lens through which managers process ESG signals (Simon, 1955; Garbuio et al., 2010). In addition to that, upper echelons theory complements this part by explaining why managers have different interpretation. Furthermore, the framework report contextual factors which have effects on all the levels of the process (DiMaggio & Powell, 1983; Lee et al., 2025); adding these factors reflect the second part of the research question, which examine cross-regional variation in managerial orientation. Lastly, the output of this process is the managerial orientation toward ESG, and the framework addresses the three gaps identified in section 1.1.

This framework finds its empirical expression in the pre-acquisition phase, where the theoretical perspectives described above become relevant. As reported by Welch et al. (2020), the pre-acquisition phase is characterised by conditions of high information asymmetry, in which buyers must make judgements that are considered crucial for assessing the quality of the target company, basing it on incomplete information. As for traditional valuation methods, these are based on discounted cash flows, expected synergies and financial risk metrics, which provide a sufficient but partial base for valuation (Borochin et al., 2019). Thus, ESG criteria introduce further evaluation dimensions, which are not easily integrated into the models mentioned above, requiring managers to exercise interpretative judgement regarding these factors and their potential financial implications in terms of risks and opportunities (Bian, 2022; Kim & Park, 2023). It follows that the cognitive dynamics, already described in section 2.4.2, should not be considered as abstract theoretical considerations, but as concrete characteristics that form part of the evaluation process.

At the same time, the way in which institutions differ across regional contexts, as described in section 2.4.3, leads to variations in the behaviour of acquiring companies. As demonstrated by KPMG (2023), the scope, level of formality and thoroughness of ESG due diligence vary considerably from one buyer to another, reflecting the various

differences that companies face in terms of regulatory exposure, investor expectations and organisational maturity in ESG integration. Companies subject to stronger institutional pressures are more likely to integrate ESG assessment into structured pre-acquisition frameworks, these are firms operating under EU sustainability regulations or those facing expectations from ESG-oriented institutional investors; whereas companies in less regulated environments may treat ESG as an informal or supplementary consideration (Feyisetan et al., 2025; KPMG, 2023). This variable indicates how ESG can influence the selection of objectives, the way operations are organised, and how assessment is tailored to the institutional context in which the company operates.

Furthermore, the stakeholder dimension is equally relevant in the pre-acquisition phase. As reported in section 2.5.2, the integration of ESG criteria into the valuation of the target company can be partly seen as a reaction to stakeholder pressures which accompany the acquisition process: investor demands regarding sustainable transaction strategies, regulatory control over environmental and social risks, and the expectations of the target company's stakeholders, whose cooperation is necessary for the transaction to proceed (Gao et al., 2022; García-Nieto et al., 2024). These pressures vary in intensity and form depending on the context of the transaction, the sector and the regional institutional context, which further reinforces the argument that the integration of ESG criteria in the pre-acquisition phase is a context-dependent and socially embedded process rather than a technically standardised one.

3 RESEARCH METHODOLOGY

This chapter describes the research methodology adopted in the present study. The methodological choices are presented following the “research onion” framework developed by Saunders et al. (2019), which provides a structured and layered approach to research design, progressing from the most external layer of research philosophy to the core of data collection and analysis procedures.

The chapter is organised as follows: Section 3.1 discusses the research philosophy underpinning the study and justifies the adoption of an interpretivist attitude. Section 3.2 introduces the research design, clarifying the exploratory purpose of the study and the inductive approach to theory development. Section 3.3 presents the research strategy, justifying the selection of a qualitative mono-method design based on a single embedded case study, and discusses the use of semi-structured interviews as the primary data collection technique. Section 3.4 describes the data collection process, including the selection of the case company, the identification of the interviewees, and the design of the interview guide. Section 3.5 outlines the data analysis approach, based on thematic analysis. Section 3.6 addresses research quality.

3.1 Research Philosophy

Before defining the specific methods adopted in this study, it is necessary to clarify the philosophical assumptions that underpin the research design. According to Saunders et al. (2019), research philosophy refers to the system of beliefs and assumptions that guides the development of knowledge within a research project. These assumptions are typically examined along three dimensions: ontology, which concerns the nature of reality; epistemology, which concerns what constitutes acceptable and valid knowledge; and axiology, which relates to the role of values in the research process (Saunders et al., 2019).

Saunders et al. (2019) identify five major research philosophies: positivism, critical realism, interpretivism, postmodernism, and pragmatism. Each philosophy reflects a distinct set of ontological, epistemological, and axiological assumptions, and each carries different implications for research design and the types of knowledge that can be generated.

The present study adopts an interpretivist philosophy. This choice is justified on both ontological and epistemological grounds, and it is consistent with the nature of the research question and the theoretical framework developed in Chapter 2.

From an ontological perspective, interpretivism assumes that reality is socially constructed and that multiple, context-dependent realities coexist (Saunders et al., 2019). In the context of this study, managerial orientations toward ESG criteria in the M&A pre-acquisition context are not understood as uniform or objectively measurable phenomena, but rather as interpretive processes shaped by subjective managerial perspectives, institutional contexts, and regional differences. As demonstrated in sections 2.4.2 and 2.5.3, how managers interpret ESG information during the pre-acquisition phase depends on cognitive processes, institutional pressures, and stakeholder expectations, all of which vary across individuals and organisational settings. This ontological position is therefore aligned with the research question, which seeks to understand how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations, rather than to measure the extent of ESG's influence on acquisition outcomes.

From an epistemological point of view, interpretivism holds that knowledge is generated through subjective meanings and social interactions, rather than by the identification of objective, such as laws (Saunders et al., 2019). The present study seeks to access the subjective experiences and professional judgements of managers operating in acquisition-related contexts across different regions, thereby producing knowledge that is necessarily context-bound, interpretative, and rooted in participants lived experiences. This is consistent with the call made by Feyisetan et al. (2025), who argue that qualitative methodologies are needed to complement existing quantitative evidence and to

generate deeper insights into how managerial orientations toward ESG criteria are formed and expressed in the M&A context.

From an axiological perspective, the interpretivist researcher is acknowledged as a value-bound participant in the research process, rather than a detached observer (Saunders et al., 2019). In the present study, the researcher's professional proximity to the case company and prior understanding of the M&A context are recognised as factors that may shape the interpretation of the data. However, rather than constituting a limitation, this proximity is understood as a resource that enables access to rich, contextualised managerial insights that would not be accessible through conventional sampling methods, as discussed in section 3.4.

In conclusion, the interpretivist philosophy provides a coherent foundation for a study that aims to understand the subjective reasoning, contextual conditions, and institutional dynamics through which ESG criteria are interpreted and integrated into managerial acquisition assessments across different regional contexts.

3.2 Research Design

This section addresses two further layers of the research onion: the purpose of the research design and the approach to theory development (Saunders et al., 2019).

With regard to the purpose, the present study adopts an exploratory research design. According to Saunders et al. (2019), exploratory research is particularly appropriate when the aim is to seek new insights, ask questions, and assess a phenomenon in a new light. This purpose is well suited to the present research, as the study seeks to understand how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations during the pre-acquisition evaluation process, a topic that remains insufficiently explored through qualitative methods (Feyisetan et al., 2025; Welch et al., 2020). The research question is formulated as a "how" question, which, as noted by Yin (2018), lends itself to an in-depth qualitative inquiry rather than to measurement or hypothesis testing.

Concerning the approach to theory development, the study follows an inductive approach, which as defined by Saunders et al. (2019), the conceptual framework developed in Chapter 2 provided the orientation for the data collection, while the thematic structure of the findings came from the data, rather than being imposed by pre-existing theoretical perspectives. This inductive approach is consistent with the broader methodological recommendations for qualitative research in business and management (Saunders et al., 2019). It allows the study to benefit from both the analytical structure provided by existing theory and the richness of insight that may emerge from the participants' accounts.

3.3 Research Strategy

The research strategy constitutes the methodological link between the philosophical assumptions discussed in section 3.1 and the specific methods used to collect and analyse the data (Saunders et al., 2019).

The present study adopts a qualitative mono-method design, using semi-structured interviews as the single data collection technique. A qualitative approach is appropriate given the interpretivist philosophy of the study and its exploratory purpose, as qualitative methods are particularly suited to studying participants' meanings, subjective interpretations, and the relationships between them (Saunders et al., 2019). As noted in section 3.2, the research question requires an understanding of *how* managers reason about ESG in acquisition contexts, which necessitates in-depth, contextualised data that cannot be adequately captured through quantitative instruments.

The study employs a single case study strategy. The most widely accepted definition of a case study in the literature is the one of Yin (2018), who describes it as an in-depth investigation of a phenomenon within its real-world context. However, this approach can be criticised for its neo-positivist bias (Thomas, 2011), which is difficult to reconcile with the interpretivist perspective adopted in this research. Thus, according to Thomas (2011), a case study is a holistic analysis conducted using one or more methods, in which the case examined serves to illuminate an analytical framework. Following this logic, the aim

is not representativeness, but a deep understanding: specifically in this case, how managers consider ESG during the evaluation phase of an acquisition. This kind of interpretative perspective is, according to Merriam and Tisdell (2016), the distinctive purpose of qualitative research. The case study is also particularly suitable when the phenomenon under study cannot be separated from its context (Yin, 2018; Thomas, 2011). This is precisely the case with this research: managerial reasoning on ESG in acquisitions is closely interconnected with the organisational, institutional and regional conditions in which it takes place.

Chemicals Group serves as the single case, while the three geographic regions in which the company operates (Europe, the Americas, and Asia) constitute the embedded analytical units. Chemicals Group provides a theoretically relevant context for investigating the research question, as it operates in a sector characterised by intense ESG-related regulatory pressures, particularly in the environmental dimension. Furthermore, the company's multi-regional organisational structure enables the examination of how institutional differences across regions shape the interpretation of ESG criteria during acquisition assessments.

As noted in Chapter 1, Chemicals Group is not used as a bounded organisational case from which to generalise, but rather as an access-enabled empirical platform through which managerial reasoning about ESG in acquisition contexts can be explored in-depth. The embedded structure of the case study further enables cross-regional comparison, thereby addressing the institutional variation dimension highlighted in the conceptual framework (sections 2.4.3 and 2.5.3).

With regard to the time horizon, the study adopts a cross-sectional design, collecting data at a single point in time (Saunders et al., 2019). This choice is consistent with the practical constraints of a Master's thesis and with the exploratory nature of the research, which aims to capture managerial perceptions and reasoning at the present time rather than to trace changes over an extended period.

3.3.1 Semi-structured interview as a data collection method

As stated above, the primary data collection technique adopted in this study consists of semi-structured interviews. According to Saunders et al. (2019), semi-structured interviews involve a list of themes and key questions to be covered, although the order and exact wording of questions may vary from one interview to another. This flexibility allows the researcher to explore emerging themes and to adapt the conversation to the specific knowledge and experience of each interviewee, while maintaining a sufficient degree of consistency across the data set.

