

ESG IMPLEMENTATION IN THE CONSTRUCTION INDUSTRY ACCORDING TO 2022-2024 SURVEYS

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ABSTRACT

The transition to sustainability will gradually change the face of businesses in all sectors, not least construction. In terms of adopted EU legislation, it will have the greatest impact on their activities in less than 5 years. For companies, the adoption of sustainability principles means new business conditions, new market opportunities, the possibility of acquiring resources, but also new responsibilities. One of these is the obligation to report on ESG (information on the impact of their business on the environment, people and society). This article presents the results of ten sustainability surveys conducted between 2022 and 2024. All the data was collected using the questionnaire method. The aim of the article was to determine the willingness of companies operating in the Czech market to integrate sustainability aspects into their corporate strategies and to publish sustainability (ESG) reports based on the published results. The results show that there is currently a large gap in the level of ESG implementation not only between large and medium-sized construction companies, but also between Czech and foreign companies. The research confirms that ESG awareness or activity decreases with the size of the company. Many small and micro companies believe that ESG does not affect them. The sooner companies start reporting standardised sustainability data, the sooner and easier they will be able to access more favourable loans and financing from investors, and the sooner they will be able to contribute to the Sustainable Development Goals for Europe as a whole.

KEYWORDS

ESG, Non-financial reporting, Construction industry, Research

INTRODUCTION

The construction industry in general is one of the most important sectors in all developed economies around the world. Currently, construction companies have to cope with a number of challenges such as the shortage of skilled workers [1], the significant increase in the price of building materials [2] and energy [3] and the rise in interest rates [4]. Moreover, with the worsening impacts of climate change, they are forced to move towards a sustainable future. Like the global market, construction companies are facing new challenges in the area of non-financial reporting, which includes evaluation criteria in relation to environmental, social and corporate governance aspects, the so-called ESG. In addition to the traditional financial annual report, the European

Union has started to require selected companies to produce a sustainability report or ESG report according to European standards [5].

MATERIALS AND METHODS

The research questions were selected based on the research area and topic [6]. The research area for the subsequent analysis focused on 'sustainability'. In this case, the research topic is "Implementation of environmental, social and governance (ESG) criteria in the construction industry based on survey data conducted between 2022 and 2024." The specific research objective and the main research question were then identified. The research objective was to analyse the results of surveys from publicly available sources provided by 10 Czech and foreign companies in the period 2022-2024 and, based on this, to answer the research question "What is the willingness of companies operating on the Czech market to include sustainability aspects in their corporate strategies and to publish sustainability (ESG) reports". The research methods included a qualitative content analysis of published results from surveys of Czech and foreign companies regarding the transition to sustainability and the obligation to report ESG data. According to [7], content analysis is a technique for extracting information and data from unstructured text. In this paper, its qualitative form was used due to the possibility of gaining deeper insights into the topic [6].

ESG - Three Key Factors for Assessing Corporate Social Responsibility

The ESG concept is the result of an effort to integrate environmental and social considerations together with responsible governance into the decision-making processes and investment strategies of companies. It serves as a measurement system for social responsibility and sustainability in three aspects: the environment (E for Environmental), the social environment (S for Social) and the way in which companies are governed and managed (G for Governance) [8]. The results of the measurement of these three aspects are then used to assess the company as a whole. ESG requires measurable targets, data collection and reporting. The outputs are quantitative data that are numerical and measurable. The advantages are their objectivity, ease of analysis and good comparability. Examples of quantitative data in ESG reporting could be the amount of greenhouse gas emissions (GHG emissions), the proportion of energy consumption from renewable sources, the number of workplace accidents, the amount of waste produced or the percentage of women in the company's management. An increasing part of the public is demanding information on sustainability, in addition to EU institutions, governmental and non-governmental organisations, such as investors, suppliers, customers and employees (stakeholders). Active involvement in socially beneficial activities can bring the company benefits in the form of greater support from these stakeholders and put it in a better position to deal with potential crisis situations [9]. The main motive behind the introduction of ESG is to increase transparency and to gain a more comprehensive view of companies' operations as well as to better compare them, which may ultimately encourage these companies to behave more responsibly [10]. A strong corporate focus on sustainability can not only attract and retain quality employees, but also increase existing productivity, satisfaction and motivation, and instil a sense of purpose and development [11]. Casey and Grenier [12] add that the market perceives companies that engage in responsible activities and reporting as less risky, which affects the financial performance of the company and the view of investors. ESG and non-financial reporting are therefore closely linked, with ESG as a sustainability measurement system providing key information that is then included in non-financial reporting.

