

## **EDITORIAL: Corporate governance in times of uncertainty: Emerging insights on ESG, innovation, and board effectiveness**

*Dear readers!*

In recent years, companies have been operating within an increasingly turbulent and uncertain international environment. The global landscape is marked by successive financial and economic crises, geopolitical conflicts, escalating trade wars, and shifting regulatory regimes — ranging from stringent legislative reforms to sudden reversals in regulatory direction, as recently observed in environmental, social, and governance (ESG)-related policy shifts in both the United States (US) and the European Union (EU) (Quagli et al., 2024).

In this context, corporate governance has become a complex and demanding endeavor, requiring managerial and organizational capabilities of the highest caliber to ensure both survival and long-term success at national and international levels. Sustainable competitive advantage over time relies heavily on effective and efficient governance structures. Conversely, inadequate approaches to governance can compromise a firm's ability to address the economic and social challenges it faces (Jebran & Chen, 2021; Manita et al., 2020; Pandey et al., 2025; Rubino et al., 2020). Governance systems must not only address economic concerns but also engage with broader societal expectations — such as those related to ESG — in order to avoid reputational risks stemming from actions perceived as misaligned with the social context in which firms operate.

Indeed, a company's survival and success depend on its ability to meet societal expectations — and, by extension, those of its stakeholders — through the implementation of appropriate policies and practices that ensure its legitimacy within the institutional environment (Suchman, 1995).

In an environment marked by rapid change, empirical studies offer valuable guidance by identifying successful strategies and cautioning against ineffective ones, based on past outcomes. These insights, however, must be interpreted in light of each company's specific economic and institutional setting (Paoloni et al., 2024; Pucheta-Martínez & Gallego-Álvarez, 2024; Jebran & Chen, 2021; Adams & Ferreira, 2007).

The journal *Corporate Board: Role, Duties and Composition* contributes to advancing knowledge on corporate governance by offering evidence-based insights that are of interest to scholars, practitioners, and policy-makers alike. The articles published in this issue explore a number of timely and relevant themes.

Several contributions focus on ESG-related matters from diverse perspectives. The study by *Aqil Waqar Khan* analyzes the impact of diversity management on sustainable financial performance, finding that gender and political diversity enhance long-term outcomes, whereas nationality diversity may hinder financial sustainability. The article by *Jodi Al Anshari Muttaqi* and *Triasesiarta Nur* examines the relationship between ESG performance and dividend policy in Indonesian firms, highlighting the moderating role of board gender diversity. The research undertaken by *Hareth Alshamayleh* investigates how research and development (R&D) investments drive financial sustainability in Saudi firms, emphasizing the moderating effect of chief executive officer (CEO) power and the importance of balanced leadership for innovation-driven growth.

Other studies address governance responses to problematic scenarios such as earnings management and toxic boardroom dynamics. The investigation led by *Mohammed Nader Turshan* on Palestinian firms reveals that family ownership, board independence, and engagement with Big Four audit firms can reduce earnings manipulation. *Keren Bar-Hava* proposes a decision-tree framework to proactively address board toxicity, integrating legal, behavioral, and governance principles to mitigate reputational and operational risks.

A functioning corporate governance system should also embrace innovative practices. The article by *Yaser Saleh Al Frijat* and *Mohammad Eid Al-Hajaia* explores how auditors' technical, digital, and creative competencies enhance audit quality amid digital transformation, underscoring the strategic value of auditor innovation in light of International Auditing and Assurance Standards Board's (IAASB) recommendations.

Beyond innovation, effective corporate governance also depends on robust succession management. The study by *Trilochan Sharma*, *Pramod Kumar Upadhyay*, *Abhishek Kumar Pandey*, *Parag Shukla*, and *Pankaj Kumar Tripathi* explores the alignment between talent management strategies and succession planning. Based on insights from 130 senior human resources professionals, the research reveals that while development programs foster effective succession, standard talent reviews and career aspiration systems alone are insufficient.

Together, the studies featured in this issue provide new and valuable insights into contemporary challenges and solutions in corporate governance, contributing to the advancement of knowledge and practice in support of more resilient and accountable organizations.

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