

EDITORIAL: Governance at the crossroads—New directions in sustainability research

Dear readers!

As we present the latest issue of the *Corporate Governance and Sustainability Review*, we highlight research examining the dimensions of sustainability and governance across various contexts. This issue explores relationships between entrepreneurial spirit, community empowerment, corporate reporting, environmental management, and social innovation—advancing our understanding of how organizations can pursue economic viability, social responsibility, and environmental stewardship simultaneously.

The convergence of sustainability and governance has become a critical focus in both academic discourse and business practice (Wang et al., 2016; Montgomery et al., 2023). Organizations worldwide face challenges requiring innovative approaches to balance stakeholder expectations, regulatory requirements, and competitive pressures. The ten papers in this issue examine these challenges from multiple perspectives, offering insights for researchers, practitioners, and policymakers.

Sarjiyanto, Tulus Haryono, R. B. Radin Firdaus, and Ellena Dio Paska investigate the relationship between community empowerment and entrepreneurial sustainability in Indonesia's Trangsan rattan industrial cluster. Their regression analysis demonstrates that community empowerment significantly moderates the relationship between entrepreneurial spirit and business sustainability. This finding aligns with emerging research on community-based approaches to entrepreneurship development (Wood et al., 2021; Acs & Szerb, 2007) and highlights how targeted interventions empowering individuals with a strong entrepreneurial spirit can transform industrial clusters.

Thi Thanh Loan Nguyen, Ngoc Hung Dang, Manh Dung Tran, and Van Linh Nguyen provide a meta-analytical examination of sustainability reporting (SR) and corporate financial performance (CFP) in their study. Analyzing 30 studies with 115 effect sizes, they confirm a significant positive relationship between SR and CFP with bidirectional causality. Their research shows market-based measures of CFP have a stronger correlation with SR than accounting-based measures, and the SR-CFP relationship is more pronounced in developing economies. This work builds upon foundational research by Orlitzky et al. (2003), Mahmood et al. (2024), and Shaban and Zarnoun (2024) while offering insights for optimizing sustainability reporting approaches.

Thi Phuong Dung, Nam Duong Tran, Nguyen Thi Thanh Diep, Van Tu Truong, Thi Lan Anh Nguyen, Van Trong Phi, Thi Huong Dao, Kien Xuan Pham, Thi Van Anh Duong, Manh Dung Tran, and Duc Hung Ha examine how green human resources management (GHRM) practices influence employee behavior and environmental performance in Vietnam's hotel industry. Their structural equation modeling of data from 250 hotel employees shows that GHRM practices positively impact employees' pro-environmental behaviors, which enhance hotels' environmental cost performance through reduced waste, lower energy costs, and improved reputation. This research contributes to the literature on environmental management in hospitality (Abdelwahed et al., 2024; Kim et al., 2019; Yusoff et al., 2018) and emphasizes the importance of aligning human resource practices with sustainability objectives.

Lady Karlinah, Meutia Meutia, Imam Abu Hanifah, and Iis Ismawati explore the relationship between corporate social responsibility (CSR) and tax practices. Their study of 62 Indonesian companies reveals that while firm size showed no significant impact on tax avoidance, the capital intensity ratio positively influenced it. CSR served as a moderating variable, strengthening the relationship between capital intensity ratio and tax avoidance while mitigating tax avoidance tendencies in larger firms. These findings enhance our understanding of CSR's influence on corporate tax behavior (Lin et al., 2019; Zhang et al., 2022; Junaidi et al., 2023).

Nathathai Rattanasuksri, Rattaphong Sonsuphap, and Thunwa Chatikavanij examine environmental, social, and governance (ESG) principles in Thailand's rice industry. Their qualitative study involving 30 stakeholders identifies opportunities for optimizing resources, reducing costs, and improving farmer livelihoods through ESG practices. The research emphasizes public-private partnerships in establishing sustainable agricultural systems (Sarkar et al., 2021; Senadheera et al., 2021) and provides a framework adaptable to various developing nation contexts.