The use of semi-structured interviews is justified on several grounds. First, they are consistent with the interpretivist philosophy of the study, as they enable the researcher to access participants' subjective meanings, professional judgements, and lived experiences (Saunders et al., 2019). Second, they are well suited to an exploratory research design, as they allow the conversation to evolve naturally and to capture dimensions of the phenomenon that may not have been anticipated in advance. Third, semi-structured interviews are widely recognised as an appropriate data collection method for case study research, as they enable in-depth inquiry into complex organisational phenomena (Yin, 2018).

From a practical standpoint, semi-structured interviews also present certain limitations. As noted by Saunders et al. (2019), the data generated are inherently subjective and context-dependent, and thus not directly generalisable. Furthermore, the quality of the data depends on the interviewer's ability to establish rapport with participants and to manage the flow of the conversation without introducing bias. These limitations are acknowledged and addressed in the discussion of research quality in section 3.6.

3.4 Data collection

The data collection for the present study was conducted within a single organisational context: Chemicals Group, a multinational industrial group operating across three major geographic regions. The data collection process was structured in three stages: (1) the

selection and justification of the case company, (2) the identification and selection of the interviewees, and (3) the design of the semi-structured interview guide.

3.4.1 Case company selection and justification

Chemicals Group was selected as the case company for this study on the basis of both theoretical relevance and practical accessibility, as introduced in section 1.2.

At the request of the case company, the organisation and its participants have been anonymised throughout this study. The pseudonym "Chemicals Group" is used to refer to the case company, and the interview participants are identified by their functional role (Manager A, Manager B, Manager C). Sector, multi-regional structure, and other contextually relevant features are retained, as these are essential for the validity of the case study without allowing for unambiguous identification of the organisation. This decision is consistent with established practice in qualitative case study research, where anonymisation is used to protect commercially sensitive information and to encourage candid participation (Saunders et al., 2019).

From a theoretical point of view, Chemicals Group operates in the chemicals industry, a sector characterised by particularly intense ESG-related regulatory pressures, especially in the environmental dimension. The company's multi-regional presence, spanning Europe, the Americas, and Asia, makes it a suitable context for examining how institutional, regulatory, and contextual differences shape the interpretation and operationalisation of ESG criteria during acquisition assessments, a central concern of the conceptual framework developed in Chapter 2.

Furthermore, although Chemicals Group operates across three distinct institutional and regional contexts (Europe, the Americas, and Asia), its current organisational governance aggregates these regions into two macro-areas: Eurasia, which combines European and Asian operations under a unified regional management, and the Americas. This double governance structure is itself analytically relevant, as it reflects how multinational groups in the specialty chemicals industry transmit ESG standards across regions of varying institutional intensity. The three regions are therefore retained as the embedded analytical

units of the case study, while the two-tier governance structure is treated as a contextual feature that is examined as part of the empirical findings.

For a better understanding, it is relevant to explain the M&A context and the acquisition process that concerns Chemical Group: it has pursued an explicit growth strategy through acquisitions, joint ventures and foreign direct investments. This included the acquisitions of existing businesses and the establishment of new operating facilities. The results of all of this is the current multi-regional presence across Europe, the Americas and Asia. The M&A activity is managed by a centralised corporate M&A function, which leads to the identification, screening, and financial assessment of the target. The potential target falls within a specific regional area of responsibility, where the management involved in the process is tasked to run the due diligence on the ground. In addition to that, ESG considerations enter in the assessment process conducting ESG specific due diligence on the target company, also evaluating how a potential acquisition could affect the Group's overall sustainability performance. This assessment includes the analysis of emission, energy efficiency, water usage, waste management, and social indicators of the target company. The governance is typically addressed in the post-acquisition phase.

3.4.2 Interviewee selection

The selection of the interviewees followed a purposive sampling strategy, which is a non-probability sampling technique particularly suited to qualitative research (Saunders et al., 2019). In purposive sampling, participants are selected on the basis of their ability to contribute meaningfully to the research question, rather than on the basis of statistical representativeness. Access to the Group was made it possible through a personal contact employed within it. Six senior managers were initially considered, including the three regional CFOs responsible for Europe, the Americas, and Asia, but they were not accessible. The final sample of three senior managers was identified with the company, each representing a specific geographic region:

- **Manager A:** Group Head of Sustainability Strategy & Internal Audit. He joined Chemicals Group in 2006 as Head of Internal Audit & Compliance, establishing

the Internal Audit Department in preparation for the Group's listing on the Milan Stock Exchange. Since 2019, he also served as Group Head of Sustainability Strategy, founding and currently leading the Corporate Sustainability Department at Chemicals Group. His dual role integrates ESG, internal audit, and risk management within the Group's overall strategy. His position provides a company-wide perspective on how ESG criteria are interpreted and operationalised across regions of Chemicals Group, and on how sustainability considerations interact with strategic evaluation processes at the corporate level.

- **Manager B:** Executive Vice President Americas. He brings extensive international experience in the chemical industry, with management roles spanning both Europe and the United States. He is based in the US headquarter since 2011. Although not directly involved in M&A transactions, his regional leadership role provides a unique perspective on the institutional, regulatory, and market-level factors that shape ESG orientations and expectations in the American context.
- **Manager C:** Executive Vice President Eurasia. He holds a background in business and international management, with a career spanning multiple roles in the chemical sector across Europe and Asia. He currently holds dual responsibility for the Asian operations of Chemicals Group, while also supporting the European Vice President in the EMEA region. His position within the broader Eurasia macro-region reflects the organisational structure adopted by Chemicals Group, in which European and Asian operations are managed under a unified regional governance. Although not a sustainability specialist, his role at the intersection of business operations and regional management provides a distinctive perspective on how ESG considerations are perceived and prioritised at the operational level across different institutional contexts, and on how multinational groups transmit ESG standards from European headquarters to regional subsidiaries.

3.4.3 Interview guide design

The data collection was carried out through semi-structured interviews, a method particularly suited to qualitative research that aims to explore subjective interpretations, professional reasoning, and contextual understandings (Saunders et al., 2019). Compared to fully structured interviews, the semi-structured format combines a predefined set of questions with the flexibility to adapt the order, phrasing, and depth of inquiry according to the flow of each conversation. This flexibility was considered essential for the present study, as the research question requires the exploration of how managers interpret and integrate ESG criteria, a process that is inherently context-dependent and shaped by individual reasoning patterns.

The interview guide was developed on the basis of the conceptual framework presented in Chapter 2 and was structured to ensure both theoretical anchoring and empirical openness. Each main thematic area of the guide was designed to capture data relevant to one or more of the theoretical perspectives integrated in the framework, including institutional theory, stakeholder theory, behavioural decision theory, information asymmetry, and upper echelons theory. At the same time, the guide was deliberately formulated in accessible, non-academic language, in order to allow interviewees to respond in their own terms and to avoid imposing theoretical categories on their accounts.

As reported in the table 1, the interview guide was organised into a sequence of thematic blocks, designed to progress from general background information to more specific and reflective questions. The opening block was dedicated to the participant's professional role and responsibilities within Chemicals Group, with the dual purpose of contextualising the subsequent responses and establishing a comfortable conversational tone. The central blocks of the guide addressed three core areas: how ESG criteria are concretely managed within the organisation; how ESG considerations enter strategic and acquisition-related evaluations; and how regional differences, institutional pressures, and stakeholder expectations shape these processes across the geographic contexts in which the company operates. The closing block invited the participant to reflect on the future trajectory of ESG integration within the industry and to share any considerations that had not been raised during the interview.

The guide was differentiated according to the functional role of each interviewee. The interview with Manager A, in their capacity as Group Head of Sustainability Strategy and Internal Audit, included a more extensive set of questions on ESG measurement, reporting frameworks, and the methodological challenges associated with ESG ratings, given the technical and corporate-level expertise of this role. The interviews with Managers B and C, who hold regional executive responsibilities, placed greater emphasis on stakeholder pressures, customer expectations, and the institutional and regulatory characteristics of the regions under their leadership. This differentiation is consistent with the upper echelons perspective adopted in the conceptual framework, according to which managers occupying different functional positions are expected to develop distinct interpretive lenses on the same phenomenon.

Table 1: Thematic blocks and emerged data

Thematic block	Initial codes	Themes emerged from data
Block 0: Opening	Professional role, responsibilities, involvement in M&A	Origin of ESG department
Block 1: ESG framework and operations	ESG rating divergence, reliability, assessment tools	Alternative assessment tools; greenwashing; false signals; information reliability across regions; ESG as starting point
Block 2: ESG in strategic decisions and acquisitions	ESG interpretation, heuristics, ESG pillars hierarchy	Ownership and managerial orientation; value creation vs ESG ideology
Block 3: Regional variation EMEA	Regulatory pressure, institutional pressures	HQ-driven approach; regulatory compliance
Block 4: Regional variation Americas	Regulatory pressure, ESG disclosure	ESG as compliance vs strategy; ESG regulation; ESG competitiveness; withdraw of financial-stakeholder
Block 5: Regional variation Asia	Institutional pressure, ESG maturity	ESG pressure; cross-regional verification of information
Block 6: Closing	Future trajectory ESG	ESG relevance at M&A level vs general uncertainty; ESG importance in chemicals sector

Each thematic question was accompanied by a set of optional follow-up prompts, intended to deepen specific aspects of the response when relevant. These follow-ups were used during the interviews depending on the level of detail spontaneously offered by

each participant. When an interviewee raised an unanticipated theme that appeared analytically relevant, the conversation was allowed to develop in that direction before returning to the planned sequence.

Table 2. Interview details.

Firm	Pseudonym	Role	Interview Method	Transcription	Language
Chemicals Group	Manager A	Group Head of Sustainability Strategy & Internal Audit	Teams	9 pages	Italian
	Manager B	EVP of Americas	Teams	6 pages	Italian
	Manager C	EVP of Eurasia	Teams	6 pages	Italian

All the interviews were conducted in Italian, the native language of both the interviewer and the interviewees, between April and May 2026, and lasted around 45 minutes. The interviews were audio-recorded with the prior consent of the participants and then transcribed in full using Google NotebookLM. All the transcriptions have been checked before their use in order to guarantee the legitimacy with the recorded audios. Subsequently, selected extracts were translated into English for the purpose of this thesis using DeepL translator. The interview guide is reported in the Appendix 1.