Corporate Social Responsibility Versus ESG

The Sustainability Report (ESG) is based on the older concept of CSR. The main difference between CSR and ESG is that CSR is seen as an internal initiative to fulfil a corporate purpose. CSR initiatives are clearly stated and manifest in the organisation's culture and stated policies,

whereas ESG reflects more the external impact of the company's activities. ESG is more about an external assessment of an organisation's impact on society and is generally easier to measure. In addition to CSR and ESG, the literature also refers to a similar concept called the 'triple bottom line', which characterises the three main areas of interest mentioned above and in which both concepts are involved [13]. The difference lies in the understanding of the economic sphere, which ESG calls governance. CSR focuses on investor relations, supplier-customer relations, customer relations, transparency and anti-corruption. ESG adds to this the independence of management, executive remuneration, shareholder rights, tax transparency or the regularity of internal and external audits [14]. CSR stands for Corporate Social Responsibility. It is defined as a voluntary commitment of companies to behave responsibly towards the environment and the society in which they operate. Compared to CSR, ESG focuses on a wider range of areas of concern and responsibility. The main added value of the ESG concept over CSR is the ability to assess and measure the extent of companies' efforts in this direction [15]. While CSR aims to make business responsible, ESG aims to measure this [16]. In recent years, CSR has become an important concern for many companies, regardless of their size or industry [17]. However, there are differences in the reporting and practice of CSR activities that can be specifically attributed to unique environmental conditions, locations, stakeholder expectations [18], industry norms and regulations, or firm interests [19]. Sustainability and ESG information tends to be similar across countries in that it focuses primarily or exclusively on the environment (E), particularly the carbon footprint, i.e. greenhouse gas emissions. Social issues (S) and risks associated with corporate governance (G) are mostly neglected [20]. Yet in the current climate where companies are fighting for every quality employee, the "S" is a particularly important indicator, as is the "G", because a company that does not manage risk or relationships with clients and suppliers will have little chance of success in the marketplace. According to [21], information related to Pillar S tends to be less reliable than for E and G, and in some regions, such as Europe, with strict privacy laws, it can be particularly difficult to measure and report this information. The implementation of CSR activities can be a source of competitive advantage [22]. According to [23], companies with strong social responsibility are more likely to be competitive and attract new customers. McKinsey regularly publishes reports and analyses on trends in the construction industry and their impact on sustainability and the ESG issues. According to McKinsey research (2019), more than 70% of consumers across industries such as construction, electronics and automotive are willing to pay up to 5% more for a green product if it meets the same performance standards as the same non-green alternative [11]. The World Business Council for Sustainable Development describes sustainability reporting as "public reports by companies that provide internal and external stakeholders with a picture of the company's position and activities in the economic, environmental and social dimensions" [24]. ESG reporting does not imply an obligation to meet specific standards, ESG reporting is simply reporting on how a company is doing in terms of sustainability. And as Zuo et al. mention, the purpose of sustainability reporting is to reveal the company's commitment and achievements towards all aspects of sustainability, from the perspective of internal and external stakeholders [25].

Corporate Sustainability Reporting Directive

In order to standardize the format of non-financial reporting and to elevate non-financial reporting to the level of financial reporting, the CSRD Corporate Sustainability Reporting Directive was adopted in 2021 [7]. The CSRD introduces stricter rules that require the inclusion of ESG criteria in reporting. It introduces an obligation for companies to report sustainability according to ESRS (European Sustainability Reporting Standards), in addition to a single electronic format. The aim is to ensure that the information reported is comparable, relevant and credible. The CSRD Directive sets out rules for sustainability disclosure for all companies that meet certain thresholds (see Figure 1). It also expands the reporting requirements for non-financial sustainability information compared to the requirements of the 2014 Non-Financial Reporting Directive (NFRD). The main reason is to increase transparency of companies and their value chains, to reduce

greenwashing, to ensure sufficient data for transforming economies and decision making of financial institutions [26].

