EDITORIAL: Corporate governance — Aspects of sustainability, risk management, and firm performance

Dear readers!

It gives me immense pleasure and pride to write the editorial for Issue 2, Volume 8 of the journal *Corporate Governance and Sustainability Review.* The current issue brings forth a collection of four insightful papers that delve into diverse aspects of sustainability, risk management, and firm performance. Each paper explores critical areas of research, offering a blend of theoretical and practical insights with a focus on future research directions. Below is a detailed editorial review of the issue.

The introductory paper by *Jiaqi Sun* presents the role of knowledge management systems (KMS) as a strategic tool for minimizing uncertainty in risk assessment processes. The author underscores the need for effective information flow within organizations to enable better decision-making under uncertain conditions. The study highlights how KMS can enhance transparency, facilitate collaboration, and improve the accuracy of risk assessments. The author emphasizes that a robust KMS can integrate different types of knowledge — tacit and explicit — into a cohesive framework, leading to improved organizational resilience. The researcher calls for further research into the integration of artificial intelligence (AI) with KMS to automate risk assessment processes and enhance predictive capabilities. There is also a need to study the impact of cultural and regional differences on KMS effectiveness in diverse business environments.

The second paper by *Priyanka Oza* and *Ameya Patekar* analyzes the impact of environmental, social, and governance (ESG) strategies on the financial performance of NIFTY 500 companies, offering a data-driven approach to understanding the role of ESG in shaping business outcomes. The paper finds that companies with robust ESG strategies tend to exhibit better long-term financial performance. The authors point out that while short-term gains may vary, the integration of ESG principles contributes to enhanced stakeholder trust, reduced regulatory risks, and improved brand reputation. The study suggests exploring the sector-specific impacts of ESG strategies to identify industries where such practices can yield the most significant benefits. Additionally, the authors propose further research into the role of ESG reporting quality and transparency in influencing investor behavior and market valuations.

The third paper by *Bonginkosi Keith Zwane*, *Celani John Nyide*, *Misery Sikwela*, *Evangelos Mantzaris*, and *Nkululeko Fuyane* examines financial bootstrapping as a viable strategy for agricultural cooperatives in emerging economies. The authors analyze how self-financing methods can serve as a sustainable livelihood solution in the absence of traditional credit mechanisms. The authors highlight that financial bootstrapping allows cooperatives to maintain independence, minimize debt burden, and foster community resilience. The study showcases real-world examples from cooperatives that have successfully utilized strategies like personal savings, joint ventures, and barter systems to sustain operations. The authors encourage further research into the scalability of bootstrapping strategies across different agricultural sectors and regions. They also suggest investigating the role of government policy and digital platforms in enhancing the efficiency of bootstrapping methods in agricultural communities.

The last paper by *Ranjan Kumar* employs a mixed-methods approach to explore the relationship between environmental and social disclosure (ESD) and the financial performance of large oil and gas companies in emerging markets. The paper reveals a complex interaction between ESD practices and financial performance, with findings suggesting that while transparency in ESD can enhance corporate reputation and reduce long-term risks, the immediate financial benefits are often sector-specific. The author also notes that investors increasingly factor in ESD reports when making investment decisions in the oil and gas sector. Kumar recommends further research into the role of regulatory frameworks in shaping ESD practices and their impact on financial outcomes. The study also suggests exploring how digital transformation can improve ESD reporting and foster better stakeholder engagement in the energy sector.

Finally, it can be said that the papers in this issue collectively provide a rich understanding of how strategic practices in knowledge management, ESG, and financial management can drive sustainability and performance in various sectors and align with recent literature including Arifin et al. (2023), Banerjee et al. (2024), Cenci (2024), Du and Nik Azman (2024), Fu and Li (2023), Lei and Wang (2020), Qi and Zhu (2021), and Rita and Nastiti (2024). They underscore the importance of transparency, innovation, and strategic thinking in navigating the complexities of modern business environments.

The suggested future research directions present a roadmap for scholars and practitioners aiming to enhance the effectiveness of these strategies in diverse contexts, particularly in emerging markets. This issue contributes significantly to the ongoing discourse on the intersection of corporate governance, sustainability, and economic resilience.

Enjoy the reading!

Anurag Agnihotri,
College of Vocational Studies, University of Delhi, New Delhi, India,
Editorial Board Member of Corporate Governance and Sustainability Review

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