3.5 Data analysis

The data collected through the semi-structured interviews were analysed following the principles of Thematic Analysis, as described by Saunders et al. (2019) and originally developed by Braun and Clarke (2006). Thematic Analysis was selected as the most appropriate analytical technique for the present study for three main reasons. First of all, it provides a systematic yet flexible approach to qualitative analysis, which is well suited to the exploratory and inductive nature of the research. Secondly, it allows the researcher to identify patterns of meaning across the data set in relation to the research question, while remaining open to the emergence of unanticipated themes. Lastly, Thematic

Analysis is not tied to a specific research philosophy and it can be effectively applied within an interpretivist framework, as it is in this case (Braun & Clarke, 2022; Saunders et al., 2019).

The analytical process followed the six phases of Thematic Analysis defined by Saunders et al. (2019): data familiarisation, data coding, initial theme generation, theme development and review, theme refining, defining and naming, and writing up.

The first phase consisted of data familiarisation. All interviews were audio-recorded with the prior consent of the participants and subsequently transcribed. The transcription process was carried out using an automated transcription tool, followed by a manual review of each transcript in order to correct any kind of errors, a process described by Saunders et al. (2019) as data cleaning.

The second phase consisted in data coding and Microsoft Word has been used as supporting tool. Coded extracts and the corresponding code labels were collected in a separate document organised into tables. This manual approach was considered appropriate given the limited number of interviews and the iterative nature of the analytical process. In line with the inductive approach of the study, the coding process combined a priori codes with in vivo codes, as described by Saunders et al. (2019). The a priori codes were derived from the five theoretical perspectives integrated in the conceptual framework, including institutional theory, stakeholder theory, behavioural decision theory, information asymmetry, and upper echelons theory. These initial codes provided an analytical structure through which to interpret the data in relation to the research question. The third and fourth phases involved the generation, development, and review of themes. In this part all the codes are grouped into broader analytical categories, which were treated as themes. A theme is defined by Saunders et al. (2019) as a broad category that incorporates several codes that appear to be related and that indicate an idea of importance for the research question. Furthermore, a thematic map has been made by the author in order to represent the relationships between the identified themes.

The fifth phase consisted of refining, defining, and naming the themes. Each theme was reviewed in order to ensure relevance for the research question.

Lastly, the sixth phase corresponds to the presentation and discussion of the findings, which are reported in Chapter 4 of this thesis.

3.6 Research quality

Saunders et al. (2019) note that the criteria of validity and reliability traditionally used to assess the quality of quantitative research are often considered philosophically and technically inappropriate for qualitative research grounded in interpretivist assumptions. In response to this concern, Lincoln and Guba (1985) developed a parallel set of criteria specifically designed to evaluate the quality of qualitative research. These criteria, also adopted by Saunders et al. (2019) in their discussion of qualitative research quality, include credibility, transferability, dependability, and confirmability. The present study has been designed and conducted with explicit attention to each of these four criteria. In the present study, the credibility of the findings was supported by several measures. First, the research design ensured a sufficient duration and depth of engagement with each participant, furthermore all interviews have been conducted in the participants' native language. However, the fact that all the interviewees are Italian and they were interviewed in Italian by an Italian research with professional proximity to the company introduces a risk of social desirability bias. A further point that needs to be noted, is that there was an unequal contribution in terms of information gathered among the three participants, indeed, Manager A provided more information concerning ESG in M&A compared to the other two participants. Second, all interviews were audio-recorded and transcribed in English using DeepL, and each transcript was reviewed against the original recording in order to ensure accuracy. Third, the analysis followed a coding process, as described in the previous section. Fourth, the inclusion of three managers operating in different functional roles and across different geographic regions allowed the author to analyse different perspectives within the case company, thus reducing the risk of reflecting the views of a single individual.

Although qualitative case studies are not designed to produce statistically generalisable findings, the present study supports transferability by providing a thick description of the research context, including the sector in which the case company operates, its multi-

regional organisational structure, the institutional and regulatory environments of the regions examined, and the professional profiles of the participants. This level of contextual detail enables readers to assess the extent to which the findings may be relevant to other organisational contexts characterised by similar conditions, such as multinational industrial groups operating in regulated sectors and across multiple institutional environments.

In this study, dependability was ensured through detailed documentation of all methodological choices: the theoretical assumptions, the rationale behind the case study design, the participant selection criteria, the structure of the interview guide, and the data analysis procedures.

Lastly, the use of direct quotations from the interview transcripts in the presentation of the findings support confirmability, by allowing the reader to verify that the interpretations offered by the author are consistent with the words of the participants.

In addition to the four criteria of trustworthiness developed by Lincoln and Guba (1985), the present study acknowledges certain limitations to the quality of the research, which are inherent to the chosen methodological design. As described in the previous section on transferability, the use of a single case study limits the ability to generalise the findings. Although the number of participants is in line with standard practice in single-case studies within qualitative research, it restricts the range of perspectives that can be incorporated into the analysis. Furthermore, while the cross-sectional design of the study is appropriate for the exploratory nature of the research, it does not allow for an investigation of changes in managerial attitudes towards ESG over time. These limitations are recognised as inherent to the chosen research design, rather than as methodological weaknesses. They suggest ideas for future research, as discussed in Chapter 6.

4 EMPIRICAL FINDINGS

This chapter presents the empirical findings obtained from the three semi-structured interviews conducted with senior managers of Chemicals Group. The findings are organised around the two components of the research question: how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations during the pre-acquisition evaluation process, and how these orientations are expressed across different institutional and regional contexts.

The findings are presented with five thematic sections rather than by an individual interviewee scheme, this is in line with the principles of Thematic Analysis adopted in the present study, as mentioned in the section 3.5. This approach allows the analysis to identify patterns of convergence and divergence across the three managerial perspectives, while preserving the empirical particularity of each one. All the direct quotations from the interviews are translated to English, as the interviews were conducted in Italian.

The three participants are reported throughout this chapter using pseudonyms: Manager A is the Group Head of Sustainability Strategy and Internal Audit, and provides the corporate-level perspective on ESG strategy, reporting frameworks, and pre-acquisition evaluation methodology. Manager B is the Executive Vice President of the Americas, responsible for the regional profit and loss across the United States, Canada, Mexico, and Brazil, and he provides a regional operational perspective on ESG dynamics in that region. Lastly, Manager C is the Executive Vice President for the Eurasia macro-region, with operational responsibilities across Asia, supporting management responsibilities in Europe, and he also provides a perspective on ESG dynamics across institutional contexts of different stage of maturity.

In this chapter, section 4.1 examines how ESG criteria became institutionalised within Chemicals Group and how the company's commitment to sustainability has been formalised over time. Section 4.2 addresses the challenges of information disclosure linked to ESG performance assessment, focusing on the limitations of external rating systems and the alternative assessment practices used within the case company. Section 4.3 examines the cognitive orientations of the three managers toward ESG and the influence of functional background on the interpretation of ESG-related information. Section 4.4

analyses how institutional pressures and regional context influence managerial orientations toward ESG across the geographic areas. Lastly, section 4.5 discusses the dynamics of stakeholder pressure and how they bring ESG considerations into the pre-acquisition context.

4.1 ESG institutionalisation and the corporate sustainability orientation

This section examines how ESG criteria became formalised within Chemicals Group and how the company's commitment to sustainability has been progressively formulated at the Group level. The findings reported here are drawn primarily from the interview with Manager A, whose role places him at the centre of the institutional history of ESG within the company. Furthermore, in few parts the perspective of Manager C is relevant, as he has direct visibility on how the Group standards are received in the regional operations of Eurasia, and he is involved in confirming or integrating the company's report.

4.1.1 The origin of ESG for Chemicals Group

The institutionalisation of ESG for Chemicals Group did not arise from an internal strategic initiative or from a regulatory obligation, but from the explicit demand of an incoming financial shareholder. Manager A described this origin in unequivocal terms: *"The sustainability department was created in 2019-2020 at the request of the shareholder. It was one of the demands of the new fund that came in"*. In a following part, he clarified that this external origin continues to define the operational logic of ESG for the Group, even after the formal institutionalisation, indeed: *"We could exist today without ESG for regulatory reasons. There are non-regulatory pressures coming from customers, stakeholders, and banks"* (Manager A). In these statements two elements need to be highlighted. Firstly, the participant describes the emergence of ESG criteria as a response to external pressures rather than as the result of an internal initiative or a regulatory requirement. Secondly, the actors identified as the source of these pressures are not regulators, but they are financial and commercial counterparts: shareholders, customers, banks.

4.1.2 The definition of reporting frameworks

Once the sustainability department was established, Chemicals Group adopted a single Group level reporting standard that was applied across all its regions of operation. Manager A described this choice:

We chose GRI as the single Group standard, now transitioning to ESRS. The American and Asian sites send the data, and the consolidated financial statements take place according to the European standard. (Manager A)

The decision to adopt the most robust regulatory standard, initially the Global Reporting Initiative (GRI) and now the European Sustainability Reporting Standards (ESRS), as the unified Group benchmark has practical implications across regions. Manager A explained that this approach has so far proved sufficient to satisfy disclosure requirements emerging in non-European jurisdictions: *"California accepts our European report. SB253 and SB261 are very similar to European standards"*.

While, Manager C described the same dynamic in more general terms, emphasising that the geographic location of corporate headquarter is the dominant factor in determining how ESG standards are diffused throughout a multinational organisation:

If the corporation has European headquarters and European management, it tends to export these standards everywhere. Differently if it is American. Differently if it is Asian. (Manager C)

Manager C explains that the diffusion of ESG standards for Chemicals Group follows a top-down process, originating at the European headquarter and then applied in a similar way across all regional offices, regardless of the maturity of local regulatory frameworks. Furthermore, a distinctive element of Manager A's account concerns the conceptual sequence according to which ESG should be operationalised within an organisation. The participant pointed a clear order of activities and explicitly contrasted it with the practice observed in many companies: *"Many companies start from the tail, from reporting, because it's easy that way. But strategy, actions, and policies come before reporting"* (Manager A). This four-stage structure: strategy first, then actions, then policies, and finally reporting; it was presented as the principle that guides the activity of the sustainability department within Chemicals Group. It also carries an implication that reoccur at several

points in the interview: it regards reporting as the final result of a process rather than as the essence of ESG itself.

4.1.3 The role of ownership in ensuring ESG over time

Manager A linked the long-term sustainability of the ESG function to the structural characteristics of the company's ownership. Two passages from the interview are particularly relevant:

Rating agencies give a lot of weight to “G”, governance. If the owner is a private equity fund, governance is bad. The fund only thinks about EBITDA, five years and they run away. [...] The industrial family has a twenty-year industrial plan, so it has a real interest in the transition. The fund does not. (Manager A)

Regarding these statements, firstly the participant describes the relationship between ownership structure and ESG orientation as causal: the owner's time horizon determines the degree of commitment to the transition towards sustainability. Secondly, the participant frames this relationship as a structural condition rather than a contingent preference, suggesting that the managerial orientation towards ESG is itself shaped by the ownership structure within which managers operate.

