EDITORIAL: Balancing both exacerbated evolutionary dynamics and sustainable survival — Trends and challenging landscapes for corporate governance

Dear readers!

The profound transformation occurring over recent years, alongside the prevailing economic landscape, underscores the inadequacy of established management paradigms.

Although the previous management frameworks have proven dependable, their increasing insufficiency has not yet been countered by new, validated models. Nevertheless, certain innovative approaches appear to surface and re-emerge, particularly in the wake of the COVID-19 pandemic.

Maté and Maté (2022) state something similar to the following sentence in their formidable book "*The Myth of Normal*". They assume that we find ourselves ensnared in the pervasive myth that each of us is solely an individual striving towards personal objectives. The more we construe our identities in this manner, the further we stray from essential inquiries regarding our true selves and what is necessary for our well-being.

In this precarious and intricate context, named VUCA world (volatility, uncertainty, complexity and ambiguity) by Drucker (1999), where the value of social capital is both fragile and subject to fluctuation, individuals may experience heightened pressure to focus on the sunk costs associated with "wrong" decisions. By contrast, people have lost what is really wrong for our survival.

Perhaps we devote insufficient contemplation to the sacrifices individuals make when contributing (whether consciously or unconsciously) to the community in which they operate, or better in which they are inserted in or connected to, which have considerable economic implications, particularly in a contemporary society pervaded by the App logic — such as issues surrounding privacy. Verbs like to lose, to waste, to spend are too often used as synonymous, considering quite negative externalities at the expense of oneself, without considering the alternative meaning of gift, donation, dedication, referring to a mutual determination of the self in a group, commonly determining the "community self" and the sense behind it, also economically recognizable in decision-making toward the "common interest".

At times, individuals exhibit a tendency to persist in pursuing a goal even when its failure becomes evident, a behavior often attributable to emotional and cognitive biases.

Nonetheless, individuals frequently resist abandoning a goal, even when it proves detrimental or unsuccessful, succumbing to the phenomenon known in behavioral economics as the sunk cost fallacy (Tversky & Kahneman, 1974; Arkes & Blumer, 1985). Adaptation and acceptance of the *status quo* thus become the grave of "healthy" evolution.

The internal conflict between the prevalence of the pursuit of one's own objectives and goals, and the prevalence of a moral hazard as a constitutive factor of economic relations based on asymmetries, must not make us forget the constitutive human social property, intrinsically social and socially constituted on network dynamics, not only on the recent misleading hyperconnection. Even if everything around us now seems to tend towards the dematerialization of procedures and the dematerialization of the human by consequence, as such the reconfiguration (induced by urgency) has led to the reconsideration of some network dynamics. Although immanent in humans since their origin, these latter seemed to be forgotten or in any case rediscovered only thanks to the countering crises, such as COVID-19, earthquakes, wars or disasters of all kinds. Cooperation is at the base of the renewed concept of value creation and it finds the pillar on which constructs the new values of a "value-generative-society" (Modarelli, 2024). Contemporary corporate governance is called to balance, through the humans' virtues, an excessive growth and need for development (technological, economic, power and dominance), with the extreme need for survival, as human and humanized as possible (Hamel, 2009). A challenge that surpasses those of political agendas, that crosses their boundaries, determining a new urgency, that of "humanization of humanity" (Mounier, 1989), which is increasingly rediscovered as destructured in its being and well-being. A new revolution in the technical mechanism will have to find a response in a pressing rebirth of the "human" in society, of the human in history, at a turning point of history itself. The watershed of human judgment should prevail on the downsizing of values in a society that, as Oscar Wilde stated seemingly, knows the value of everything but gives value to nothing (Whitehead, 2014), in which the logic of price, the budgetary dynamics retraces the stages of the most "economically" strong. Hobbesian logics of not-extinct memory, retrace the steps of a reality bent to the power of technological evolution in everyday life, both in companies and in war. Here human judgment (not corrupted) will be the yardstick, again and again, of thinking towards a value-generative-society, which retraces its steps in the cyclical reiteration of events from need, from knowledge to knowledge, but which must lucidly redefine the increasingly feeble boundaries between the pursuit of personal and common ends. The perspective landscape is in rediscovering the gift, the reciprocity and collaboration as an atavistic and immanent solution to the increasingly stringent personalistic isolationism. Thinking of society as the last place where one wants to stay and of the community as the last place one wants to share should be the orientation of self-preserving, generative and regenerative resilience for the future.

In this regard, this issue of the journal *Corporate Ownership and Control* promises to provide a picture of the current state and trends of the near future in a world that lives and is pervaded by extreme technologization, exogenous shocks of all kinds, complexity and above all the need to look at sustainability perspectives beyond mere profit and maximizing pursuit of one's own ends. The authors who contributed to this edition with their studies are moving in this direction.