Khalil Feghali, Reine Najem, and Beverly Dawn Metcalfe synthesize research on greenwashing. Their analysis of 90 peer-reviewed articles identifies themes including greenwashing symbolism, drivers, tactics, and effects on corporate performance and consumer trust. Building on previous work (de Freitas Netto et al., 2020), they offer insights into how greenwashing varies across different contexts and propose a cyclical model suggesting that mitigation strategies should address multiple elements simultaneously.

George Gatere Ruheni, Charles Mallans Rambo, Charles Misiko Wafula, and Mary Nyawira Mwenda study socially responsible investing in climate-smart agricultural projects in Kenya. They find that while such investing significantly influences project performance, contextual factors like drought and insecurity limit value addition effectiveness. Their research highlights the importance of addressing fundamental public goods to support transitions from subsistence to commercial agriculture (Gerber et al., 2024; Malec et al., 2024).

Arshi Rubab, Aftab Alam, Ehsanul Haque, Vardah Saghir, Farheen Siddiqui, Hiba Khan, and Neda Tasneem review 163 articles on ESG factors and sustainable investment decisions. Following the PRISMA protocol, they confirm that integrating ESG considerations positively influences investment decisions, with environmental factors receiving more research attention than social and governance aspects. Their visual framework offers a valuable tool for understanding ESG in sustainable investment (Clark et al., 2015).

Syafii, Grahita Chandrarin, and Diana Zuhroh study tax planning, CSR, and tax disclosure in Indonesian manufacturing companies. Their analysis of 74 companies reveals that both tax planning and CSR positively affect tax disclosure, contributing to our understanding of how corporate transparency relates to tax practices (Balakrishnan et al., 2019).

Chatwarun Angasinha examines community welfare funds in Thailand as social innovation addressing welfare access inequality. Through qualitative research with 56 participants, the study shows how self-managed systems effectively address community needs through transparent volunteer-led committees and participatory decision-making. This research contributes to the literature on social innovation and community governance (Barnes, 2012; Unwin, 2018).

These ten articles collectively illuminate several interconnected themes in corporate governance and sustainability research. We observe a shift toward integrated approaches that recognize the interplay between governance mechanisms and sustainability outcomes, from community empowerment to corporate tax practices. The contrasting findings between developed and developing economies, alongside context-specific challenges in agricultural settings, highlight the need for approaches tailored to local conditions. Additionally, while sustainability reporting correlates with financial performance, research on greenwashing reveals potential disconnections between reported activities and substantive actions. The papers also emphasize human capital's crucial role, as seen in studies on green human resource management and community-led welfare systems. Looking ahead, these works suggest the need for more longitudinal studies tracking sustainability practices over time, further exploration of interactions between environmental, social, and governance dimensions, and investigation of mechanisms translating sustainability commitments into measurable outcomes, particularly in resource-constrained environments.

We hope this issue inspires further research on these vital topics and contributes to developing more sustainable and equitable business practices worldwide.

Enjoy the reading!

Nadia Cipullo, PhD
Tenure Track Researcher in Business Administration
Università degli Studi LINK, Rome, Italy,
Editorial Board Member of Corporate Governance and Sustainability Review

REFERENCES

- Abdelwahed, N. A. A., Al Doghan, M. A., & Soomro, B. A. (2024). Green human resource management and environmental performance among hotels. *Corporate & Business Strategy Review*, 5(1), 241–253. <https://doi.org/10.22495/cbsrv5i1art22>
- Acs, Z. J., & Szerb, L. (2007). Entrepreneurship, economic growth, and public policy. *Small Business Economics*, 28, 109–122. <https://doi.org/10.1007/s11187-006-9012-3>