4.2 Information-related challenges and assessment practices in the pre-acquisition contexts

This section examines how managers within Chemicals Group address the information-related challenges associated with ESG performance assessment, with a particular focus on pre-acquisition evaluation. The findings presented here cover three linked themes: the limitations of external ESG rating systems, the alternative assessment methods developed within the company, and the challenges associated with verifying ESG information in different regional contexts.

4.2.1 The limitations of external ESG rating and alternative assessment tools

The three respondents converged on the position that external ESG ratings produced by specialised agencies cannot be treated as definitive indicators of target quality. Manager A introduced this theme by characterising the role of ratings as preliminary rather than definitive, and he also described the methodological problem behind this limitation:

We look at external agency ESG ratings, but they are a starting point, not an end point. You see reality when you enter the sites. [...] The problem with ratings is that different agencies give different valuations on the same company. So, we look at multiple ratings together and then we do our own checks. (Manager A)

This description of the rating system as fragmented and methodologically heterogeneous corresponds to the limitation that emerged most explicitly in Manager A's statement. When external ratings are insufficient, the three managers described a range of alternative evaluative practices that are used within Chemicals Group to assess the ESG profile of operations and potential targets. These practices vary according to the functional role of the manager and the operational context in which they are applied. Manager A described the internal methodology used at the corporate level for the assessment of operational sites:

We carry out the IROs analysis: Impacts, Risks, Opportunities. For each site we have site-specific checklists that assess environmental liabilities, emissions, energy efficiency, water resources, and waste. (Manager A)

In a following passage, Manager A illustrated with an example how this analysis can translate into financial terms for the acquisition target: *"If you ask me one million, but I found these environmental liabilities, so I can offer you 850 or 900 thousand."* This claim presents the IROs framework as both a diagnostic tool and a pricing instrument: the identification of environmental liabilities through site-specific assessment can be translated directly into negotiation outcomes during the pre-acquisition phase. The same dynamic was confirmed by Manager B, who emphasised the centrality of environmental liabilities in the chemical industry and the consequences of their underestimation:

For a chemical company, the ESG or EHS aspects are fundamental because the environmental liabilities are enormous. There are companies that have been ruined because they made acquisitions and took on the liabilities. (Manager B)

In this part, Manager B presented another standard which is taken into account in the Americas: the Environment, Health and Safety (EHS). Furthermore, he described two parallel evaluation tools adopted at the regional level. The first is the Ecovadis score, used primarily to demonstrate ESG credentials to customers: *"We have the Ecovadis score, we have other initiatives in place to ensure a minimum level of traceability"* (Manager B). The second is a structured local EHS organisation that conducts continuous internal monitoring and receives external audits:

The environmental aspect is absolutely the most important, and we constantly monitor it. We receive several audits from federal and local agencies that carry out surprise inspections. Every year we have certifications and external auditors who come to verify everything. (Manager B)

Manager C, speaking from the perspective of regional operations rather than corporate sustainability strategy, described the criteria typically considered during the evaluation of a potential target: *"In a potential acquisition study all these aspects are taken into consideration. Safety, investments made, state of the facilities, local management, procedures."*

Together, these three descriptions outline a multi-layered ESG assessment system in which external ratings represent only the first tier. The most important assessment is carried out through internal frameworks (Group-level IROs), customer-facing assessment tools (regional-level Ecovadis), regulatory audits (EHS in the Americas) and operational checks (on-site visits and review of procedures across all regions).

4.2.2 Cross-regional verification of information

A further challenge for the information concerns the reliability and the verification of ESG data across different geographic contexts. Manager A described this challenge in regulatory terms: *"in the United States disclosure is more voluntary, in Europe it is mandatory. In Asia it varies by country, for example in China it's coming but it's still fragmented"* (Manager A). Manager C confirmed and elaborated this statement, in particular he stressed the heterogeneity of the Asian context: *"they are very different worlds: China is very different from South Korea, which is very different from India"* (Manager C). These

two claims highlight that the availability of reliable ESG information depends on the institutional context in which the company in question operates.

Furthermore, a theme that emerged spontaneously in the interview with Manager C concerns the credibility of ESG signals more broadly, and specifically to the phenomenon of greenwashing. Manager C described this concern in the following terms: "*I had read something about a sort of false sustainability: in Europe people aim to say how ecological their product is, but it's only marketing.*" This observation introduces a further dimension to the informational challenges identified in this section. While Manager A and Manager B framed the limitations of ESG information primarily in terms of rating divergence and verification difficulties, Manager C raised the additional concern that ESG signals may be deliberately or symbolically distorted at the source.

4.3 Cognitive orientations and the role of managerial background

This section discusses the cognitive orientations of the three managers toward ESG and how their professional backgrounds influence the interpretation of ESG-related information during the pre-acquisition evaluation process. The findings address the hierarchy among the ESG dimensions in target evaluation; the divergent framings of ESG as a strategic instrument or as a regulatory obligation; and the relationship between ownership structure and managerial time horizons.

4.3.1 The hierarchy among ESG pillars in target evaluation

Not all the three managers explicitly confirmed that there is a hierarchy of ESG factors during the pre-acquisition evaluation of a target. Manager A said that: "*Environment is the most critical and the most expensive. Social is relevant but more governable. Governance you can dismantle and rebuild as you want*" (Manager A). While, Manager B confirmed the centrality of the environmental dimension, but he framed it in terms of regulatory exposure and ongoing audits rather than internal cost calculation:

The environmental aspect is absolutely the most important, and we constantly monitor it. We receive several audits from federal and local agencies that carry out surprise inspections. (Manager B)

On the other hand, Manager C was more focused on an operational lens, listing the criteria that would be considered in the evaluation of a target: *"In a potential acquisition study all these aspects are taken into consideration. Safety, investments made, state of the facilities, local management, procedures"* (Manager C).

4.3.2 ESG as a strategic instrument or as a regulatory obligation

Among the three managers a marked divergence concerns the framing of ESG as a key concept. Manager A presented ESG as a strategic instrument that contributes to value creation and risk management. This framing is captured in two passages from the interview:

The corporate strategy will always be focused on value creation. Shareholders do not want to be green, they want to create value. The almighty dollar always comes first. [...] At the M&A level yes, I think ESG will become more important, because it's an additional risk assessment that helps you to do the right deal.
(Manager A)

In these passages, Manager A presents ESG as fundamental to the broader objective of value creation, and in particular, as a tool that enhances the risk assessment in pre-acquisition contexts. The same participant also made an example identifying a measurable financial benefit associated with ESG performance: *"The company's value is between 15 and 20 percent higher compared to the same company without ESG assessment"* (Manager A). On the other hand, Manager B presented a different framing; indeed, in his view, ESG is described primarily as a domain of regulatory compliance rather than as a strategic instrument:

Large companies like ours follow the law. Our departments are organised to comply with local and federal regulations. Here we have the EPA, the Environmental Protection Agency, and we wait for federal and state rules and laws.
(Manager B)

In the context of an acquisition, Manager B also pointed out that the purpose of ESG assessment is simply to verify regulatory alignment: *"In the acquisition context, these criteria are extremely important, but what we go to verify is that they comply with existing regulations"* (Manager B). Another passage from Manager B explicitly challenges the

claim that ESG performance generates a competitive advantage in the chemical commodities market:

Today it is seen as an obligation, a must. However, it is not the case that a boat manufacturer buys my competitor's resin because their CO2 footprint is lower. The competitive arena is dominated by other dynamics, not by those. (Manager B)

As regards Manager C, he occupies an intermediate position between these two framings. The interviewee acknowledged that ESG criteria are of strategic importance, in particular in the context of acquisitions, but he expressed concerns about the way in which regulatory pressure regarding ESG has been applied in Europe: *"I hope there will be a minimum slowdown in Europe, because some excessive pushes has led to the deindustrialisation of Europe and slowed down the industry"* (Manager C).

4.3.3 Ownership structure and managerial time horizons

A theme that emerged only from the Manager A interview is about the relationship between the ownership structure of a firm and the managerial orientation toward ESG that the firm's executives are likely to adopt. Manager A presented this relationship in two passages:

Rating agencies give a lot of weight to G, governance. If the owner is a private equity fund, governance is bad. The fund only thinks about EBITDA, five years and they run away. [...] The industrial family has a twenty-year industrial plan, so it has a real interest in the transition. The fund does not. (Manager A)

These steps create a direct link between the owner's time horizon and the level of commitment to ESG criteria. Manager A describes the time horizon as a structural feature of ownership that determines the direction of management, rather than as a contingent preference of individual executives. The approach presented here implies that the same company, under a different ownership structure, would generate a different management orientation towards ESG, even in the absence of changes in regulatory or stakeholder pressures. This same theme did not emerge in the interviews with Manager B or Manager C.

4.4 Institutional pressures and cross-regional differences

This section analyses how institutional pressures and the regional context influence managerial approaches to ESG in the three geographical areas in which the Chemicals Group operates. The findings presented here are organised by geographical area and address the institutional, regulatory and contextual factors that emerged from the interviews. The section concludes with an analysis of a specific point of disagreement among respondents regarding the ESG trajectory of the Asian region.