Mfon Akpan presents the first paper of the issue. Starting from the assumption that the valuation of artificial intelligence (AI) tokens is important for participants in the digital economy, this study introduces Akpan's AI token valuation scale, focusing on user engagement and market dynamics. It emphasizes monthly active users (MAU) and the connection between website visits and token value. Findings show that pricing per million tokens affects value on the base of MAU. The Akpan's scale offers a new way to compare AI token values and provides insights for developers, investors and businesses.

Considering the exogenous shock era in which we are living, the study by *Sunita S. Rao* and *Norma Juma* examines the quality of environmental, social, and governance (ESG) disclosures and their relationship with corporate financial health during the global health crisis. Using models and data from S&P Capital IQ Pro, the analysis focuses on firms in the S&P Global 1200 index from 2018–2021. The study highlights the role of ESG activities in risk mitigation and resilience.

Hamza Naim, *Lata Rani*, *Ahmad Omair*, *Tariq Aziz*, *Gouher Ahmed*, and *Aqila Rafiuddin* investigate how ownership concentration affects manufacturing and service companies in the Indian NSE 500 Index. Strong regression methods show that promoter shares do not significantly impact overall firm performance, but pledged shares negatively affect it.

Francesco Paolo Ricapito examines the adoption of IFRS 9 in European banks from 2014 to 2021, focusing on credit risk assessment effects on provisioning costs, non-performing loans, and capital adequacy.

M. Sriram and *K. Riyazahmed* analyze how corporate cash holdings in India respond to global crises, including financial and pandemic situations. It studies 38 non-financial Nifty 50 companies from 2007 to 2021 using panel data analysis. Findings reveal cash holdings are influenced by cash flows and leverage, but negatively by dividend payments, capital expenditure, and net working capital. Size and Tobin's Q do not affect cash holdings. Financially unconstrained companies use more cash during global crises due to better liquidity management.

Ajithakumari Vijayappan Nair Biju, *Aswin Alora*, *Aghila Sasidharan*, and *Alphin Kallany* set three goals: to see if corporate board traits affect green bond issuance (GBI), to investigate if ESG performance drives GBI, and to examine how ESG moderates GBI and board traits. Using logistic and panel regression on companies listed on the NSE from 2012 to 2023, the paper finds that Indian boards are hesitant to issue green bonds due to investor preference for higher-return brown bonds. However, GBI in emerging markets is positively linked to ESG performance, suggesting regulations push firms to seek GBI, with ESG positively moderating the link between board traits and GBI.

Robert Rieg and *Patrick Ulrich* look at how management practices influence firm performance, focusing on the role of ownership structures. Analyzing data from 2,927 firms over seven years, it finds that ownership structure impacts the effectiveness of management practices on performance.

Isaac Bonaparte explores the link between ESG controversies and earnings quality. It uses data from 2,629 firm-year observations to test whether firms with high ESG controversies have lower earnings quality, especially in environmentally sensitive industries. The study finds that more ESG controversies relate to lower earnings quality and supports the idea that opportunistic reporting better explains the link between ESG performance and firm value.

In recent decades, corporate social responsibility has gained importance among companies and investors. The study by *Roberta Provasi* and *Paola Saracino* examines how non-financial performance, represented by ESG, affects financial performance in the European banking sector, expanding the analysis beyond single ESG dimensions.

Michele Galeotti, *Edoardo D'Andrassi*, *Riccardo Savio*, and *Francesca Ventimiglia* deal with the issue of how Eurozone countries improve their efforts to meet Sustainable Development Goals (SDGs) while dealing with population aging. Ireland is the best performer by 2030 and Latvia is growing fast. Both use an integrated approach linking SDGs. The findings highlight the importance of businesses in supporting sustainable aging. Companies can innovate and create age-inclusive products by aligning their strategies with government policies. The study offers recommendations for governments and businesses to work together for economic growth, social inclusion and sustainability.

The implementation of the Corporate Sustainability Reporting Directive (CSRD) by the EU brings challenges for stakeholders, especially in linking sustainability to financial factors. There is a need for models that capture overall performance based on both financial and non-financial factors together, avoiding overly complex documents. The final paper by *Luigi Borré* and *Lorenzo Gelmini* proposes a new model that harmonizes financial and sustainability reporting.

We hope that readers will appreciate the evidence of the recently published papers in the journal. This issue highlights and re-enhances the fact that corporate governance from a vectorial research topic, nowadays covers a wide range of transdisciplinary perspectives, attracting scholars from all around the globe, internationalizing the grand challenges individuals (from the bottom), in their socially organized way within companies have to follow and achieve through an effective and holistic managerial-governmental approach.

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