NFRD		CSRD		
2017	2024	2025	2026	2028
Companies traded on the stock exchange with more than 500 employees	Large companies previously covered by NFRD that meet at least two of the following requirements: - more than 500 employees - more than €50 million net turnover - more than €25 million total assets	Large companies not previously covered that meet at least two of the following requirements: - more than 250 employees - more than €50 million net turnover - more than €25 million total assets	Listed small and medium-sized enterprises, small and simple credit institutions and captive insurance companies.	Non-EU companies (companies with a net turnover of more than €150 million and at least one branch/subsidiary in the EU)

Fig. 1-Timetable for the start of ESG data reporting

Figure 1 illustrates the phased disclosure obligation for non-financial sustainability information under the EU-mandated CSRD. In the first phase, all companies that were already obliged to disclose information under the NFRD as of 2017 will have to report information for the 2024 financial year. In the second phase, the obligation to disclose ESG for the 2025 financial year will fall on all other large companies. Those that meet at least two of the following criteria at the balance sheet date: a) more than 250 employees, b) net turnover more than EUR 50 million, or c) assets more than EUR 25 million. In the third phase (for the 2026 financial year), listed small and medium-sized enterprises will have to report ESG (with a possible exemption until 2028). The last group to report non-financial information from 1 January 2028 will be non-European companies with significant activities in the EU. These are parent companies from outside the EU whose subsidiaries have a turnover exceeding EUR 150 million. The CSRD will affect more than 50,000 companies in the EU, compared to 12,000 companies reporting under the NFRD [27]. In the Czech Republic, the number of companies that have to disclose non-financial reporting will increase from 25 (e.g. CEZ, ŠKODA Auto, Česká spořitelna, etc.) to about 1,500 [28].

A number of national, EU and global surveys have been conducted to determine how prepared companies are for the obligation to implement and report on ESG (environmental, social and governance) criteria. The surveys focus on the readiness of companies to respond to increasing market and regulatory demands in the area of sustainability. These surveys help to identify trends, challenges and opportunities that are emerging in the implementation of green and sustainable practices, not only in the construction sector.

Sustainability - Survey Results

KPMG has been analysing sustainability reports since 1993 as part of its Survey of Sustainability Reporting [29]. It has data on 5,800 companies from 58 countries around the world. The Asia-Pacific region has the highest number of companies producing sustainability reports (89%), followed by Europe (82%), the Americas (74%) and the Middle East and Africa (56%).

