

## EDITORIAL: Scientific, managerial and political debate in corporate governance and sustainability

*Dear readers!*

I am honoured to introduce the recent issue of the journal *Corporate Governance and Sustainability Review*. The five articles published in this issue address interesting corporate governance and sustainability-related topics, by focusing on key themes that are currently at the centre of the scientific, managerial, and political debate (Bebbington, 2004; Nerantzidis, Filos, & Lazarides, 2012; Camilleri, 2015; Rinaldi, 2019). Indeed, corporate governance and sustainability issues nurture a rich dialogue among researchers, practitioners, regulators, and policy-makers (Kostyuk, 2003; Johnson & Greening, 1999; Eklund, Palmberg, & Wiberg, 2009; Al-Tamimi & Charif, 2013; Del Baldo, 2016; Esposito De Falco, Alvino, & Kostyuk, 2019; Dell'Atti, Manzaneeque, & Hundal, 2020; Alkaraan, 2021) that has further gained momentum due to the COVID-19 pandemic spread globally in early 2020 (Adams & Abhayawansa, 2021; Zahra, 2021).

Namely, the contributions included in this issue outline a stimulating picture in terms of theoretical constructs and empirical research approaches adopted by the authors, and share a common file rouge since they are grounded on the relationship between non-financial disclosure and firm performance and the role of the governance in fostering transparency and sustainability-oriented strategies in a complex and adverse scenario. The latter calls for business resilience and the organisations' capability to tackle new risks, challenges, and opportunities (De Silva Lokuwaduge & Heenetigala, 2017; Barbier & Burgess, 2020; Sylós Labini et al., 2020).

The local, national, and international economic and business landscape has in fact dramatically changed. Among the main elements required to face and overcome the COVID-19 crisis are innovation, risk-taking, and contribution to the Sustainable Development Goals (SDGs) adopted in the 2030 UN Agenda (Ratten, 2020). In this regard, the international framework of SDGs contributes to pushing companies, as other societal actors, to reconsider their approach to sustainability.

Accordingly, sustainability governance has become widely recognized as a key element to drive change, at a micro, meso, and macro level (Melis, 2003; Rezaee & Tuo, 2017; Rinaldi, 2019; Nigri, Del Baldo, & Agulini, 2020; Gerged, Albitar, & Al-Haddad, 2021). How does governance contribute to embracing the goals of the UN Agenda 2030 and achieving them? How does it ensure the inclusion of all relevant stakeholders? How does it affect corporate reporting and corporate multidimensional (economic, social, and environmental) performance?

To provide possible answers to the aforementioned questions, *Sara Ford*, *Amr Alfy*, *Jeffrey Wilson*, and *Olaf Weber* introduce a conceptual review on business resilience in the sustainable development goals. They argue that business resilience represents a useful framework to guide sustainability strategy by mitigating social and environmental risks. In this vein, their findings contribute to the emerging stream of literature on resilience, going ahead on adaptive capacity models that prove incapable to tackle operational disruptions. Resting on the SDGs' framework for corporate sustainability, decision-makers can identify social and environmental risks and implement business strategies capable of effectively meeting stakeholders' needs (Rosati & Faria, 2019).

Assuming sustainability practices as a driver for enhancing corporate reputation and legitimate corporate citizenship, the paper of *Dilini Dissanayake*, *Sulochana Dissanayake*, and *Roshan Ajward* addresses attention to the key role governance plays in promoting orientation toward sustainability and implementing accounting reporting tools consistent with stakeholders' expectations. The work is empirically grounded and investigates the relationship between board characteristics and sustainability disclosure with the moderating role of performance gap and resources (EmadEldeen, Elbayoumi, Basuony, & Mohamed, 2021; El Beshlawy & Ardroumli, 2021; Mirone, Sancetta, Sardanelli, & Mele, 2021; Hundal, Kostyuk, & Govorun, 2021; Rompotis, 2020). The findings drawn from the analysis of 174 non-finance firms belonging to sectors of the Colombo Stock Exchange (CSE) over 2016-2020, allow the authors to deepen board characteristics and point out that, among others, board size and audit committee size have a significant impact on the degree of sustainability disclosures. These findings contribute to both enriching extant literature — by filling an empirical gap in the area — and providing managerial implication by strengthening corporate governance mechanisms to enhance sustainability disclosure.

In a similar vein, the work of *Zouhaira Khelil-Rhouma* and *Mounira Hamed-Sidhom* contributes to deepening the relationship between firms' accounting earning management practices and the quality of non-financial information disclosed through companies' annual reports (Gerged, Beddewela, &

Cowton, 2021). The work elicits additional insights into the ongoing debate on transparency driven by an opportunistic versus an authentic approach to corporate social responsibility and sustainability. The results of their empirical-based research on earnings management and the quality of non-financial reporting in a regulated context confirm that upward earnings management led to the disclosure of more mandatory environmental information. Moreover, the results point out that environmental disclosures contribute to drawing an image of regulatory compliance and divert stakeholders' attention from the opportunistic discretionary intervention on financial reporting.

The relationship between corporate governance and firm performance is addressed by *Sheeba Kapil* and *Sarika Kumar*, whose work presents a deep analysis of prior literature investigating the impact of specific characteristics of corporate governance on firm performance. This study has the merit to point out existing gaps and fill them addressing attention on the relationship between corporate governance and firm performance in the field of merger and acquisitions (M&A) (Alkaraan, 2021). After systematizing existing knowledge drawing from different disciplinary areas, they focus the analysis on firms actively participating in the M&A market (as an acquirer or as a target), thus providing food for further research in a field that is still under-investigated.

Finally, the work of *Rama Sastry Vinjamury* analyses the role of institutional investors (as external monitors) in improving firm performance in emerging economies. Institutional investors are categorized as pressure-sensitive and pressure-insensitive. Drawing from a structural assessment of the past fourteen years of research on corporate governance (CG) variables and firm performance, their findings point out that pressure-insensitive institutional investors are more effective monitors, compared to pressure-sensitive ones. Therefore, the study offers interesting insights into the role of institutional investors in economies where firms have a substantial promoter shareholding, pointing out that even with a substantial promoter shareholding and control; pressure-insensitive institutional investors contribute to enhancing firm value.

Tackling with the aforementioned wide-ranging but interrelated topics, the five papers highly contribute to exploring the nexus between accountability, governance, and SDGs achievement, offering the opportunity to gain a better understanding of corporate governance and sustainability nexus and emphasizing the link among governance standards, sustainability reporting and performance management (Rezaee & Tuo, 2017; Camilleri, 2015).

Therefore, I am sure that many stimuli can be derived from these articles dealing with the themes discussed above, since they address some of the key questions raised within emerging trends in corporate governance and sustainability research that are pivotal for the journal, as well as the scientific and managerial communities.

Enjoy the reading!

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