4.4.1 The European context

The interviews revealed that the European context represents the institutional environment with the highest density of mandatory ESG requirements. Manager A described the European regulatory framework as the most rigorous standard and the one adopted as a benchmark by the Group, as mentioned in section 4.1.2. This description positions Europe as the source of the ESG standards that the Chemical Group exports to the other regions in which it operates. Manager C confirmed this characterisation from the perspective of a regional manager who interacts with the European headquarter from outside the European context:

If the corporation has European headquarter and European management, it tends to export these standards everywhere. Differently if it is American. Differently if it is Asian. (Manager C)

A second comment from Manager C concerns the relationship between European regulatory ambition and the competitiveness of the European chemical industry. The participant expressed a critical view on the effect of European regulations: *"I hope there will be a minimum slowdown in Europe, because some excessive pushes have deindustrialised Europe and slowed down the industry"* (Manager C). While Manager B reinforces this concern describing the consequences of European regulation on the industrial landscape of the chemical sector:

The chemical industry in Europe has been decimated, with many plants shut down. We ourselves have closed several production lines because it was no

longer profitable to produce in Italy. It was more convenient to buy intermediates from China or Asia. (Manager B)

4.4.2 The American context

The three interviewees described the American context as being institutionally less coercive than the European one, with regulatory pressure concentrated at federal and state level and limited involvement from broader social or financial stakeholders. Manager B described the US regulatory framework, making explicit reference to the agencies and the operational structure that the company had established:

Large companies like ours follow the law. Our departments are organised to comply with local and federal regulations. Here we have the EPA, the Environmental Protection Agency, and we wait for federal and state rules and laws. [...] There is one person responsible for America to whom two managers' report, and almost every site has a local EHS manager. (Manager B)

A distinctive fact of the American context, identified exclusively by Manager B, concerns the recent withdrawal of major financial players from ESG-related pressure activities. The interviewee cited a specific event as the turning point of this shift:

There was a very strong wave years ago that has ended. On 15 February 2024, JP Morgan and State Street were both leaving a climate group set up to pressure companies to decarbonise. They had set up a specific fund to push companies towards decarbonisation. Since then, the pressure has significantly decreased. (Manager B)

Manager B explained this withdrawal as the consequence of an economic mismatch between the cost of decarbonisation initiatives and the willingness of customers to pay for them:

All these alternatives they had put in place were not economically advantageous, and in the end we had to deal with a market that was interested but not willing to pay even a cent more. (Manager B)

Despite this general description of the American context as one in which the ESG pressures are decreasing, Manager B identified specific areas of demand originating from Northern European customers operating in the American market:

It is not a strictly necessary parameter, but for some companies it is a plus, it gives credits in the company's overall score, especially with companies based in northern Europe. The Swedish apply strong pressure, they give significant credits. (Manager B)

Manager B also pointed out the historical relationship between ESG performance and structural economic factors in the American context. The interviewee attributed the relative advantage of European industry in ESG matters not to environmental commitment, but to differences in energy costs that have existed for a long time:

We are much more advanced in terms of energy saving, but for economic reasons, because the cost of energy in Europe has always been much higher. America, not having had the problem of energy saving, has always been less restrained in consumption. (Manager B)

These analyses describe the American context as being institutionally constrained by federal and state environmental regulation, increasingly less influenced by voluntary financial pressure linked to ESG criteria, but still subject to specific demands arising from dealing with European clients.

4.4.3 The Asian context

Manager C described the Asian context as institutionally diverse, with significant differences between the several countries in the region. The participant explicitly challenged the assumption that Asia could be treated as a single, coherent regulatory environment: *"They are very different worlds: China is very different from South Korea, which is very different from India"* (Manager C). According to him, the main mechanism through which ESG considerations enter the Asian context is the transmission of standards through global supply chains rather than the imposition of local regulatory requirements. The interviewee described this mechanism in operational terms:

"Whether the influence or requests are more frequent depends on the sector and the product. If the product is exported to Europe, it is clear that the standards apply" (Manager C).

Furthermore, he specified the hierarchy of pressures that operate in the Asian context: *"Requests are more frequent starting from European Global Company, then non-European Global Company, and then local"* (Manager C). Manager C describes the Asian

context as institutionally weak in terms of local ESG requirements, but influenced by the standards of the regions to which Asian production is exported. The European supply chain stands out as the dominant mechanism of transmission, with non-European MNEs applying secondary pressure and local actors playing a marginal role. Manager A's testimony confirmed this characterisation in regulatory terms: *"In Asia it varies by country, in China it's coming but it's still fragmented"* (Manager A). These claims converge on a presentation of the Asian context as institutionally fragmented, with ESG pressures operating predominantly through extraterritorial mechanisms rather than through national regulation.

4.4.4 The trajectory of ESG in Asia

There was a clear divergence of opinion among the three interviewees regarding the development of ESG in Asia compared to America. Manager A did not directly address the regulatory trajectory in Asia, when asked about the maturity of ESG and the regulatory expectation he noted that individual countries are developing their own local framework, but he also acknowledged limited familiarity with the specifics of each jurisdiction. Manager C described Asia as a region that is progressing more rapidly than the United States in terms of ESG, reporting that: *"Asia is moving more than America in this sense. A certain difference between the Americas and Europe is still quite evident"* (Manager C). On the other hand, Manager B contested this description when the views of the other two respondents were presented during the interview. The participant offered an alternative interpretation, reframing the apparent ESG progress of Asia as a strategic posture rather than an essential commitment: *"Asia has always the economic interest of pushing its own initiatives. They benefit more from this movement; that is their strategy"* (Manager B). According to Manager B's view, Asia's commitment to ESG is closely linked to the deindustrialisation of European chemical production described in section 4.4.1, with Asian governments and industries benefiting from the transfer of activities made non-competitive by European regulations.

4.5 Stakeholder dynamics

This section analyses how stakeholder dynamics influence management's ESG approach within Chemicals Group. The three interviewees agreed that stakeholder pressure plays a central role as a key driver of the focus on ESG, but expressed varying opinions on which stakeholders are the most influential and how this pressure has evolved over time.

4.5.1 Banks and investment funds

Manager A and Manager C both agree on that banks are a significant source of ESG pressure for unlisted companies. Manager A described the role of banks among the non-regulatory pressures that shaped the ESG orientation of Chemicals Group: "*there is non-regulatory pressure coming from customers, stakeholders and banks*". Manager C confirmed this description and he included also that:

"Banks that grant loans require minimum ESG standards, regardless of whether the companies are listed on the stock exchange or not. This then has a knock-on effect, extending to the financial sector as well." (Manager C).

In a following part, Manager C also mentioned, with some uncertainty, the existence of investment funds that invest exclusively in ESG-certified companies:

"There are funds that only if the company is certified in a certain way, only if it meets certain standards, because their business and their image are based on the principle of: I deal only in sustainability" (Manager C).

Although this observation was made in exploratory terms, it supports the broader idea that financial actors can act as regulator for ESG standards, regardless of whether a company is listed on the stock exchange or not.

As observed in section 4.4.2, Manager B described a contrasting dynamic in the American context, where the pressure once exercised by financial stakeholders has decreased since February 2024. The two observations are not necessarily in contrast: the statements of Manager A and Manager C describe a structural condition that operates across the corporate ecosystem of Chemicals Group, while the claim of Manager B describes a temporal and regional shift specific to the American financial market.

4.5.2 Customer-driver pressure and supply chain transmission

The three interviewees converged on the identification of customers as a major source of ESG pressure, with a specific emphasis on European customers operating in global supply chains. Manager C described this mechanism, presenting the European supply chain as the dominant transmission mechanism through which ESG standards penetrate non-European markets:

Whether the influence or requests are more frequent depends on the sector and the product. If the product is exported to Europe, it is clear that the standards apply. [...] Requests are more frequent starting from European Global Company, then non-European Global Company, and then local. (Manager C)

Manager B confirmed this dynamic from the perspective of the American operations, identifying Northern European customers as the principal source of ESG demand in the American context:

It is not a strictly necessary parameter, but for some companies it is a plus, it gives credits in the company's overall score, especially with companies based in northern Europe. The Swedish apply strong pressure, they give significant credits. (Manager B)

In line with that, Manager A confirmed this statement at the corporate level, identifying customers among the multiple non-regulatory pressures that have shaped the ESG orientation of the Group, as discussed in section 4.1.1: *"There are non-regulatory pressures coming from customers, stakeholders, and banks"* (Manager A).

5 DISCUSSION

This chapter analyses the empirical findings presented in Chapter 4 in relation with the theoretical framework developed in Chapter 2. The discussion is organised around the five theoretical perspectives integrated in the conceptual framework, in order to assess the extent to which the empirical material is consistent with, adds nuance to, or sits in tension with the existing literature on ESG in M&A pre-acquisition contexts. The chapter also provides the explicit response to the research question and identifies the theoretical contribution of the study.

The chapter is structured into seven sections. Section 5.1 discusses the findings in relation to information asymmetry. Section 5.2 examines the cognitive dimension of managerial orientations through the lens of behavioural decision theory. Section 5.3 addresses the institutional dimension of ESG pressures. Section 5.4 focuses on the ESG through the perspective of stakeholder theory. Section 5.5 examines how the empirical material fits with upper echelons theory. Section 5.6 provides the explicit response to the research question. Section 5.7 outlines the theoretical contribution of the study.

5.1 Information asymmetry

The empirical findings confirm the central claim of the information asymmetry literature reviewed in section 2.4.1. Manager A's perspective explicitly identified the methodological inconsistency of external ESG rating agencies as a structural limitation of pre-acquisition evaluation, corresponds directly to the findings of Berg et al. (2022), who demonstrated that the divergence among rating providers is driven by differences in measurement, scope, and weighting choices. The interviewee's observation: "*different agencies give different valuations on the same company*" (Manager A), reproduces in practical language the same phenomenon that Berg et al. (2022) reported through quantitative comparison of six leading rating agencies. This alignment goes beyond simply acknowledging that ratings differ from one another. Manager A's response to this issue reflects the very approach suggested by Berg et al. (2022), who argue that ESG ratings should not be taken at face value. This confirms that managers involved in pre-acquisition

assessments are aware of the limitations of ESG ratings, in line with what is described in the academic literature. Consequently, the way in which Manager A described the use of external ratings shows the practical approach adopted by the company. The interviewee described the ratings as a starting point and not an end point, meaning that the methodology involves comparing multiple ratings and internal assessments, this practice can be interpreted as a response aimed at addressing the rating divergence described by Berg et al. (2022).

Concerning to the ESG due diligence as a tool for asymmetry information, Borochin et al. (2019) argued that the bidder's due diligence brings to light new relevant information about the target company, thereby reducing the information asymmetry surrounding it. The empirical evidence supports this argument through the description provided by Manager A of the IROs analysis and its translation into the transaction price. The example given by Manager A, in which environmental liabilities could reduce the offer price, makes the mechanism described by Borochin et al. (2019) particularly clear.

A similar link emerges from the argument put forward by Kim and Park (2023), according to which ESG performance helps to reduce information asymmetry by providing market participants with non-financial information that goes beyond traditional financial reporting. The results confirm this argument in the specific context of pre-acquisition due diligence: the IROs framework described by Manager A and the EHS audit infrastructure described by Manager B both function as tools through which non-financial risks are made visible and translated into evaluative judgements.

The existing literature on ESG due diligence treats ESG assessment as a relatively standard practice, focusing on challenges such as the lack of consensus on its scope and the difficulty of translating the ESG results in financial terms (KPMG, 2023). The empirical findings of this study show that, within the Chemicals Group, ESG assessment is not carried out using a single tool, but through various tools applied at different levels of the organisation. Manager A described the IROs framework used at corporate level to assess environmental liabilities and other site-specific risks. Manager B described the Ecovadis score used to demonstrate ESG credentials to clients, alongside an internal EHS management that monitors regulatory compliance. Manager C described a more operational

approach based on the direct assessment of safety, facilities and local management. Each of these tools serves a different purpose and addresses a different type of information gap. This multi-layer approach to ESG assessment has not been clearly identified in the existing literature and represents a finding that can be analysed by further research. Lastly, as regards the verification of information across regions Manager A and C converged on the view that the reliability of ESG information varies across geographic context: in Europe, disclosure is mandatory and standardised; in the Americas disclosure remaining more voluntary; while in Asia it is characterised by heterogeneity within the region itself. This view is in line with the regional differentiation reviewed by García-Nieto et al. (2024) and Lee et al. (2025), but the empirical evidence identifies a specific implication for pre-acquisition evaluation that the existing literature has not fully developed. If a target operates in a context characterised by a weak or a fragmented ESG disclosure, the standard mechanisms for the reduction of information asymmetry through ESG due diligence become less effective. Indeed, a way to answer to these regional differences could be what the Manager A said about the direct site visits, or the Manager C emphasis on operational verification.