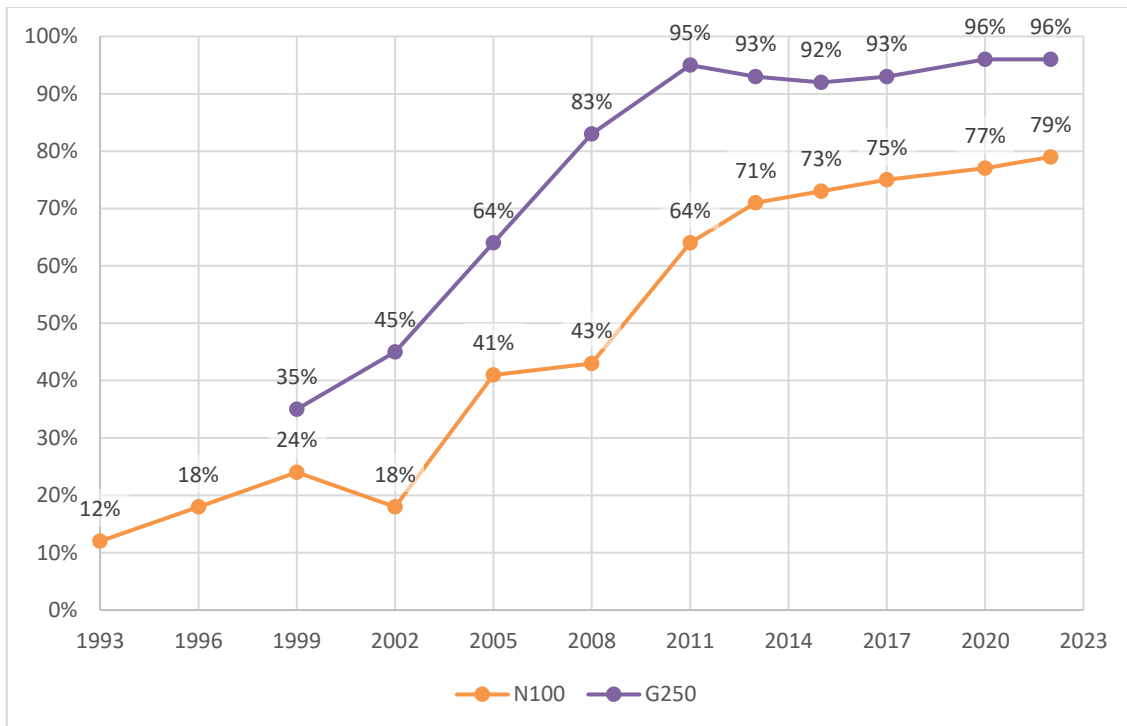


Fig.2 - Global Sustainability Reporting Rates

Figure 2 shows the percentage increase in sustainability reporting disclosure since 1993 for a group of the 100 most turnover-intensive companies from each country analysed (N100) and since 1999 for the 250 largest global companies (G250). As the chart confirms, an average of 18% of companies in the N100 group reported ESG data in 2002, while 20 years later, in 2022, the figure was 79%. The G250 shows a large percentage increase in ESG reporting, from 35% in 1999 to 95% in 2011. Since that year, the percentage has not changed much and is on average 94%. Thus, it can be seen that in the last 10 years, non-financial reporting is done by most of these major companies (94%). According to [20], in the Czech Republic the percentage is lower, namely 74%.

According to the KPMG "Global Construction Survey" [30] from 2023, an increasing proportion of companies fully perceive the benefits of ESG and consider sustainability an important element of their business strategies. Similarly, property owners are increasingly turning to renewable energy in an effort to reduce energy costs and greenhouse gas emissions. Research shows that construction companies are increasingly focusing on social (S) in ESG - employee relations, equal pay, diversity, inclusion, corruption prevention, etc., which brings new approaches to address long-standing challenges in projects [30]. It is (S) that is crucial for the construction industry in terms of working conditions on construction sites. Better occupational safety, health and trained employees can contribute significantly to increased labour productivity, reduced employee turnover, improved company reputation and most importantly reduced workplace deaths and injuries. According to [31], a decreasing trend of deaths and injuries can be observed in the Czech Republic in all sectors, including construction. In 2023, a historical low of 77 fatal occupational injuries was reported. Between 1993 and 2002, the number of fatal occupational injuries was 200-300 per year. Between 2003 and 2016, the number of deaths fell below 200. The categories of buildings, building structures and surfaces were the most frequent sources of fatal and serious occupational injuries [31]. In the environmental (E) domain, the following survey results are of interest [32]. Construction companies see the greatest potential for savings in insulation and reducing the energy consumption of buildings (42%) and in the use of renewable energy sources (30%). This is followed by heat recovery and heat management or recycling of materials and construction waste, which have been the focus of many construction companies in recent years.

The survey also shows that up to 17% of companies have experienced greenwashing by their suppliers or business partners in construction practice [32].

