CORPORATE GOVERNANCE IN TRANSFORMATION: CURRENT TRENDS AND FUTURE DEVELOPMENTS IN THE NEW DIGITAL ERA

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The landscape of corporate governance is undergoing a profound transformation driven by the convergence of forces that are reshaping how organizations are directed, controlled, and held accountable, and current scholarship increasingly depicts governance not as a purely compliance-oriented apparatus, but as a strategic lever for performance, sustainability, and stakeholder value creation (Lushaba, 2025). Within this evolving environment, different dimensions emerge as tightly interdependent: the changing role of boards of directors, the consolidation of environmental, social, and governance (ESG) principles as a governance imperative, the acceleration of digital transformation, and the growing influence of artificial intelligence as a catalyst for oversight and decision quality. The board of directors remains the institutional core of governance, yet its remit has expanded in scope and sophistication, reflecting heightened expectations around strategic guidance, monitoring, and risk stewardship. Bibliometric mapping of the corporate governance field indicates that board characteristics, such as independence, diversity, and expertise, have become central research focal points, confirming the pivotal role of board configuration in shaping governance outcomes (Kurnia et al., 2024).

In parallel, empirical inquiry has intensified scrutiny of board composition, emphasizing how size, gender diversity, and professional backgrounds can influence governance quality and corporate performance, while also highlighting that greater independence, diverse expertise, and active risk-oriented structures are associated with stronger decision-making and organizational resilience under complex strategic conditions (Thanigaiyarasu et al., 2025). Alongside this evolution, ESG considerations have shifted from being treated as an adjunct of corporate social responsibility to being recognized as an essential element of modern governance architecture, as organizations face rising expectations for environmental stewardship, social responsibility, and transparent accountability. Evidence points to a direct relationship between board structure and ESG performance, where larger boards and greater female representation are linked to stronger sustainability commitments, suggesting that board design can materially influence how effectively organizations embed ESG priorities into strategic and operational choices (Seplveda-Nez et al., 2025). This relationship is not merely symbolic: governance mechanisms can reduce information asymmetries between management and stakeholders while simultaneously guiding organizational transitions toward more sustainable practices, and specialized board arrangements, such as ESG committees, have been associated with reductions in ESG controversies and improvements in the quality of non-financial disclosures, reinforcing the view that ESG integration is increasingly inseparable from governance effectiveness (De Falco et al., 2025). At the same time, digital transformation is redefining the informational and procedural foundations of governance by changing how boards access data, deliberate, and exercise oversight, as digital technologies, ranging from cloud infrastructures and big data analytics to artificial intelligence (AI)-enabled tools and blockchain, reshape governance processes and expand the possibilities for monitoring and strategic coordination (Marwa & Soesatyo, 2025). Research suggests that digital transformation can strengthen governance through improved disclosure quality, more robust internal control systems, and reduced information asymmetries between boards and management, thereby enhancing transparency and supporting better-aligned strategic decision-making (Yang et al., 2024). The strategic deployment of digital infrastructure can also reinforce the operationalization of ESG principles, improve efficiency, and deepen stakeholder engagement, but it increasingly appears that value is realized only when technology adoption is accompanied by parallel changes in governance structures, leadership capabilities, and organizational culture (Yang, 2025). Within this broader digital shift, artificial intelligence is emerging as a particularly consequential force, offering new capabilities to enhance transparency, accountability, and the quality of governance decisions through advanced analytics and

automated monitoring. Empirical findings indicate that AI adoption can reduce agency costs and improve information disclosure, suggesting a meaningful impact on classic governance frictions and on the board's ability to evaluate managerial behavior and organizational performance (Ma et al., 2025). Through tools such as natural language processing, predictive analytics, and continuous monitoring, AI can strengthen a board's capacity to detect governance deficiencies, assess risks proactively, and evaluate executive performance, contributing to a more anticipatory and evidence-informed model of oversight (Xue, 2025). At an operational level, AI-enabled governance mechanisms can support the identification of irregularities in financial reporting, reinforce internal controls, and facilitate more informed strategic decisions, thereby expanding the practical toolkit available for governance and risk management (Push, 2025). Looking ahead, the most visible trajectory in governance research is the growing emphasis on integration: rather than treating boards, ESG, digital transformation, and AI as separate themes, emerging perspectives highlight the need for coherent frameworks that capture how these elements interact and jointly shape governance effectiveness. The interaction between ESG principles, digital transformation, and AI adoption is often framed as synergistic, with the potential to amplify oversight capacity and strategic execution when aligned through purposeful governance design (Marwa & Soesatyo, 2025). At the same time, expectations about measurable improvements, such as claims of substantial gains in governance decision quality tied to combined digital transformation and AI, should be read as contingent on context, implementation quality, and risk mitigation, since the same technologies that enable transparency and efficiency can also introduce new vulnerabilities and ethical tensions if not governed carefully (Marwa & Soesatyo, 2025). This convergence is increasingly interpreted as a move toward "techno-ethical" governance, a paradigm that seeks to balance technological advancement with ethical considerations and stakeholder interests, and that places renewed emphasis on the board's responsibility to ensure that innovation remains aligned with accountability and long-term value creation (Marwa & Soesatyo, 2025). In this setting, organizations that combine board effectiveness, credible ESG commitment, resilient digital infrastructure, and responsible AI adoption are generally portrayed as better positioned to sustain competitive advantage, earn stakeholder trust, and build long-term value, while the most pressing challenges for research and practice concentrate on capacity building, regulatory standardization, cybersecurity, data governance, and the development of human competencies needed to navigate an increasingly complex governance landscape shaped by rapid technological change and intensifying sustainability expectations.

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