

EDITORIAL: Rethinking business performance in an era of governance, responsibility, and transformation

Dear readers!

On behalf of the editorial team, I am pleased to present the first issue of the third volume of the *Business Performance Review* for the year 2025.

The ten rigorous studies in this issue advance our understanding of the multiple factors affecting business performance within the increasingly multi-dimensional landscape of the globalized world. The contributions also reflect a broad range of themes, including corporate governance in Islamic banking to environmental, social, and governance (ESG), gender diversity, shareholder engagement, and the role of corporate social responsibility (CSR) in strategy, which demonstrates our journal's commitment to bringing to the forefront the "invisible details" of performance beyond the financial one.

A common theme throughout this issue is the increasingly complex and urgent evidence that prompts companies to align governance, obligations, and transformation to create future business. The articles in this issue discuss how organizations — comprised of people, in multiple countries and industries — are held accountable and are able to create sustainable and inclusive organizations that are innovative and healthy, while also maintaining a competitive advantage.

The opening article is by *Dipti Lavya Swain, Sandhya Kumari, and Badrinath Srinivasan*, and it examines the cross-border effects of insolvency law as it applies to the aviation industry, an article whose timing is interesting, given the current uncertainty in global transportation industries. The authors examine the legal regimes underpinning insolvency work, and their insights into regulatory harmonization to promote stability in extremely vulnerable industries are useful.

Next, *Pierre Claude Mbama and Jean Roger Mfelam* address the taxation of the informal sector, analyzing the outcomes of formalization, transparency, and efficiency among small and medium-sized enterprises. Their findings emphasize the dual role of taxation as both a governance mechanism and a potential enabler of economic growth, raising critical questions for policymakers in emerging economies.

In their article, *Pawan Kumar, Tapas Kumar Sahoo, Ghana Shyam Kafley, Neelam Jhawar, and Arijeet Das* empirically examine the bidirectional association between corporate financial performance and ESG performance. The study contributes to the ongoing debate on whether ESG is a driver of financial success or a by-product of it, offering nuanced insights into how firms can strategically integrate sustainability practices (Eccles et al., 2014; Ur Rahman et al., 2023).

In the fourth article, *Ummu Salma Al Azizah and Razali Haron* examine the relationship between corporate governance practices and financial performance in Islamic banking. By implementing a governance theory enacted in a faith-based financial context, this study adds a comparative lens to governance, offering a comparative perspective that bridges ethical considerations with traditional governance models (Busch et al., 2016).

The role of gender diversity in influencing performance is similarly examined by Nurhadiansjah and Mansur, whose analysis focuses on companies in the telecom sector. The authors make an important observation about the relatedness of diversity, size, and leverage and how working from the principle of inclusive governance can enhance organizational accountability and improve financial performance (Alareeni & Hamdan, 2020).

CSR is the focal topic studied by *Doan Nguyen Thi* and *Duc Ho Dai*, who examine employee motivation and creativity as mediators between CSR strategies and firm performance. Their contribution establishes that CSR is not only about external reputation but rather entails an internal culture that can drive motivation and innovation that turns into a more sustainable organization.

In the seventh article of this issue, *Ahmad Saiful Azlin Puteh Salin*, *Zubaidah Ismail*, and *Malcolm Smith* examine shareholders' engagement and corporate performance, providing empirical evidence on how active stakeholder involvement influences governance outcomes and financial returns. Their findings reaffirm the importance of aligning shareholder interests with broader corporate strategies.

Broadening the scope, *Apostolos N. Giovanis*, *Dimitris Kallivokas*, *Alexandros G. Sahinidis*, and *Sofia Asonitou* analyze social media adoption in Greek micro and small enterprises, finding that marketing and innovation capabilities serve as critical mediators. Their research emphasizes the growing digital dimension of performance (Warren et al., 2015).

The non-profit sector is represented by *Zahratul Aflah Fatharani Rahimah Sudiyanto* and *Dwi Kurniawan*, who propose a performance management system for voluntary organizations. This framework contributes to the underexplored field of accountability in non-profits, where traditional financial metrics often fail to capture mission-driven performance.

Finally, *Yang Xing*, *Khar Kheng Yeoh*, and *Abdul Rahman Jaafar* study the drivers of innovation performance, emphasizing what managerial, relational, technological, and learning capabilities' interactions with innovation strategies produce outcomes. The work emphasizes that performance is becoming increasingly dependent on organizations' dynamic capabilities (Teece, 2007).

Overall, the studies in this issue demonstrate that business performance is being shaped increasingly by legal frameworks, governance practices, social responsibility, and inclusivity. They also reinforce the journal's ongoing commitment to connect academic knowledge with implications for organizations, managers, policymakers, and regulators.

To all of our contributing authors, reviewers, and editorial teams — I sincerely thank you for your commitment to scholarly work. We hope the ideas contained in this volume will instigate further conversation and suggest new directions for future research on the changing dimensions of business performance.

Enjoy reading!

Dr. Lama Blaique,
Assistant Professor of Management,
School of Business Administration, Department of Management and Marketing,
American University in Dubai, UAE,
Editorial Board Member, Business Performance Review

REFERENCES

- Alareeni, B. A., & Hamdan, A. (2020). ESG impact on performance of US S&P 500-listed firms. *Corporate Governance*, 20(7), 1409–1428. <https://doi.org/10.1108/CG-06-2020-0258>
- Busch, T., Bauer, R., & Orlitzky, M. (2016). Sustainable development and financial markets: Old paths and new avenues. *Business & Society*, 55(3), 303–329. <https://doi.org/10.1177/0007650315570701>
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, 60(11), 2835–2857. <https://doi.org/10.1287/mnsc.2014.1984>
- Taleb, N. N. (2007). *The Black Swan: The impact of the highly improbable*. Penguin Books.

- Teece, D. J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319-1350. <https://doi.org/10.1002/smj.640>
- Ur Rahman, H., Zahid, M., & Al-Faryan, M. A. S. (2023). ESG and firm performance: The moderation of sustainability strategy and top management commitment. *Journal of Cleaner Production*, 404, Article 136859. <https://doi.org/10.1016/j.jclepro.2023.136859>
- Warren, J. D., Jr., Moffitt, K. C., & Byrnes, P. (2015). How big data will change accounting. *Accounting Horizons*, 29(2), 397-407. <https://doi.org/10.2308/acch-51069>