EDITORIAL: Corporate social responsibility, corporate governance and financial outcomes

Dear readers!

We are pleased to present to you the recent issue of our journal *Corporate Governance and Organizational Behavior Review*, which is focused on corporate social responsibility (CSR) and sustainability management.

Several voices of criticism have echoed over the years for the negative impact of corporate investments and activities on the natural environment and local societies taking the form of resource sustainability, impact on local societies, employee safety and even waste generation (Atghia & Nazarian, 2024). The economic contribution of businesses has a significant influence on economic development, and this influence creates an expectation among customers (and other stakeholders) to devote resources and efforts to address social and environmentally related concerns (Revelli & Viviani, 2015). These concerns have been embraced by formal institutions within the European Union (EU) and other world regions, urging businesses to consider CSR goals and strategies for reducing reputational costs and even avoiding punitive damages. This fact has motivated firms to behave sustainably and undertake CSR policies and practices to ease the regulators' and other stakeholders' concerns regarding their operations.

Under this framework, there are several researchers internationally who have considered the association (or impact) of CSR performance on various facets of corporate performance including among others, firm reputation and customer identification and even competitive advantages (Oeyono et al., 2011). The main arguments in favour of CSR activities are based on the premise that CSR performance helps businesses build a good relationship with their key stakeholders, which later may improve the firm's financial management and profitability (Dimitropoulos & Koronios, 2021). To this end, several studies have examined the relationship between CSR performance and corporate profitability within various service sectors and most of them document a positive association (Orlitzky et al., 2003; Ntasis & Strigas, 2023).

Furthermore, corporate board gender diversity has evolved as an important governance feature of modern businesses and corporations, mainly as an outcome of the Sustainable Development Goals (SDGs) set forth by the United Nations (UN) in 2015, thus it is closely connected to CSR performance. Board gender diversity has been under scrutiny by researchers, policymakers and businesses as an important resource for firms, allowing them to improve financial decision-making and ultimately financial performance and viability. The studies included in the current issue extend the literature on financial performance, economic outcomes and CSR in several ways. For example, *Eyitayo Francis Adanlawo* and *Mpho Chaka* investigate how and where to communicate CSR, using an online survey instrument on a sample of 100 consumer panel members. Findings reveal that CSR needs to be communicated to internal stakeholders before external stakeholders and ensure employee commitment to the company's CSR initiatives. In addressing the second objective, findings reveal that companies should play a role in society beyond economic benefit generation. The results show that society's concern is important in deciding where to communicate CSR. The study suggests that knowing where and how to communicate CSR that will appeal to the public will significantly affect the image and reputation of the company.

The next paper by *Shirley Mo Ching Yeung* explores the key elements of transformative leadership skills of women servants to accelerate and impact activities related to the SDGs. The attributes of transformative leadership of women servants with innovative ways to track students' sports competition are seldom studied for improving the quality services of sports and science, technology, engineering and mathematics (STEM) service providers in the post-COVID-19 periods, thus this study covers a significant gap in the literature. According to the results, it is expected to have an ongoing study on innovative and sustainable ways of applying transformative leadership of women servant leadership with non-fungible tokens (NFT) and blockchain application in SDGs via strengthening the partnership of academia, researchers, business and industry with SDGs and NFT community projects for sustainable development.

The third paper by *Manh Tien Pham, Dung Thuy Nguyen*, and *Phuong Nguyen Thanh* investigates the impact of each component within CSR disclosure and CSR expenditure on the banks' financial performance. The research collected data from listed banks from 2013 to 2022 to apply the generalized least squares (GLS) regression analysis method. The findings indicate that environmental responsibility disclosure and government responsibility expenditure positively impact corporate finances. Meanwhile, community responsibility disclosure and expenditure reduce financial efficiency. Employee responsibility disclosure and expenditure do not affect the financial situation. The study emphasizes the importance of environmental responsibility disclosure and recommends that banks fully comply with tax obligations which is a government responsibility expenditure.

The fourth paper by *Thabelo Sean-Vincent Mofokeng* and *Chioma Okoro* examines the relationship between board diversity and the performance of real estate investment trusts (REITs) listed on the Johannesburg Stock Exchange from 2013 to 2021. The study analyses a sample of 30 REITs, representing 81% of the sector. The study employs fixed-effects models to show that racial diversity positively impacts funds from operations per share (FFO P/S) and earnings per share (EPS), suggesting that diverse boards enhance operational and earnings efficiencies. However, gender diversity has a significant negative effect on FFO P/S, indicating potential challenges in achieving operational efficiency. Education diversity shows minimal influence across all measures. These findings imply that racial diversity contributes positively to REIT performance, while the impact of gender diversity is more complex, and education diversity appears less significant.

The final paper by *Shirley Mo Ching Yeung* aims to increase the awareness of educators, entrepreneurs, policymakers and managers in business and non-governmental organizations (NGOs) regarding the key elements for outstanding corporate responsible investment and brand building with SDGs, environmental, social and governance (ESG) and United Nations Principles of Responsible Investment (UN PRI). Based on the quantitative analysis of environmental materials on school uniforms of ESG School HK in Hong Kong and the focus group interviews in July 2024 and October 2024, it is further illustrated that technology may be applied for responsible and transparent product/service workflow for responsible investment.

Overall, the papers included in this issue address CSR and its intersection with corporate performance under various theoretical perspectives and methodological lenses. We hope that the readers of this issue will benefit from those perspectives and evidence from both developed and developing economies and reach into useful directions for future research.

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