

# Sustainability as a Growth Strategy for Mid-Market Firms

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Mid-market firms—typically defined as businesses with annual revenues between approximately \$10 million and \$1 billion—are essential but often overlooked players in the global economy. These firms contribute significantly to employment and productivity while serving as critical connectors in global supply chains (Cantele & Zardini, 2020). Their agility and close relationships with communities position them uniquely to respond to emerging challenges and stakeholder expectations.

As environmental, social, and governance (ESG) principles become central to how business value is defined, mid-market firms must increasingly align with these frameworks not only for compliance but to enhance trust, visibility, and long-term competitiveness. Stakeholder management theory suggests that businesses thrive when they attend to the interests of all those affected by their activities, including customers, employees, investors, and regulators (Freeman et al., 2017). For mid-market firms, this presents a timely opportunity: by integrating sustainability through stakeholder management, they can strengthen their brand, attract investment, and position themselves for resilient growth. This shift in expectations is already evident in how mid-market firms are approaching ESG practices.



**82%**

of mid-sized firms say ESG is 'very or extremely important', and..



**85%**

are already disclosing their performance

Source : Goodlab, 2025

## Sustainability and Stakeholder Management

Sustainability is no longer a secondary concern— it has become a core business priority. A 2025 survey of 200 mid-market decision-makers found that 76% are actively setting ESG metrics, sharing data, and identifying sustainability risks (Poitras, 2025). Another study reported that 82% of mid-sized firms view ESG as “very or extremely important,” with 85% publicly disclosing their performance (Goodlab, 2025). These findings show a growing awareness among mid-market companies that ESG efforts are integral to long-term success.

Stakeholder Management Theory, introduced by Freeman (1984), argues that businesses must consider the needs and expectations of all key stakeholders — not just shareholders. For mid-market firms, this means that sustainability efforts must be designed to respond to customers, regulators, suppliers, communities, and employees alike. Research confirms that stakeholder pressure often leads to improved sustainability reporting and ESG performance (Ortiz-Martínez et al., 2023). Furthermore, empirical evidence demonstrates that higher ESG performance is positively and significantly associated with firm value and profitability (Aydoğmuş, Gülay, & Ergun, 2022). Even firms with limited resources can enhance legitimacy and unlock business opportunities by prioritizing transparency and responsiveness (Cantele & Zardini, 2020).

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## Sustainability Driving Growth Through Stakeholder Management

Companies that embed sustainability within a stakeholder-oriented approach can unlock several tangible business advantages. One key benefit is enhanced brand visibility and credibility. Firms that actively communicate their ESG commitments and performance are more likely to stand out in competitive markets. Transparency fosters trust among customers, investors, and partners, strengthening the brand’s positioning and reputation.

In addition, ESG integration improves a company’s ability to attract investors and secure access to capital. As ESG criteria increasingly influence investment decisions, mid-market firms with robust stakeholder management and clear sustainability governance are better positioned to meet the expectations of ethical and impact-focused investors. Research supports this relationship, showing that effective ESG disclosure is associated with stronger firm valuation and improved investor confidence (Risal, Mustaruddin, & Afifah, 2024).

Sustainability also contributes to customer and employee loyalty. A clear and authentic ESG mission resonates with values-driven consumers and professionals, particularly younger generations who prioritize ethical business practices. This alignment can lead to stronger employee engagement, lower turnover, and increased customer retention. Furthermore, sustainability initiatives often support operational efficiency and risk mitigation. Efforts to reduce waste, lower energy usage, and improve supply chain stability contribute to long-term profitability and resilience.

By aligning ESG strategies with stakeholder needs, mid-market firms can not only meet rising expectations but also drive innovation, strengthen relationships, and position themselves for sustainable growth in an increasingly values-conscious marketplace.

## Recommendations and Conclusion

To fully capture the benefits of sustainability, mid-market firms are encouraged to adopt a structured, stakeholder-driven approach. The first step is to identify and map stakeholder priorities using Freeman’s stakeholder framework. This process helps firms focus their ESG strategies on the individuals and groups with the greatest influence over their operations, ensuring that sustainability efforts are both relevant and impactful (Freeman et al., 2017). Once key stakeholders are identified, companies should engage them through consistent dialogue—such as surveys, roundtables, or collaborative planning efforts—to better understand expectations and co-create solutions. Active engagement fosters mutual trust and supports the development of long-term relationships.

In addition, firms should prioritize transparency in ESG reporting, even in the absence of formal regulatory requirements. Reliable and consistent reporting systems enhance organizational credibility and prepare businesses for increasing scrutiny from regulators and investors alike (Aydoğmuş, Gülay, & Ergun, 2022). Equally important is integrating ESG values into the company’s overall brand identity and communication strategies. This ensures that sustainability is not treated as an isolated initiative, but instead becomes a visible and authentic part of the firm’s mission, culture, and long-term growth narrative.

Stakeholder management is not merely a governance function — it is a strategic growth lever. By aligning ESG actions with stakeholder needs, mid-market firms can elevate their market standing, unlock capital, increase loyalty, and enhance profitability. The evidence is clear: sustainability practiced through stakeholder-informed planning drives financial performance and accelerates growth. Mid-market firms that embrace this approach position themselves to thrive in a business landscape shaped by ethical demand, investor scrutiny, and global competitiveness.

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