EDITORIAL: Current issues in environmental, social and governance and sustainability

Dear readers!

It is of great honor to introduce you to the fourth issue of Volume 8 (2024) of the journal "*Corporate Governance and Sustainability Review*".

The literature on business performance incorporates various theoretical lenses, research methodologies, and different research paradigms regarding the influence of contextual factors on business performance. This includes country-specific context ownership structure, organizational culture, external governance structure, and boardrooms. The nexus between ESG metrics and organizational performance is an important domain of research attracted scholars in recent years. Recent studies focus on investigating the current trend in business innovation strategies and their influence on ESG using multi-theoretical lenses, using multidisciplinary paradigms comprising mixed-methods oriented research strategy (Alkaraan et al., 2025).

The study of *Meng Guo* and *Nahyun Oh* offers valuable insights on environmental, social, and governance (ESG) research dynamics in the wake of the U.S. Securities and Exchange Commission (SEC) proposal. Their study is based on a systematic literature review. Institutional initiatives such as the new regulations developed recently by the U.S. SEC regarding disclosure of climate-related information through annual reports 2022. This regulation reinforces U.S. firms to disclose their performance based on ESG performance pillars. Based on a systematic literature review, the authors explored the evolving research trends regarding ESG practices in the U.S. Their study offers a comparison of studies conducted before the SEC's initiative and after the SEC's initiative. Their study adds to the extant literature regarding the evolving landscape of ESG research. Their findings over direction regarding future ESG research.

Within the same vein of research, the study of *Xin Tan* and *Sorin A. Tuluca* aims to investigate how financial flexibility and profitability influence ESG performance. The findings of their study reveal a positive association between profitability and ESG scores. On the contrary, the results of their study show that liquidity has a negative impact on ESG score. Profitable companies are more likely to invest in ESG initiatives, whereas high liquidity may indicate underinvestment in such activities. The findings of their study add to our knowledge about the influence of these two constructs on ESG scores, compared to conventional prior studies that merely examine the impact of ESG initiatives on a firm's financial performance in different contexts and settings. Other studies focus on investigating the relationship between investment efficiency and investment scale and their moderating impacts on the relationship between financial flexibility and firm's performance (Wu et al., 2024) and the moderating impact of corporate governance mechanisms and investment efficiency on the relationship between financial flexibility and firm performance (Wu et al., 2023). Other studies (Feyisetan et al., 2025) explore the relationship between ESG, mergers and acquisitions, and organizational performance with a comparison between financial and non-financial sectors.

Maithili Prashant Dhuri, *Mrunal Joshi*, and *Ritu Sinh* articulated valuable insights rooted in sustainability outlook through their study. The study examines the significance of various financial analyses rooted in financial ratios employed in predicting the probability of companies' bankruptcy. Their study sheds valuable insights on the trend of recent corporate including corporate disclosures on corporate social responsibility (CSR) and sustainable growth rate (SGR). Their empirical study is based on the Indian cement industry. The results show that CSR and SGR factors may not have a significant effect on financial distress. This study contributes significantly to the understanding of the financial health of the Indian cement industry while examining the evolving roles of CSR and SGR. The findings of the study offer a nuanced perspective by empowering stakeholders to identify financial and non-financial indicators of stability. Further, they highlighted the critical need for holistic assessment methodologies in the ever-evolving corporate landscape.

Governance and sustainability issues are still subject to debates among scholars, practitioners, regulators, and policymakers. They are matters of critical issues relevant to companies' commitment to CSR, climate change, sustainable performance towards circular ecosystems, and sustainable development goals (Alkaraan et al., 2023).

However, concerns regarding the health of the planet and its economies have led to an increased focus on sustainable new technology (SNT). *Lee J. Zane*, *Mayank Jaiswal*, and *Mark A. Tribbitt* examined the international diffusion of sustainable innovative automobile engine technologies with an emphasis on manufacturers' strategies. Their study adopts a top management perspective through their investigation and analysis of auto manufacturers' worldwide sales of electric vehicles (EVs) to better understand the factors associated with uneven diffusion. The findings of their study indicate individual sub-categories of EVs are developing but with different levels that significantly vary across countries and manufacturers. Their study suggests that not all sub-categories of EVs are equal in the minds of consumers, manufacturers, and governments. Mandates from the European Union (EU) and other countries that no new internal combustion engine (ICE) vehicles can be sold after 2035. This enforces all parties in the automotive industry to work earnestly to develop EV-related technology. From a policy implications perspective, this study reveals that governmental policies can both motivate consumers to purchase EVs and manufacturers to produce EVs.

Stewardship theorists assume that given a choice between self-serving behavior and pro-organizational behavior, a steward will place a higher value on cooperation than defection (Alkarran & Floyd, 2020) The strategic choices rank as one of the dominant roles and responsibilities of senior management. Digital technologies play a significant role in circular economy transitions and companies' performance This includes investment in capability development, vertical and horizontal integration, effective procurement practices, and effective strategic control mechanisms (Alkaraan, 2022).

The above four papers included in this issue add to our knowledge regarding the influence of various domains on business performance. Yet, there is a need for further theoretical and empirical research in this arena of business performance (Alkaraan et al., 2023; Shehadeh et al., 2024) including FinTech and business performance, innovation strategies and business performance, CSR and business performance, SDGs and business performance, ESG and firm performance, human resource management and business performance, ethical and environmental issues, and business performance.

Enjoy the reading!

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