5.2 Behavioural decision theory

The behavioural decision theory demonstrates that managerial cognition operates under conditions of bounded rationality and that it relies on cognitive shortcuts when information is complex, ambiguous or contradictory (Wan & Chih, 2024; Bian, 2022). However, the empirical evidence does not provide clear proof that the specific heuristics described by Statman (2017) systematically guide the processing of ESG information within the Chemical Group. On the contrary, the way in which Manager A described the treatment of external ESG ratings points in the opposite direction. Indeed, he described the ratings as a starting point, not an end point, explaining that the methodology involves comparing multiple ratings and conducting internal checks. Thus, rather than anchoring to an initial reference value and adjusting it insufficiently, as the anchoring and adjustment heuristic would suggest (Statman, 2017), this practice reflects a deliberate effort to avoid relying on a single source. This behaviour is better understood as an active response to

the problems of rating divergence and information asymmetry discussed in section 5.1, rather than as a manifestation of the cognitive bias described in the literature review. Similarly, the representativeness heuristic can be analysed. The criteria outlined by Manager C for assessing a potential target reflect a structured operational evaluation. The empirical data therefore do not confirm the presence of the representativeness heuristic as defined by Statman (2017); instead, the operational framework adopted by Manager C is more adequately explained by the upper echelons theory discussed in section 5.5, according to which a manager's interpretative lens is shaped by their functional role. The absence of clear evidence supporting these heuristics is in itself a significant finding, as it suggests that, at least within the corporate context examined, the processing of ESG information is more deliberate and procedurally structured than the heuristic-based explanation might suggest.

Furthermore, according to Bian (2022), the managerial cognition plays a key role in determining how strategic opportunities are assessed during the pre-acquisition phase. Manager A's interview present a framework based on four stages (strategy, actions, policies, reporting) and explicitly disapprove the organisations that "*start from the tail, from reporting*" (Manager A). This is consistent with the cognitive simplification dynamic that Bian (2022) describes in theoretical terms. The interviewee's observation suggests that organisational practice tends to focus on reporting because it is more structured and easier to manage, rather than on the strategy, which is more complex to define. This model fits with the behavioural literature, which suggests that decision-makers facing complex situations tend to focus on the more tangible aspects of a problem, rather than on the less structured but more substantial ones.

An important limitation of behavioural decision theory is the different interpretation identified in the section 4.3.2. The literature describes why managers when faces complex information tend to simplify their assessments, but it does not explain why managers when faces the same information they interpret them differently. The three managers interviewed did not converged with a single simplified vision of ESG; instead, they gave three different frameworks reflecting their respective roles: Manager A regards ESG as a strategic tool, Manager B as a matter of regulatory compliance, and Manager C had

an intermediate position. The theory predicts simplification in front of complexity, but it does not predict that the form of simplification will vary depending on the managerial role.

5.3 Institutional theory

The empirical findings are consistent with the role of the institutional theory. Manager A statements about the origin of the sustainability department within Chemicals Group offers an unusually direct example of institutional pressure as a driver of organisational adoption. Indeed, he identified the creation of the sustainability department in 2019 as a direct consequence of a request from an incoming financial shareholder, with the explicit acknowledgement that the company "*could exist today without ESG for regulatory reasons*" (Manager A). This claim presents the institutionalisation of ESG within Chemicals Group as a response to external demand rather than as the result of internal request or normative obligation, in a configuration that corresponds closely to the dynamic that Meyer and Rowan (1977) described as the pursuit of organisational legitimacy through alignment with external expectations. The mimetic dimension of the institutional framework also came out from the results. Indeed, the decision to adopt the GRI standard, and then the transition to the ESRS, reflects a pattern of imitation of regulatory frameworks that have acquired legitimacy in the broader institutional environment, even in the absence of a direct legal obligation. This dynamic corresponds to the mimetic mechanism that DiMaggio and Powell (1983) identified as particularly significant in conditions of uncertainty, where firms imitate the structures and practices of organisations perceived as legitimate.

Another topic regards the cross regional institutional pressures presented in the section 2.4.3. The empirical findings of section 4.4 indicate that the three geographic regions in which Chemicals Group operates correspond to three distinct institutional environments. The European context is characterised by mandatory disclosure requirements, regulatory density, and active institutional infrastructure, in line with the characterisation provided by Feyisetan et al. (2025) and KPMG (2023). The American context is characterised by limited federal compulsory pressure focused on environmental compliance through

agencies such as the EPA, with disclosure remaining substantially voluntary outside specific States initiatives, which is consistent with the description offered by Christensen et al. (2021). The Asian context is characterised by heterogeneity, with disclosure regimes emerging in some jurisdictions but remaining fragmented overall, in line with the assessment of Lee et al. (2025).

Furthermore, the literature reported that institutional pressures vary across regions, while the findings suggest that there is a mechanism through which a firm applies a unified ESG standard across all its regional operations. Indeed, Manager A explained that Chemicals Group adopted GRI as the single Group standard. Furthermore, Manager C confirmed that European corporations tend to export these standards everywhere. Manager A provided a practical example about the Californian regulation SB253 and SB261, which are compatible with the European report that Chemicals Group already produces. This means that the most demanding standard already satisfies the requirements of other jurisdictions. As reported by the existing literature, MNEs receive institutional pressures from multiple jurisdiction (Marano & Kostova, 2015; Peng et al., 2009); however, the findings of this study suggest that MNEs operating from region with a dense regulatory structure can also export their standards to regions where local pressures is lower.

According to the literature review, the ESG institutional pressures are assumed to grow progressively over time, with disclosure requirements expanding and stakeholder expectations intensifying (Lee et al., 2025; Han & Song, 2025). However, the empirical findings of this study sit in tension with this assumption in two ways. Firstly, Manager B identified February 2024 as a turning point in the American context, when JP Morgan and State Street withdrew from the Climate Action 100+ initiative (Jessop & Kerber, 2024). According to the interviewee, ESG pressure in the Americas has significantly decreased since then. The second challenge comes from Managers B and C, who both observed that excessive ESG regulation in Europe brought negative consequences for the European chemical industry, with production migrating to Asian jurisdictions where regulatory requirements are less demanding. This suggests that institutional pressures that

successfully drive ESG adoption can produce unintentional effects that weaken the industrial base from which adoption is expected, once they reach a certain point.

These two findings do not invalidate institutional theory. Rather, they suggest that ESG institutional trajectories are not inherently progressive, but may be reversed through the withdrawal of key stakeholders or the industrial consequences of regulation.

In conclusion, the literature distinguished between symbolic and substantive forms of ESG adoption (Dye et al., 2021; De Silva Lokuwaduge & De Silva, 2022). The findings of this study provide evidence for both of these forms. For the substantive adoption, the IROs framework, the EHS infrastructure described by Manager B and the integration of ESG findings into acquisition from a financial point of view suggest that the Chemicals Group goes beyond symbolic compliance. In contrast with that, Manager C spontaneously raised a issue about greenwashing in European corporate marketing, acknowledging that false sustainability claims are a recognised problem in the market. All of this suggest that Chemicals Group appears to occupy a substantive position in its internal assessment practices, while it remains aware of the symbolic risks present in the broader market.

5.4 Stakeholder theory

The empirical findings are consistent with the role of stakeholder theory, that firms take non-financial considerations into account when making strategic decisions, in order to secure the support of stakeholder groups that are necessary for the firm to operate effectively (Freeman, 1984; Donaldson & Preston, 1995). Both Manager A and Manager C identified banks, customers and shareholders as the main sources of non-regulatory ESG pressure, which is in line with this theoretical proposition. Moreover, both participants noted that these pressures are also applied to non-listed companies. The findings also lend support to Gao et al. (2022) argument that ESG considerations in M&A contexts work as mechanisms through which acquiring firms manage their relationships with stakeholders during the acquisition process. All three managers indicates that ESG criteria play an important role in acquisition pricing and target assessment. This suggest that

ESG is a practical tool through which acquirers can manage their relationships with target stakeholders, regulatory authorities, and capital providers.

Furthermore, the section 2.4.4 examined the role of investors and capital markets in shaping ESG adoption (Asif & Searcy, 2026; Mitchell et al., 1997). The empirical findings add a further nuance to these descriptions by identifying banks as an important source of ESG pressure for non-listed companies. Both Manager A and C noted that bank lending criteria represent a structural condition for maintaining minimum ESG standards. In addition to that, a further finding regards investment funds dedicated in ESG, identified by Manager C as investors whose entire investment is restricted to firms meeting specific ESG certification thresholds. The literature mentioned this category of investor in general terms, but it did not examine it as a distinct form of stakeholder pressure. Although derived from a single account, this observation suggests that the segmentation of the investment market along ESG criteria may represent an additional channel through which ESG standards are transmitted to firms.

In the section 2.4.4 the literature examined the stakeholder relationships primarily within the local institutional context in which a firm operates. The findings point to a transnational process that was not fully addressed in the literature: European customers operating within global supply chains transmit European ESG standards to suppliers located outside Europe. Both Manager B and C identified European customers, and specifically Northern European customers, as the principal source of ESG demand in non-European markets. This mechanism does not depend on the geographic location of the supplier or on local regulatory requirements. It depends on the destination of the product. A supplier in the Americas or Asia exporting to European customers is subject to ESG demands originating in the European institutional context, regardless of what local regulations require. Manager C described this dynamic by noting that requests are more frequent from European global companies than from local actors. Within the limit of a single-case study, this observation suggests a dimension of stakeholder pressure that the literature has developed only partially, since the stakeholder theory was typically treated as embedded in the local institutional context of the firm; while the material indicates that supply chain integration may create an additional dimension of stakeholder

pressure in which the relevant institutional context is not where the firm is located, but where its principal customers are located.

Lastly, the three regional contexts examined in this study show different stakeholder configurations. Both Manager A and C describe a situation in which financial actors, customers, regulators, and shareholders reinforce each other in generating ESG pressure. On the other hand, Manager B describes a more limited configuration in the Americas, where the financial segment moved back since February 2024, the regulatory segment is focused on environmental compliance through agencies such as the EPA, and customer pressure is limited to European actors. The existing literature examined how institutional contexts vary across regions, but it has paid less attention to how stakeholder configurations vary across the same regions. The American case illustrates how that a previously more integrated stakeholder ecosystem can become less coherent following the withdrawal of its financial segment.

