

EDITORIAL: Sustainability, digitalization, performance: What reflections on corporate governance and organizational behavior?

Dear readers!

We are pleased to present the latest issue of the journal *Corporate Governance and Organizational Behavior Review*.

This issue contains thirteen papers, each of which contributes to a rich tapestry of contemporary research and practical insights. Amidst the diversity of topics covered by a variety of theoretical frameworks and methodological approaches, three key themes stand out: sustainability, innovation through digitalization, and people and organizational performance.

The literature on corporate governance and sustainability has grown significantly in recent years, with a particular focus on the role of the board of directors in guiding organizations toward sustainable practices (Cucari et al., 2018; Aguilera et al., 2021; Naciti et al., 2022). Corporate governance plays a central role in promoting sustainability because it defines the purpose and ethical orientation of the company (Mayer, 2021; Collevocchio et al., 2024; Montera, 2024). This is essential for achieving a truly sustainable transition, as companies must balance financial interests with social concerns (Esposito De Falco et al., 2024).

Furthermore, the digital transformation of organizations is a major focus of organizational behavior research. Digital innovation not only drives efficiency and agility but also opens up new business models and opportunities (Torriero et al., 2022). Governance structures play a critical role in managing digital transformation initiatives, ensuring that they are aligned with overall business strategies and risk management frameworks. Corporate governance mechanisms can facilitate successful digitalization efforts, highlighting the need for adaptive leadership and strategic oversight (Sebastian et al., 2020).

In addition, corporate governance and organizational behavior are integral to improving organizational performance and overall competitiveness. Effective governance practices provide the accountability, transparency, and strategic direction that are essential to maintaining a competitive advantage. Research shows that companies with strong governance structures tend to perform better financially and are more resilient in the face of market disruptions. In this regard, Gupta et al. (2022) discussed how governance practices can influence organizational agility and competitive positioning in dynamic markets.

The papers included in the current issue of the journal are set in this changing and challenging context and contribute to a richer understanding of key issues.

Specifically, the key theme of *sustainability* in the context of financial inclusion is addressed by the following scholars with a focus on emerging markets. *Ananda Setiawan* and *Faisal Faisal* analysed the links between financial literacy, social philanthropy functions, and Islamic financial inclusion on a sample of 56 Islamic banks listed on the Indonesia Stock Exchange (IDX) during the 2015 to 2021 period. A multivariate regression analysis reveals that financial literacy does not positively influence financial inclusion; by contrast, social philanthropy has both a positive and significant effect on financial inclusion. *Pranesh Debnath* and *Barnali Paul* examined the status and determinants of financial inclusion among 212 rural households in Northeast India. A logistic-transformed linear regression model reveals that the level of financial inclusion is low compared to the national average figure. The study further identifies income, education, standard of living, and profession as significant determinants of financial inclusion among rural households, while demographic variables, like religion, have no impact.

Another form of sustainability discussed in this issue is environmental sustainability. *Fajar Purwanto*, *Slamet Riyadi*, and *I Dewa Ketut Raka Ardiana* examined the environmental outcomes generated by environmentally conscious transformational leadership and organizational culture in the context of 400 small and medium-sized enterprises (SMEs) in East Java. The mediating factors of green human resource management (HRM) and sustainable innovation are also investigated. The findings of structural equation modeling (SEM) suggest that eco-conscious transformational leadership has a positive impact on green HRM, green innovation, and environmental outcomes. Similarly, organizational culture is found to influence green HRM and green innovation. Additionally, both green HRM and green innovation are positively associated with environmental performance. However, the relationship between organizational culture and environmental performance is found to be insignificant.

The papers under the key theme of *innovation through digitalization* bring specific aspects to the attention of readers that should not be underestimated. *Astri Rumondang Banjarnahor, Sri Murni Setyawati, and Ade Irma Anggraeni* highlighted the importance of using digital tools such as social media to maintain competitiveness. The paper aims to analyse the benefits of using social media and the intention to buy back at the same online store to improve the performance of 215 SMEs in Indonesia who conduct online promotions and sales using social media. By using the partial least square (PLS) method, the study demonstrates that greater social media usage can indirectly increase repurchase intent through the value of social commerce services. The quality of social commerce services is critical to driving buyback intent for social media usage. Thus, the purpose of using social media is to develop new social contacts.

Other scholars emphasize the critical role of human capital in responding to the challenges of innovation and digital transformation. *Manh Hung Hoang, Nhu Trang Nguyen, Manh Dung Tran, Phi Truong Dang, Van Khoi Pham, and Thi Hoa Loan* assessed the impact of digital skills on the future career decisions of 398 young rural workers from the Northern Midlands and Mountains region of Vietnam. A probit probability regression model reveals the multifaceted influence of specific digital skills on decisions related to self-employment. Digital operational skills and digital creative skills are found to be associated with the choice of formal, wage-earning employment, whereas digital social skills correlate with a higher likelihood of pursuing self-employment.

