

EDITORIAL: Governing through uncertainty — Sustainability as strategic imperative and institutional test

Dear readers!

It is a pleasure to introduce you to the second issue of Volume 9 of the journal “*Corporate Governance and Sustainability Review*”.

As the global economy continues to grapple with interdependent crises — climate volatility, digital acceleration, and institutional fragility — the discourse on governance and sustainability is undergoing a paradigmatic recalibration (Liu et al., 2025; Pandey et al., 2025; Shahrour et al., 2024; Wedayanti et al., 2025; Kumar & Ganguly, 2024). Corporate legitimacy is no longer conferred by compliance alone but increasingly by the capacity to integrate purpose with performance, resilience with responsibility. In this context, governance frameworks are being re-evaluated not simply for their structural robustness but for their ability to facilitate adaptive, inclusive, and ethically coherent responses to systemic uncertainty (Ben Jabeur et al., 2021; Eccles, 2004; Shahrour et al., 2024; Morshed, 2025). The prior literature suggests that firms capable of operationalizing sustainability as a strategic resource, rather than a reputational cost, are more likely to maintain legitimacy amid volatility (Arouri et al., 2025; El Ghouli et al., 2011; Kim & Park, 2020; Itan et al., 2025). Yet, this requires more than rhetorical commitment. It demands recalibrated accountability mechanisms, new forms of stakeholder engagement, and cross-sector coordination, particularly in institutional environments marked by asymmetrical capacities and fragmented policy signals.

The articles in this issue are situated within this shifting terrain, offering not isolated insights but interconnected reflections on how firms, institutions, and policy frameworks adapt, often imperfectly, to the demands of long-term sustainability. Several contributions explore the complex link between strategic design and sustainability orientation. They question the conventional dichotomy between competitiveness and responsibility, proposing instead that long-term value emerges from their convergence. Here, sustainability is not an appendage to strategy, but its anchor. A conceptual framework developed within this issue elaborates how the triple bottom line (i.e., economic, social, and environmental objectives) can serve not merely as externalities to be managed, but as levers of innovation, leadership, and systemic integration. These propositions resonate with earlier calls for reshaping corporate purpose (Alkaraan, 2024; Shahrour, 2022), but they go further by embedding it in operational architectures.

This shift, however, is neither uniform nor linear. Several case-based inquiries in this issue draw attention to the frictions that arise when sustainability ideals confront institutional constraints. In emerging market contexts, where regulatory architecture remains uneven and managerial practices are path-dependent (Pham et al., 2024; Tran et al., 2024), the operationalization of sustainability is often mediated by micro-level dynamics—cognitive frames, organizational learning, and internal resource asymmetries. This has been particularly evident in studies examining responsibility accounting and digital financial systems, where adoption is not only a matter of technical capacity but of institutional receptivity and leadership commitment. In such contexts, formal governance structures often coexist with informal norms, and the efficacy of sustainability tools hinges on the extent to which they are embedded within local organizational logics. As several contributions in this issue suggest, sustainability governance in these settings becomes less about replicating global best practices and more about navigating institutional fluidity: adapting frameworks to fit contingent realities rather than imposing rigid templates. The result is a form of governance that is incremental, negotiated, and deeply context-sensitive. In particular, studies from Vietnam and Thailand reveal how responsibility accounting and digital financial systems, though technically available, are variably adopted depending on leadership commitment, perceived value, and institutional embeddedness. The implication is clear: governance instruments, however robust on paper, derive their effectiveness from context-sensitive implementation.

A recurring insight across the contributions is the performative nature of accounting and disclosure mechanisms. Far from being passive tools of measurement, they actively shape the scope of what is seen, acted upon, and governed. Responsibility accounting, for instance, emerges in one study as a surrogate form of internal governance in settings where formal enforcement is weak. Similarly, digital accounting systems in small and medium-sized enterprises (SMEs) are not only efficiency-enhancing but also serve as a signaling function (projecting transparency, structure, and modernity) to external stakeholders. These mechanisms are not substitutes for institutional trust, but in many cases, the only viable proxies.

Equally significant are the macro-institutional dynamics examined in this volume. Papers on Thailand's green economic strategy and the challenges of implementing circular economy practices offer a sober counterpoint to idealistic narratives of sustainability transitions. They illustrate that policy ambition alone is insufficient in the absence of coherent multi-level coordination and capacity building. This underscores a deeper dilemma: sustainability as discourse often outpaces sustainability as infrastructure. Bridging that gap requires more than investment. It necessitates institutional recalibration, cross-sectoral learning, and the redefinition of what constitutes viable growth.

Taken together, the contributions in this issue signal a broader rethinking of governance — not as a fixed architecture, but as a dynamic interplay between institutional performance and accountability, strategic vision and structural constraint. They trace the evolving contours of a field in transition, where sustainability is no longer a marginal concern but central to how organizations conceptualize their long-term orientation. At the same time, they caution against assumptions of linear progress. The pursuit of sustainable governance is marked by fragmentation, negotiation, and deep contextual variation. It is precisely within this complexity that the potential for institutional and strategic innovation emerges.

Enjoy the reading!

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