

## EDITORIAL: Corporate governance, sustainability, and digital transformation

*Dear readers!*

In this era of complexity and change, corporate governance, sustainability and digital transformation have emerged as intertwined issues of high concern for both academics and business professionals (Manita et al, 2020). This issue of *Corporate & Business Strategy Review* (2025, issue 2) highlights research at the intersection of these themes. This editorial note covers representative issues, ranging from audit quality in crises, artificial intelligence (AI) in marketing, environmental, social, and governance (ESG) requirements in banking and data science for corporate reputation. Taken together, these contributions mirror and extend current academic debates by illustrating how strong governance, sustainable activities, and digital enhancement jointly condition contemporary corporate strategy (Chen et al., 2024).

One relevant topic that is covered in this issue is the impact of corporate governance and audit quality in crisis times. Recent studies of the COVID-19 pandemic demonstrate how severe disruptions challenge firms' financial statement quality. Evidence from UK firms suggests that the quality of financial accounting weakened substantially during the pandemic, involving earnings management under the continuous and pervasive pressures on monitoring mechanisms (Akhtaruzzaman et al., 2021). And the companies with better governance, for instance with a greater board members diversity, have better counteracted these damaging effects. This result highlights governance and audit quality as mechanisms to preserve transparency and accountability amid economic disruption for firms. Such results contribute to the literature on crisis resilience, by emphasizing governance as a crucial backstop, ensuring the preservation of investor confidence and corporate integrity in difficult times (Hsu & Yang, 2022).

A second highlight of this edition is how digital transformation is impacting business strategy, notably among AI and data analytics. In the marketing field, researchers are charting new ground examining the disruptive role of AI in customer engagement and decision making. For example, Huang and Rust (2021) present a strategic framework for how AI extends marketing research, segmentation and targeting, and personalized customer engagement. Through automating routine tasks, mining massive data sets, and even mimicking human-like judgment, AI technologies are fundamentally expanding firms' marketing capabilities. This adds to the wider narrative of digital transformation by showing specific examples of how AI can deliver innovation and efficiency across business functions (Babina et al., 2024; Oanh et al., 2025).

Digital technology is changing the way companies handle their intangible assets, such as corporate reputation, and not just in marketing. Social media and big data now make it possible to monitor stakeholder sentiment in real time, thereby connecting digital transformation to corporate communication. Recent studies have shown that traditional reputation measurement techniques are being replaced by technology-driven approaches such as big data analytics, machine learning, and sentiment analysis. This puts digital data at the centre of corporate reputation evaluation. By scraping online commentary and using AI-driven sentiment analysis, companies can obtain real-time insights into perceptions and trust levels (Açıkgöz et al., 2024). The focus of this issue on data science for reputation is an example of the intersection of governance and technology: organisations are increasingly using transparent, data-driven methods to protect their brands and stakeholders' interests in the digital era. This work contributes to our understanding of how new digital transformation tools can be applied to improve corporate governance outcomes (e.g., trust and accountability) and strategic decision-making within companies (Brennan & Solomon, 2008).

In the case of financial institutions, in particular, sustainability becomes a critical bridge between a company's strategy and governance. The article selected for special attention in this issue (e.g., the key article) about ESG in banking illustrates how sustainability and digitalisation jointly influence performance and stability. Bouattour et al. (2024) present new evidence showing that stronger ESG performance is significantly associated with a lower probability of bank failure, which is consistent with stakeholder theory and the idea that responsible management leads to greater resilience. Interestingly, this issue covers the digital space, revealing that European banks need to promote a digital approach to sustainability to maximise the stability benefits of digitisation. In other words, banks with stronger ESG credentials and more advanced digital capabilities are more stable, while those with poor ESG scores could still be vulnerable despite investing in technology. The studies in the issue contribute to the academic discussion on

corporate sustainability by revealing how it is intertwined with digital transformation: sustainable activities underpinned by technology can reinforce long-term performance and risk management in banking. It also reinforces the governance perspective that boards and executives must integrate ESG considerations at the core of their strategy (Kumar et al., 2025; Rubab et al., 2025). It is not merely a compliance exercise, but rather a source of competitive advantage and resilience (Quttainah & Ayadi, 2024).

The journal's commitment to discussions in corporate governance, sustainability and digital transformation is evident in its issue themes on crisis-era audit quality, AI-driven marketing innovation, ESG in banking, and data-enabled reputation management. Each paper in this issue analyses the challenges connected with the adoption of new technologies and design of new sustainability strategies. Thoughtfully, these articles have added value to the literature by connecting once-separate fields. They demonstrate that governance provides stability in times of distrust, that digital transformation is not just a tech trend, but a strategic driver that is changing the way companies create value. The research contained within this issue provides a framework for future progress, as academics and practitioners assimilate these results and formulate strategies for a future in which corporate success is no longer defined exclusively by financial profit. Instead, it is recognised as a multifaceted concept that encompasses technological expertise and purposeful long-term engagement with society.

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