5.5 Upper echelons theory

As mentioned in chapter 2, the upper echelons theory presents the way that managers interpret strategic situations is shaped by their functional background and career trajectory (Hambrick & Mason, 1984; Hambrick, 2007). The research design of this study analysed three managers with distinct functional roles in the same organisational context, which allows to observe the mechanism proposed by the theory. The clearest illustration emerges from section 4.3.1: Manager A and B placed environmental considerations at the top of their ESG evaluation hierarchy, justifying this observation in different ways. The former framed it in terms of cost and risk management. While the Manager B set it in terms of regulatory compliance and external auditing through agencies such as the EPA. As regards the Manager C, he did not present an explicit hierarchy among the ESG pillars, adopting instead an operational framing in which ESG considerations are evaluated through criteria such as safety, the state of the facilities, and local management. These claims suggest that managers with different functional backgrounds interpret ESG-related information through distinct lenses, each consistent with their professional role.

Furthermore, the three managers presented three distinct interpretations of ESG. Manager A presented it as a strategic instrument that generates value and supports risk management; the Manager B as a domain of regulatory compliance with limited strategic differentiation; while the Manager C as a concern that requires careful calibration with respect to industrial competitiveness. Each observation corresponds to the functional role of the respondent. Manager A, as Group Head of Sustainability Strategy and Internal Audit, has a role in which ESG is central by definition, which explains the strategic point of view. Manager B, as Executive Vice President for the Americas, operates in a role where ESG is primarily a constraint to be managed within the push toward regional financial performance. Lastly, Manager C, as Executive Vice President for Eurasia with responsibilities across multiple jurisdictions, operates in a role that requires the calibration of ESG standards across different regional contexts, which explains the intermediate consideration.

Historically, the framework focused on demographic characteristics such as age, tenure, and educational credentials as proxies for cognitive bases (Hambrick & Mason, 1984). The functional difference analysed in this study is fully in line with the original formulation, in which functional background is one of the central determinants of how managers perceive and interpret strategic situations. Regarding that, the three managerial accounts do not extend the theory, instead provide a clear empirical illustration of one of its fundamental propositions in the specific context of ESG assessment. The only aspect in which the present study may add a slight nuance concerns the level of analysis, the theory has usually been applied to top management teams as a group (Hambrick 2007), however here the same mechanism is visible in different functional roles within a single company. This does not go beyond the theory; it simply applies it to a level that has been analysed less often.

Another finding that is linked with the upper echelons theory regards the relationship between ownership structure and managerial ESG orientation, which it was identified only with Manager A. The interviewee pointed a direct connection between the time horizon of the owner and the depth of engagement with ESG. When the owner is a private equity fund, the focus is on short-term financial returns, which leaves little room for

long-term sustainability investments. While, when the owner is an industrial family, the time horizon is much longer, which makes management more willing to invest in ESG over time. Hambrick (2007) argued that the context in which managers operate influences how they make decisions. The finding suggests that ownership structure is one such factor, as it directly influences the time horizon within which managers assess strategic decisions, including those related to ESG criteria.

To conclude, the relationship between upper echelons theory and the other theoretical perspectives integrated in the conceptual framework is necessary. As reported in the section 5.2, behavioural decision theory predicts cognitive simplification in complex situations, but does not predict that the form of simplification will systematically vary with the functional position of the decision-maker. Upper echelons theory provides a complementary explanation that links cognitive interpretation to organisational role, which may broaden the analytical scope of the behavioural framework. One last similar pattern is linked to the institutional theory: upper echelons theory addresses this intra-organisational heterogeneity, clarifying the distinction between institutional pressures, which operate at the firm level, and managerial interpretations, which operate at the functional level. The findings of this study suggest that a comprehensive understanding of managerial attitudes towards ESG in pre-acquisition contexts necessitates the integration of these theoretical perspectives rather than the sequential application of a single framework.

5.6 Answering to the research question

The research question of this study is composed of two parts. The first component of the RQ asks how managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations during the pre-acquisition evaluation process. The empirical findings show that the three managers did not interpret ESG as a uniform category; indeed, each manager interpreted the same phenomena through a distinct cognitive frame that reflected their functional role. Manager A, whose role is centred on sustainability strategy and internal audit, treated ESG as a risk management and value creation tool. Manager B, who is focused on regional profit and loss in the Americas,

treated ESG primarily as a matter of regulatory compliance, reducing target evaluation to the verification of alignment with existing legal requirements. Lastly, Manager C, involved in operational management across multiple jurisdictions, treated ESG as a context-dependent variable whose relevance varied with the institutional environment of the target and the customer segments served. These three modes of ESG integration coexist within the same organisation and are activated depending on which functional role is involved in the evaluation. This finding adds nuance to the implicit assumption in the literature on ESG due diligence, which has tended to view ESG integration as a uniform organisational practice. The empirical data from this study suggest that the analysis should be conducted at the functional level rather than at the corporate level.

The second component questions how managerial orientations toward ESG vary across different institutional and regional contexts and the empirical findings points to three processes that appear to produce the regional differentiation observed in Chapter 4. The first is the variation in regulatory density: Europe is characterised by mandatory disclosure requirements, the Americas by voluntary disclosure with federal environmental compliance, and Asia by fragmented and emerging disclosure regimes. The second is the variation in stakeholder configurations: Europe is supported by an ecosystem of financial actors, customers, and regulators; the Americas by a more limited configuration following the partial withdraw of financial actors since February 2024; lastly, Asia by extraterritorial pressures transmitted through European customer relationships. The third is the headquarter standardisation process through which Chemicals Group exports its European ESG standards across all its regional operations, partially replacing local institutional pressures with the standards of the headquarter. These three processes appear to interact and to account, in the case examined, for the divergent managerial orientations observed. Moreover, it is important to emphasise that the empirical data from this case do not lend themselves to a reading in which the three regions occupy different positions on a single scale of ESG maturity. Indeed, Europe, the Americas and Asia have qualitatively different institutional frameworks, each of which gives rise to a distinct form of ESG focus rather than different degrees of the same form. Furthermore, it should be noted that the regional reading offered here rests on a single managerial account for

each non-European region, complemented by the corporate-level perspective of Manager A.

To conclude, the three processes described above should therefore be read as analytical regularities emerging from the case examined, rather than as generalisations about the regions themselves. These two answers converge on a single interpretative hypothesis: managerial attitudes towards ESG criteria in pre-acquisition contexts appear to be shaped simultaneously by the manager's functional role and by the institutional structure of the region in which they operate. These two dimensions interact in ways that the existing literature has only partially examined, and considering them together helps to understand more fully how ESG criteria are incorporated into pre-acquisition evaluation processes within multinational Groups.

6 CONCLUSION

This chapter concludes the thesis by summarising the findings of the study and offering suggestions for future research. Section 6.1 provides a concise synthesis of the study. Section 6.2 discusses the managerial implications. Section 6.3 presents the limitations of the study and offers suggestions for future research.

6.1 Synthesis of the study

The present thesis analysed how managerial orientations toward ESG criteria shape the interpretation and integration of ESG in the M&A pre-acquisition evaluation process, and how these orientations vary across different institutional and regional contexts. The research question come from three interconnected gaps as described in Chapter 1: the prevalence of quantitative research in the literature on ESG and M&A, the single-country setting, and the focus on qualitative analysis in post-acquisition integration phase rather than pre-acquisition assessment (Welch et al., 2020; Feyisetan et al., 2025; Yoon et al., 2018; Zhao et al., 2018; Fatemi et al., 2018). Thus, the cognitive and interpretative path through which managers put ESG criteria into practice during early stages of acquisitions, and how this varies across regions received less empirical attention.

In order to address these gaps, the study adopted an interpretivist and exploratory research design, through an inductive approach. The conceptual framework provided a map for the data collection, which has been done through three semi-structured interviews with senior managers of Chemicals Group (a multi-regional industrial group operating in the chemicals sector): the Group Head of Sustainability Strategy and Internal Audit, the Executive Vice President for the Americas, and the Executive Vice President for Eurasia. The conceptual framework was composed by five theoretical perspectives: information asymmetry, behavioural decision theory, institutional theory, stakeholder theory, and upper echelons theory; and the empirical results have been analysed through thematic analyses.

The empirical material does not come from a significant M&A actor, and also the participants were not expert on M&A transactions. The three managers have been chosen for

their role and level of seniority across regions. Within these limits, the findings illustrate two paths that usually literatures that are quantitative, focused on post-acquisition with a single-country setting are not in a position to observe directly. Firstly, the three managers did not share the same interpretation and idea of ESG, indeed this has been read through three distinct lenses: regulatory compliance, strategic and operational. Each of these analyses are consistent with their functional role. The fact that three managers think differently is not a key point, but it is important to focus on the fact that this functional divergence produces clear asymmetries in pre-acquisition assessment, as the same target company may be assessed appropriate or not for the Group. Furthermore, a relevant point is how a European headquartered MNE exports its home-region standards across its global operations. The differences across regions in regulatory and stakeholder pressure described in Chapter 4 is consistent with what the literature already documented. However, the value of the present study lies on how this variation can be elaborated within a single multi-regional firm. These observations are aimed at researches on the M&A process by extending the qualitative analysis on the pre-acquisition phase and the behavioural strategy literature by illustrating how institutional pressures translate into managerial cognition in a specific organisational context. These two contributions are modest in scope and related to the specific case examined, but offer an illustrative basis on which future research conducted on organizations with greater M&A intensity could be based.

6.2 Managerial implications

Firstly, the different ESG interpretations among the interviewees suggest that pre-acquisition evaluation processes should be designed to coordinate, rather than aggregate, the perspectives of managers occupying different functional positions. The ESG profile of a target company that is considered adequate from a compliance perspective by a regional manager may nevertheless present strategic risks that a sustainability-focused interpretative perspective is able to identify, and vice versa. This suggests that acquirers may benefit from formalising procedures through which different assessments from different

functional perspective are made evident and resolved, rather than being reduced to a single judgement at company level.

Secondly, the multi-layered nature of ESG assessment tools observed within the company suggests that relying only on external ratings as a primary indicator is insufficient. The findings suggest that such assessments should be viewed as one of several factors to be considered, integrating also internal assessments such as IROs analysis, EHS audits, and direct operational verification. Reliance on internal tools and even on-site visits is more prevalent when managers operate in contexts characterised by fragmented or voluntary disclosure regimes, in order to compensate for the limited reliability of external ESG information.