The following results came from a survey called "The ESG Imperative" [33]. The survey was conducted by BDO Belgium and Mercuri Urval in 13 countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden and Switzerland. The aim was to assess attitudes towards sustainability, barriers and main motivations for change. The research covered about 150 companies by questionnaire survey and online survey in November and December 2023. According to [33], a large majority of the companies surveyed (75%) already perceive ESG as a means of value creation, not as a mere fulfillment of requirements dictated by the state. Companies seem to be increasingly aware of the fact that sustainable behaviour can drive innovation and growth. Almost all companies (97%) expect sustainability to change their business model and operations, with 22% saying it will completely transform their company. According to 64% of respondents, the transition to sustainability will have the biggest impact on their operations in the next 5 years. Stakeholders (42% of respondents), new policy and legislation (30%), threats (reputational damage and financial losses) and opportunities (increased attractiveness, higher margins) (23%) and easier access to capital (1%) were cited as the main motives for moving to sustainability. Conversely, 26% cited cost and resource constraints as the main barriers to transforming to sustainability, 16% cited complex supply chains, 15% cited cultural and behavioural barriers, and 12% cited lack of awareness and understanding. According to the survey, 60% are reporting on ESG, 20% are preparing their first report and 18% are planning to do so in the next 1-2 years. 28% of unlisted large companies and 38% of SMEs have not yet translated their ESG strategy into operational objectives. The stakeholders that are most pushing companies to be more sustainable are customers (67%), public authorities/governments (50%) and existing or potential employees (51%). 78% of companies have already received specific questions on sustainability from their customers, 58% from employees and future talent and 55% from public authorities/governments. It can thus be concluded that sustainability is more than just a fashion trend. It is a necessary transformation that is gradually changing the behaviour of businesses in all sectors.

At the end of 2023, a survey called "ESG Rating" [34] was conducted in the Czech Republic. It was created in cooperation with the Association of Social Responsibility and CEMS - The Global Alliance in Management Education at the University of Economics in Prague and Forbes Czech Republic. The "ESG Rating" survey confirmed that there is a fairly significant difference in the experience of large and small and medium-sized companies when it comes to reporting non-financial indicators. Out of the surveyed sample of 135 Czech companies with a total turnover of CZK 1.2 trillion in 2022 (17.2% of domestic GDP), 61% of large companies disclose ESG reports, while only 22% of smaller companies do. The survey also confirmed that company size has a direct impact on the quality and depth of reporting. Smaller businesses cannot afford to employ or hire an ESG expert and lack a deeper understanding of sustainability information. Conversely, it is these businesses that score points against large social enterprises (S), often paying increased attention to their employees and local communities. Based on the results of the research, the top ten large and top five small and medium-sized companies were published [35]. The top-ranked company in the SME category was Konsit, a civil engineering company, with its decarbonisation strategy developed based on its carbon footprint data. It received points in area G for business etiquette (publicly available code of ethics, trained employees, anti-corruption programme, etc.) [34].

Other findings were reported in the "PwC CEO Survey 2024" [36]. PwC is a global network of professional services firms employing more than 360,000 people in 151 countries. PwC regularly conducts surveys that focus on environmental, social and governance (ESG) factors. These surveys cover all industries, including construction. As the construction industry is one of the most carbon-intensive sectors, there is increasing pressure for emissions reductions and energy efficiency improvements. Data was collected from 19 November to 10 December 2023. 4,290 respondents, including 188 companies, participated in the global survey. The "PwC CEO Survey

2024" produced the following findings. The main motives for making changes to reduce carbon footprint, besides self-beliefs (32%), are the increase in demand for products and services with lower carbon footprint from customers (17%), the obligation to handle non-financial reporting (13%), pressure to reduce carbon footprint in the supply chain from customers (10%), and investor demands to reduce carbon footprint (9%). Only 4% of CEOs surveyed said that carbon footprint reduction is required by the financing bank. Availability of subsidies was mentioned by 2% of respondents. 13% are not motivated to make changes to reduce their carbon footprint. There is an increase in the number of companies that have implemented specific measures to reduce their carbon footprint (50%) or have already developed a strategy to reduce their carbon footprint (34%). There is also a noticeable increase in companies that measure their carbon footprint.

Further sustainability results have been published by CEEC Research. This company has compiled data in the second quarterly analysis of the Czech construction industry in 2023. Data from CEEC Research [32] shows that ESG is playing an increasingly important role in investment decisions for new construction projects. Whereas previously it was mainly financial criteria and project performance that determined the decision, today more and more investors and developers are focusing on long-term sustainability and social responsibility. Almost 2/5 of the construction companies surveyed (38%) think that ESG criteria are very important. The data confirms that construction companies are implementing a range of measures to reduce their carbon footprint and limit negative environmental impacts. The most common measures include saving energy (71%), reducing the amount of mixed waste generated (57%), using recycled building materials (56%) and extending the life of machinery and equipment (56%). There is also a growing effort to shorten the supply chain and reduce traffic.