Human capital is also addressed by *Danilo C. Diotay, Mark Doblaz, and Stephen Chellakan*, who examine how the performance of technical and vocational education and training (TVET) moderates the relationship between investment in research, development, and innovation (RDI) and a country's gross domestic product (GDP) by performing panel data analysis. While the direct impact of RDI on GDP is not statistically significant, the findings illuminate a moderated relationship wherein TVET performance serves as the interaction coefficient. Notably, countries with improved TVET performance demonstrate a significant positive correlation between RDI expenditure and GDP, highlighting the pivotal role of TVET in enhancing the effectiveness of RDI investment for economic progress.

Leadership and organizational culture also influence innovative behavior, as shown by *Nadia Abdelhamid Abdelmegeed Abdelwahed and Bahadur Ali Soomro*. They predict the impact of leadership on innovative behaviour directly and indirectly through organizational culture in Egypt's construction industry, targeting 336 project managers. The results of SEM demonstrate a positive effect of transformational and transactional leadership on organizational culture and innovative behaviour. On the other hand, the organizational culture negatively affects innovative behaviour. Finally, the organizational culture mediates the connection between transformational, transactional leadership and innovative behaviour.

Digitalization is certainly not without its challenges, as highlighted by *Sofia Ramos, Jose A. Perez-Lopez, and Rute Abreu*, who conducted a bibliometric and systematic review of 1,348 papers on artificial intelligence (AI) in auditing and fraud detection from 1986 to 2022. The results not only demonstrate that there is growing academic interest in the research topic of fraud but also suggest that the application of AI allows for greater facilitation of procedures to combat fraud and irregularities in the field of criminal justice and fundamental rights.

The third key theme, *people and organizational performance*, addresses critical factors that affect both people and organizations and sheds light on how businesses can achieve and sustain superior performance in their respective fields. *Pham Thi Thuy Van, Luc Manh Hien, and Quang Vinh Nguyen* examined employee engagement in the hotel industry. The study aims to apply the fuzzy analytic hierarchy process (FAHP) method to evaluate the priority of factors that constitute employee engagement with hotels. The research results show that the job characteristics factor is ranked as the first, the second factor is the working environment, the third factor is salary and welfare, the fourth factor is direct management, and the last ranking factor is the employee's personality. *Emmanuel Ejiroghene Aruoren, Mohammed Iqemohia, and Fidelia Iqemohia* emphasized the role of psychological empowerment in preventing incivility in the workplace. This study investigated whether psychological empowerment (PE) mediated the link between employees' task performance (TP) and co-worker incivility (CI). The study adopts a cross-sectional survey design by involving 307 employees of two ministries in Delta State, Nigeria. The results show that while CI is positive and significantly related to PE, it is negative and significantly related to TP. PE is positive and significantly related to TP. Moreover, a partial mediating role for PE is observed in the relationship between TP and CI.

Juris C. Ponio examined the impact of work-life balance on the relationship between financial well-being and turnover intention. Additionally, the possibility of job sector moderating is investigated among the millennial workforce from Philippine public and private organizations. The results of partial least squares path modelling (PLS-PM) show that stress caused due to financial obligations is negatively related to work-life balance. Also, financially unstable employees are more likely to seek new job

opportunities. Moreover, work-life balance was found to partially mediate between financial well-being and turnover intention. Nevertheless, the moderating influence of the employment sector on the correlations between the variables was not statistically significant. In addition, *Mugove Mashingaidze, Maxwell Agabu Phiri, and More Chinakidzwa* aimed to determine the influence of opportunity vigilance, customer centricity, value creation and risk management on the market performance of small retailers in Zimbabwe. Through the SEM, the paper finds that opportunity vigilance, risk management, customer centricity and value creation significantly contribute to the market performance of resource-constraint firms such as small-scale retailers. Finally, *Peter Chi Wan Yip, Elvy Pang, and Tommy Tat Keung Yu* examined the impact of corporate governance on firm performance in listed technology companies in the Greater Bay Area (GBA) of China. The analysis incorporates both cross-sectional and time series data covering the period from 2016 to 2022. The research reveals a corporate governance compliance rate of 47.2%, indicating a moderate adoption of governance practices within the technology sector of the GBA.

By curating content that addresses these critical areas, the journal not only contributes to academic knowledge but also provides practical insights that can drive real-world change, reflecting its commitment to addressing the pressing challenges of our time. This strategic focus ensures that the journal remains a vital resource for those seeking to navigate and influence the evolving landscapes of their respective disciplines.

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