

# Sustainability Dynamics in Emerging Markets: A Comprehensive Analysis of Evolution, Challenges, and Priorities in the Country of Georgia

Davit Gambashidze

*A thesis submitted to the Faculty of Ilia State University Business, Technology and Education Business School in fulfillment of the requirements for the degree of Master of Business Administration*

Thesis Supervisor: Nino Patariaia, Professor

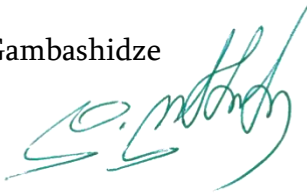
Ilia State University

Tbilisi, 2024

## Declaration

As the author of this paper, I declare that this thesis presented for the degree of Master of Business Administration is an original report of my research and has been written by me. Due references have been provided on all supporting literature and resources. I also confirm that this work has not been submitted for any other degree or professional qualification.

Davit Gambashidze



June 28, 2024

## Abstract

This master's thesis investigates the sustainability dynamics of the Georgian corporate landscape, with an emphasis on the incorporation of Environmental, Social, and Governance (ESG) criteria and green financing. The major goal is to examine the awareness, challenges, key success factors and opportunities related with sustainable practices in Georgian banks and companies, therefore defining an approach for effectively integrating sustainable practices.

The research methodology employed a mixed-methods approach, including qualitative interviews with key stakeholders from major Georgian commercial banks, the National Bank of Georgia, international financial institution - EBRD, and local businesses, as well as quantitative surveys of 32 Georgian companies. This comprehensive methodology allowed for a rigorous analysis of both primary and secondary data, ensuring a complete exploration of the research topics.

The key findings show that there is a rising awareness of sustainability and ESG integration in Georgia's banking industry, despite severe challenges. The interviews focused on the proactive actions of major banks like the Bank of Georgia, TBC Bank, and ProCredit Bank in promoting green financing and implementing ESG components into their operations.

However, the study highlighted significant challenges to widespread adoption of sustainable initiatives. These include a lack of regulatory requirements for businesses to report their environmental impact, low demand for sustainable products, challenges in calculating financed emissions, and limited knowledge and expertise in sustainability-related topics among businesses.

Despite these limitations, the study focuses on the potential benefits of incorporating ESG elements into banking processes. These include more efficient risk management, a stronger reputation, cost savings, and access to new markets. The study also emphasizes the relevance of incentives and regulatory assistance in promoting sustainable finance, suggesting that regulatory agencies and IFIs take a more active role in creating a favorable climate for green financing.

Finally, the thesis gives useful insights into the current condition of sustainable practices in Georgia's corporate landscape, as well as practical recommendations for addressing existing problems. Georgian banks may make important contributions to the country's sustainable development goals by raising awareness, creating capacity, and demanding an effective regulatory environment. The findings highlight the need for ongoing research and stakeholder participation in moving Georgia's financial industry toward sustainability.

**Keywords:** Sustainability; ESG; Sustainable Development; Georgian Corporate Landscape; Georgian Banking Sector;