Another survey carried out in the Czech Republic is called the "Carbon Tracker 2023". 36 companies (23%) of the 155 largest Czech companies (by turnover in 2022) participated in the survey. The results of the "Carbon Tracker 2023" survey [37] show that almost every second company in the Czech Republic does not yet calculate its carbon footprint or refuses to disclose it for various reasons (51%). However, companies are beginning to address the issue of carbon footprint. Only 2 out of 155 companies surveyed do not intend to address this area in the next two years. The most frequent motives for calculating the carbon footprint are requirements coming from a business partner, a parent company or due to a legal obligation. A total of 38 companies (25%) have set decarbonisation targets, most of them at group level, focusing mainly on reducing Scope 1 and Scope 2 (emissions from own operations). Another interesting finding is that the companies do not yet have a defined position for an ESG specialist. Only 5 companies out of 155 (1.3%) have a sustainability manager or director.

According to the "Survey of Sustainability Reporting" [29], a study of the 100 largest Czech companies in terms of turnover (as of 2022), 48 domestic companies (almost 50%) list reducing their carbon footprint among their ESG goals. 20 companies (20%) want to achieve this goal by reducing their own emissions. The rest, i.e. the majority of companies, count on purchasing emission allowances or other offset instruments. These are mainly companies in sectors that are difficult to decarbonise (cement, lime, glass, etc.) or companies that postpone emission reductions until later [30].

Further findings are presented in EY's "EY EU Taxonomy Barometer 2023" [38]. In the EU Taxonomy Barometer, the company analysed and reported on the reporting practices of 320 companies in 17 EU countries across 12 sectors. The companies are listed on the main stock exchanges of the selected countries and represent approximately 92% of the EU's gross domestic product. 96% of non-financial companies (265 out of 277) disclosed their taxonomy data in their report, 89% (236 out of 277) disclosed at least one of the three key indicators (Turnover KPI, CapEx KPI, OpEx KPI). 25% of companies are able to report their turnover eligibility with taxonomy, more than a third are not able to report activities that would support sustainable goals. This is often due to lack of data or inability to deliver data.

In the autumn of 2023, the Chamber of Commerce of the Czech Republic conducted a survey entitled "Chamber Barometer". 444 micro, small, medium and large companies from various sectors of the economy and from all regions of the Czech Republic participated in the survey. 62