Finally, a third implication regards the relationship between ownership structure and interest in ESG criteria, which suggests that boards of directors and shareholders should be aware that the time horizon of ownership affects the way in which ESG investments are evaluated. A buyer controlled by owners with a short-term focus may systematically undervalue long-term ESG considerations. This should not be interpreted as a failure of management, but as a consequence of how ownership is structured, and this should be explicitly recognised in the design of the governance.

6.3 Limitations and suggestions for future research

The first limitation concerns the use of a single case study, which restricts the scope of the data collected. Furthermore, the fact that unlisted companies are not yet subject to the same level of ESG scrutiny as listed companies currently face, it means that these unlisted firms do not provide data that is sufficiently adequate for analyses primarily focused on ESG criteria. Despite this, unlisted companies are adapting to future regulations, but have not yet fully implemented the standards that will be required in the future. Future research could take a sample of more companies operating in the same sector to also analyse the differences in managerial interpretation that exist. These companies may also be unlisted, as from 2027 significant new regulations and extensions to existing ESG regulations will come into force, which will impact both large companies and, indirectly or directly, unlisted companies.

A second limitation concerns the number of respondents; although the respondents hold executive roles, a larger sample would have provided greater depth to the study. These could, for example, have included managers with a stronger focus on M&A and finance. Future research could broaden the scope of the interviews to include external consultants involved in ESG assessments during the pre-acquisition phase.

A third limitation concerns the study's approach, which analyses managerial orientations at a single point in time. The finding that institutional trajectories may be reversible, as demonstrated by the withdrawal in February 2024 of major US financial players from climate-related initiatives and by industrial migration to other jurisdictions, such as those in Asia, would benefit from a longitudinal analysis. Indeed, future research could monitor how these managerial interpretations of ESG criteria evolve as institutional pressures intensify or weaken, and whether this also leads to changes in pre-acquisition valuation practices.

A fourth limitation concerns the empirical material. In fact, this is unequally distributed among the three interviewees: Manager A, whose corporate role focuses on sustainability strategy and internal audit, contributed more than Managers B and C. This limitation is partly caused by the reconfiguration of the sample of expected respondents, as mentioned in section 3.4. Future research could gather more opinions at the regional level, perhaps with roles that cover sustainability-related responsibilities, in order to reduce the dependence of the analysis on a single informant.

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Appendices

Appendix 1. Interview Guide

The semi-structured interview guide is designed following the guidelines of Saunders et al. (2019). The three interviews are not the same for the three interviewees, as they vary depending on their functional role, all the questions are reported below. AI declaration: AI assistance (Claude Anthropic) was used to help formulate and clarify the interview questions.

Information

Interviewer:

Interviewee:

Date:

Location:

Research question: How do managerial orientations toward ESG criteria shape the interpretation and integration of sustainability considerations in the M&A pre-acquisition evaluation process, and how do these orientations vary across different institutional and regional contexts?

Introduction

The purpose of this study is to understand how managers operating in a multinational group interpret and integrate ESG criteria during the pre-acquisition phase of M&A. I am Tommaso Callarelli, a master's student in International Business at the University of Vaasa (Finland) and at the University of Pavia (Italy). This interview is part of my master's thesis. All the information collected during the interview will be presented in anonymised form: the company will be referred under a pseudonym and will be identified just under their functional role. If you do not feel comfortable answering to a question, you can skip it or stop the interview without any problems. The interview will be conducted in Italian and, with your permission, recorded for transcription purposes. The relevant parts of the interview will be translated into English accurately.

Before starting, I would like to ask for your permission to participate in this interview and to record it under the conditions described before.

Questions**Manager A****Block 0: Opening**

Q1: Could you briefly describe your role and your responsibilities within the company?

Q2: You established the Corporate Sustainability Department at Chemicals Group. What was the main driver behind this decision?

Block 1: ESG Framework and operation

Q3: How does Chemicals Group currently define and measure ESG performance at group level? Is there a formal ESG scoring or assessment methodology in place, or is the approach more qualitative and contextual?

Q4: ESG ratings produced by different agencies are known to diverge significantly. How does Chemicals Group manage this methodological heterogeneity in practice, and what sources of ESG information do you consider most reliable for strategic purposes?

Q5: In your view, what are the most significant limitations of current ESG rating methodologies when applied to industrial groups such as Chemicals Group, particularly in the chemical and composites sector?

Block 2: ESG in strategic decisions and acquisitions

Q6: From your position as Group Head of Sustainability Strategy, how do you understand the current role of ESG in Chemicals Group's broader strategic decision-making, including any considerations related to potential acquisitions or inorganic growth opportunities?

Q7: If Chemicals Group was to evaluate a potential acquisition target, which ESG-related factors or risk indicators would you consider most critical to assess from a sustainability and governance perspective?

Q8: In your experience, how do senior managers at Chemicals Group typically interpret and weigh ESG information when making strategic decisions? Do you observe differences in ESG orientation across the group's leadership?

Q9: When ESG information about a potential target is incomplete, inconsistent across providers, or methodologically unreliable, what alternative approaches or information sources would you typically recommend supporting a strategic assessment?

Block 3: Regional variation EMEA

Q10: Focusing on the European and broader EMEA context: how has the evolving EU regulatory landscape influenced the way Chemicals Group integrates ESG into its group-level strategy and reporting?

Q11: Within the EMEA region, do you observe meaningful differences in ESG maturity, regulatory pressure, or stakeholder expectations between European markets and Middle Eastern markets?

Block 4: Regional variation Americas

Q12: From your group-level perspective as Head of ESG, how do you assess the level of ESG integration and regulatory pressure in the North American markets where Chemicals Group operates?

Q13: Do you observe that the ESG orientations of managers operating in the Americas differ from those of their European counterparts, and if so, how does this influence the way ESG is interpreted and applied at group level?

Block 5: Regional variation ASIA

Q14: From your group-level perspective, how would you characterise ESG maturity and regulatory expectations in Chemicals Group's Asian markets, particularly in China and other key geographies in the region?

Q15: In your view, do the ESG orientations of managers operating in Asia differ meaningfully from those in Europe or the Americas, and how does this variation affect the consistency of ESG integration at group level?

Block 6: Closing

Q16: Looking ahead, do you think that ESG criteria will play a more significant, less significant, or structurally different role in strategic and acquisition-related decision-making at Chemicals Group and across the chemical sector over the next five years?

Q17: Are there aspects of how ESG is currently understood, measured, or operationalised that you believe are significantly underestimated or inadequately addressed?

Manager B**Block 0: Opening**

Q1: Could you briefly describe your current role as EVP Americas and the scope of your responsibilities within Chemicals Group's operations in the region?

Q2: Although your role is primarily focused on regional operations, are you involved in strategic discussions regarding potential acquisitions or growth opportunities in the Americas, or have you been consulted on such matters?

Block 1: Regional ESG landscape

Q3: From your perspective, how would you describe the current level of ESG awareness and maturity among companies operating in the chemical industry in the Americas?

Q4: In your experience, how do regulatory requirements in the Americas compare to the European regulatory framework that Chemicals Group is also subject to?

Q5: Do you observe that customers, suppliers, or business partners in the Americas increasingly require ESG-related information or sustainability credentials as part of their commercial relationships?

Block 2: ESG in strategic decisions and acquisitions

Q6: If Chemicals Group was to evaluate a potential acquisition target in the Americas, which ESG-related factors do you think would be most critical to assess from an operational and regional perspective?

Q7: In the Americas, do you think that strong ESG performance by a company can represent a genuine competitive advantage, or is it still perceived primarily as a cost or compliance burden?

Q8: From your regional perspective, how important are stakeholder expectations in shaping how ESG is considered in strategic decisions in the Americas?

Block 3: Cross-regional comparison

Q9: Having worked both in Europe and in the Americas within Chemicals Group, do you perceive meaningful differences in how ESG is understood, prioritised, or operationalised across these two regions?

Q10: In your view, if Chemicals Group were assessing two comparable acquisition targets, one in Europe and one in the Americas, would the ESG evaluation criteria or the weight given to ESG differ between the two, and if so, in what way?

Block 4: Closing

Q11: Looking ahead, do you believe that ESG criteria will become a more significant factor in strategic decision-making in the Americas over the next five years, including in the context of potential acquisitions?

Q12: Are there any aspects relating to the current perception or management of ESG criteria in the Americas that, in your view, deserve greater attention, both within Chemicals Group and across the sector as a whole?

Manager C

Block 0: Opening

Q1: Could you briefly describe your current role as EVP Eurasia and the scope of your responsibilities within Chemicals Group's operations in the region?

Q2: Although you are relatively new to this role, are you involved in strategic discussions regarding potential acquisitions or growth opportunities in Asia, or have you been consulted on such matters?

Block 1: Regional ESG landscape

Q3: From your perspective, how would you describe the current level of ESG awareness and maturity among companies operating in the chemical industry in Asia, particularly in China and India?

Q4: In your experience, how do regulatory requirements in Asia compare to the European regulatory framework?

Q5: Do you observe that customers, suppliers, or business partners in Asia increasingly require ESG-related information or sustainability credentials as part of their commercial relationships?

Block 2: ESG in strategic decisions and acquisitions

Q6: If Chemicals Group was to evaluate a potential acquisition target in Asia, which ESG-related factors do you think would be most critical to assess from an operational and regional perspective?

Q7: In Asia, do you think that strong ESG performance by a company can represent a genuine competitive advantage, or is it still perceived primarily as an external requirement imposed by western markets or global standards?

Q8: From your regional perspective, how important are stakeholder expectations in shaping how ESG is considered in strategic decisions in Asia?

Block 3: Cross-regional comparison

Q9: Based on your experience in the industry, how do you perceive differences in ESG orientation and maturity between Asia and the EMEA or Americas regions?

Q10: In your view, if Chemicals Group were assessing two comparable acquisition targets, like one in Asia and one in Europe, would the ESG evaluation criteria or the weight given to ESG differ between the two, and if so, in what way?

Block 4: Closing

Q11: Looking ahead, do you believe that ESG criteria will become a more significant factor in strategic decision-making in Asia over the next five years, including in the context of potential acquisitions?

Q12: Are there any aspects of how ESG is currently perceived or managed in Asia that you believe deserve greater attention or are poorly understood from a western perspective?

Appendix 2. AI Declaration

AI tools were used to help structure the present thesis.

Google Gemini was used for the research of academic papers on Google Scholar, while the selection, reading and assessment of the relevant literatures was carried out by the author. Claude Anthropic was used to improve tone, style and clarity of the text. DeepL translator was used to translate the relevant parts of the interviews and to help writing the thesis in academic English, which is not the author's first language. Google NotebookLM was used for transcribing all the interviews.

No AI tools was used to generate empirical data, analysis, findings or conclusions of the study. No figures, tables, or codes were generated by AI tools; thus, no AI tools are listed in the reference list in accordance with the university guidelines.