- Balakrishnan, K., Blouin, J. L., & Guay, W. R. (2019). Tax aggressiveness and corporate transparency. *The Accounting Review*, 94(1), 45–69. <https://doi.org/10.2308/accr-52130>
- Barnes, M. (2012). *Care in everyday life: An ethic of care in practice*. Policy Press. <https://doi.org/10.46692/9781847428240>
- Clark, G. L., Feiner, A., & Viehs, M. (2015). *From the stockholder to the stakeholder: How sustainability can drive financial outperformance*. <https://doi.org/10.2139/ssrn.2508281>
- de Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., & da Luz Soares, G. R. (2020). Concepts and forms of greenwashing: A systematic review. *Environmental Sciences Europe*, 32(1), Article 19. <https://doi.org/10.1186/s12302-020-0300-3>
- Gerber, R., Smit, A., & Botha, M. (2024). An evaluation of environmental, social, and governance reporting in the agricultural sector. *Business Strategy & Development*, 7(1), Article e316. <https://doi.org/10.1002/bsd2.316>
- Junaidi, R. R., Andriyani, N. R., & Hajawiyah, A. (2023). The bidirectional interaction between corporate social responsibility and tax avoidance: The moderating role of audit quality [Special issue]. *Journal of Governance and Regulation*, 12(4), 297–305. <https://doi.org/10.22495/jgrv12i4siart9>
- Kim, Y. J., Kim, W. G., Choi, H.-M., & Phetvaroon, K. (2019). The effect of green human resource management on hotel employees' eco-friendly behavior and environmental performance. *International Journal of Hospitality Management*, 76(Part A), 83–93. <https://doi.org/10.1016/j.ijhm.2018.04.007>
- Lin, X., Liu, M., So, S., & Yuen, D. (2019). Corporate social responsibility, firm performance and tax risk. *Managerial Auditing Journal*, 34(9), 1101–1130. <https://doi.org/10.1108/MAJ-04-2018-1868>
- Mahmood, N. S., Kadhim, S. C., Jabbar, K. A., Hasan, H. F., Sharaf, H. K., & Alwan, A. S. (2024). The influence of financial sustainability of the corporate governance features on the firm's performance. *Corporate Law & Governance Review*, 6(4), 152–161. <https://doi.org/10.22495/clgrv6i4p14>
- Malec, K., Rojik, S., Maitah, M., Abdu, M., & Abdullahi, K. T. (2024). Impact of investments in agricultural innovation on food security in sub-Saharan Africa. *Heliyon*, 10(16), Article e35913. <https://doi.org/10.1016/j.heliyon.2024.e35913>
- Montgomery, A. W., Lyon, T. P., & Barg, J. (2023). No end in sight? A greenwash review and research agenda. *Organization & Environment*, 37(2), 221–256. <https://doi.org/10.1177/10860266231168905>
- Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24(3), 403–441. <https://doi.org/10.1177/0170840603024003910>
- Sarkar, A., Azim, J. A., Al Asif, A., Qian, L., & Peau, A. K. (2021). Structural equation modeling for indicators of sustainable agriculture: Prospective of a developing country's agriculture. *Land Use Policy*, 109, Article 105638. <https://doi.org/10.1016/j.landusepol.2021.105638>
- Senadheera, S. S., Withana, P. A., Dissanayake, P. D., Sarkar, B., Chopra, S. S., Rhee, J. H., & Ok, Y. S. (2021). Scoring environment pillar in environmental, social, and governance (ESG) assessment. *Sustainable Environment*, 7(1), Article 1960097. <https://doi.org/10.1080/27658511.2021.1960097>
- Shaban, O. S., & Zarnoun, R. S. (2024). Impact of sustainability reporting on financial performance and risks: Evidence from the emerging market. *Risk Governance and Control: Financial Markets & Institutions*, 14(4), 96–109. <https://doi.org/10.22495/rgcv14i4p10>
- Unwin, J. (2018). *Kindness, emotions and human relationships: The blind spot in public policy*. Carnegie UK.
- Wang, Q., Dou, J., & Jia, S. (2016). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society*, 55(8), 1083–1121. <https://doi.org/10.1177/0007650315584317>
- Wood, B. P., Ng, P. Y., & Bastian, B. L. (2021). Hegemonic conceptualizations of empowerment in entrepreneurship and their suitability for collective contexts. *Administrative Sciences*, 11(1), Article 28. <https://doi.org/10.3390/admsci11010028>
- Yusoff, Y. M., Nejati, M., Kee, D. M. H., & Amran, A. (2018). Linking green human resource management practices to environmental performance in hotel industry. *Global Business Review*, 21(3), 663–680. <https://doi.org/10.1177/0972150918779294>
- Zhang, X., Husnain, M., Yang, H., Ullah, S., Abbas, J., & Zhang, R. (2022). Corporate business strategy and tax avoidance culture: Moderating role of gender diversity in an emerging economy. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.827553>