companies represented the construction sector (27 micro, 17 small, 18 medium and 3 large construction companies). The Chamber Barometer [39] shows that sustainability is currently being addressed mainly by large companies. 78% of them are actively engaged in ESG and a further 14% are planning to do so. 37% of small companies and 28% of micro companies are already engaged in sustainability. 23% of micro companies (less than 10 employees) have no idea what the term ESG means. There is a big difference between companies that are part of large companies' supply chains (51% are actively engaged in ESG) and those that are not (29%). The results also show that the construction industry lags behind the manufacturing sector in terms of ESG. Almost all companies cite cost savings, the need to comply with new legislation (medium 45%, large 61%) and the company's public image (medium 24%, large 41%) as the main reasons for their interest in sustainability. For very small companies, where ESG is not required, the most common motive is the company's own interests and values (21%). Increased competitiveness in the market was cited by almost a quarter of medium and large companies. Large companies also cited corporate policy of parent companies and pressure from customers and business partners as motives. For a third of small companies, the motive is to reduce labor costs or solve the lack of qualified workers. Looking at the sector, it appears that the long-term lack of qualified labor (29%) is the main motive in the construction industry. On the contrary, the factors that most demotivate companies to apply ESG in their strategies include unclear and complex legislation, lack of information, time, finance and human resources for the implementation of new rules. For small and medium-sized companies, it is also a fear of losing competitiveness due to higher costs or product prices. 41% of large companies are also worried about this, especially those from countries outside the EU, which are mostly not covered by similar regulations. For 31% of large companies, lengthy approval processes that make it difficult to implement projects are also a demotivating factor. The survey also shows that half of the companies surveyed have a concrete idea of how much money they will invest in sustainability activities over the next three years. A quarter of companies do not know and the last quarter do not plan to invest at all. Large companies are most likely to invest in ESG projects, with almost three quarters of them planning to invest millions of CZK, some even tens to hundreds of millions. When small and micro companies (especially self-employed) consider investing (32%), it is for amounts up to CZK 100,000 (3 954 euros) or in the lower hundreds of thousands. In particular, construction companies intend to focus on more transparent payment of employees, renewable energy sources and the circular economy, which should ensure greater self-sufficiency in the sector and better access to raw materials. The survey shows that large companies are aware of the new rules and are preparing for them. 12% of large companies say they are ready for the new legislation and a further 30% are in the process of implementing it. On the contrary, a quarter of large companies are still in the early stages of adapting to non-financial reporting and are unsure of their next steps. There are 6% of large companies that are not preparing at all for the change in the rules and have no plans to do so. Even if SMEs are not directly affected by the new rules, if they are part of the supply chain of large companies, they can expect new obligations to appear in their commercial contracts. The survey shows that small and medium-sized enterprises are not aware of this. 83% of micro companies (67% of small companies and 35% of medium-sized companies) are convinced that ESG does not concern them, but 74% of them (59% of small companies, 28% of medium-sized companies) are part of the supply chain of companies that will have to report on ESG. They are therefore likely to be affected by the new rules.

Companies in the Czech Republic have realised that data collection and analysis will be a necessity as early as 2022, according to the results of a survey conducted by the Confederation of Industry and Transport of the Czech Republic [40]. Survey period: 5/5 - 8/6/2022, Number of respondents: 100 industrial companies in the Czech Republic. The survey found that 87% of companies actively promote sustainability and 60 per cent believe it's essential to compete. 29% of companies are not aware of their obligations under the ESD Directive. The most common barriers to implementing sustainability were identified by business representatives as lack of competent staff, lack of funding, lack of transparency in legislation, lack of knowledge and lack of technology to actually implement EGS.

RESULTS

This article examines the implementation of environmental, social and governance (ESG) criteria in the construction industry, based on data from surveys conducted in 2022-2024. The findings reveal a significant disparity in ESG readiness and implementation between companies of different sizes and geographies. The research confirms that ESG awareness or activity declines with company size. Larger companies, particularly in regions with established ESG legislation (such as Europe and Asia Pacific), show higher levels of ESG reporting and integration into business strategies. These companies have significant resources and expertise to enable effective implementation of ESG standards, including measuring carbon footprints, reducing emissions and improving the social aspects of business.

On the contrary, smaller and medium-sized companies, particularly in the Czech Republic, face more significant challenges. Low awareness of ESG principles and regulatory requirements, limited human capacity and financial resources are the main barriers to effective implementation. Many companies in this category do not know how to apply ESG principles in practice and lack the knowledge to develop sustainable strategies and reporting. The article also points to a lack of transparency, with smaller companies having less incentive to disclose their ESG data, despite growing pressure from investors and regulators. Many small and micro companies believe that ESG does not apply to them. They are unaware that they could be sanctioned in the future for failing to disclose the required information. In addition, by ignoring sustainability reporting, they risk financing problems and a loss of competitiveness.

CONCLUSION

The article highlights the growing pressure for ESG compliance, driven by investor demands, regulatory requirements (such as the CSRD Directive) and increasing public awareness of sustainability issues. While larger companies are generally more advanced in their ESG journey, integrating sustainable practices into their operations and reporting, smaller companies often face significant challenges in terms of resources, expertise and understanding. This gap requires targeted support and leadership to ensure equal participation across the industry. Future research can focus on developing practical strategies and tools to help smaller firms overcome these barriers and encourage wider adoption of sustainable practices across the construction industry. Addressing these challenges is essential to building a more sustainable and responsible construction industry worldwide.

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