EDITORIAL: Governance, sustainability, and performance under scrutiny — Evidence, contingencies, and institutional credibility

Dear readers!

The expanding literature on *Corporate Governance and Sustainability* has reached a critical inflection point. While early research focused on establishing normative links between sustainability practices and organizational outcomes, recent empirical work increasingly interrogates the conditions under which sustainability initiatives generate legitimacy, resilience, and performance. The studies reviewed in this editorial, drawn from diverse institutional and sectoral contexts, collectively reinforce a central insight: sustainability does not operate in isolation. Its effects are mediated, moderated, and often constrained by governance mechanisms, leadership structures, reporting quality, and institutional environments.

A recurring theme across several contributions is the behavioral and organizational foundation of sustainability (Krasniqi & Tahiri, 2025). *Nael Mosa Sarhan*, *Ghadeer Al-Kateb*, and *Eyad Shammout's* examination of organizational citizenship behavior (OCB) in the hotel sector demonstrates that employees' brand knowledge strategy plays a mediating role between OCB and employee behavior. Their findings suggest that sustainability-oriented behavior is enacted through internal cognitive and cultural mechanisms rather than formal policies alone. This behavioral perspective is echoed in studies on leadership and human capital, including *Suhermin*, *Mar'atus Zahro*, *Pontjo Bambang Mahargiono*, and *Rika Rahayu's* analysis of Leadership 5.0 and strategic agility in tourism MSMEs. Their evidence supports the view that dynamic capabilities and adaptive leadership enhance sustainable competitiveness by enabling organizations to respond proactively to environmental volatility.

Leadership's role becomes even more pronounced in technologically intensive and transitional contexts. *Pham Quang Huy* and *Vu Kien Phuc's* investigation of technologically vigilant leadership within Industry 6.0 highlights how senior leadership facilitates the responsible adoption of emerging technologies while mitigating environmental risks. Their model, grounded in resource-based and stakeholder theories, illustrates how sustainability outcomes depend on managerial vigilance, information systems, and policy alignment rather than technological adoption per se.

The governance architecture surrounding sustainability reporting receives extensive attention across the corpus (Bressan & Sabrina, 2025; Shaban & Zarnoun, 2025). *E. S. Sina* and *D. Vennila's* qualitative analysis of sustainability reporting in India's banking sector reveals persistent gaps between disclosure volume and reporting quality. Despite increased regulatory pressure, only a limited proportion of banks fully align with international frameworks such as the TCFD. Similarly, *Vidhiya Andini* and *Linda Kusumaning Wedari's* study on integrated reporting quality and readability in ASEAN firms shows that reporting practices alone do not directly enhance firm performance. Instead, governance variables, particularly board size, moderate the relationship between reporting quality and performance, reinforcing the argument that disclosure effectiveness is institutionally contingent.

This conditional relationship between sustainability disclosure and performance is further supported by *Ashraf Bataineh*, *Ziyad Mustafa Shwiyat*, and *Omar Al-Bataineh's* examination of sustainability indicators disclosure based on GRI standards in Jordanian extractive industries. Their findings indicate a positive association between sustainability disclosure and firm value; however, this relationship is embedded within financial performance indicators and sector-specific constraints. These results underscore the importance of viewing sustainability reporting as part of a broader governance and accountability ecosystem rather than as an independent performance lever.

Financial sustainability and market response form another critical cluster within this body of research (Mayzona & Rusmanto, 2025; Suryandari et al., 2024; Mahmood et al., 2024). *Markonah Markonah* and *Kusnadi Kusnadi's* study on earnings response coefficients (ERC) in Indonesian manufacturing firms challenges assumptions regarding firm size, leverage, and earnings persistence. Their findings suggest that traditional financial indicators may exert limited influence on market reactions, prompting a re-evaluation of how investors interpret earnings quality in emerging markets. Complementing this perspective, *Sergiris A. Ortega*, *Antonio D. Jose Celis*, *Walter B. Juera*, and *Angelo R. Santos'* analysis of financial resilience in the event center industry highlights the importance of disciplined financial management, revenue diversification, and crisis preparedness in sustaining organizational viability under conditions of economic disruption.

At the macro-institutional level, governance quality and fiscal credibility emerge as decisive factors shaping sustainability outcomes (Montgomery et al., 2023). *Kimeta Gashi Brajshori* and *Fejzula Beha's* study on fiscal sustainability and institutional credibility in Central and Eastern Europe demonstrates that sound public financial management significantly enhances economic growth, while weak institutional frameworks undermine policy effectiveness. Similarly, *Hamza Kamel Qawqzeh*, *Jafar Irshoud*, *Almontaser Abdallah Mohammad Qadorah*, and *Bilal Nayef Zureigat's* examination of financial technology and economic growth in Middle Eastern countries illustrates how technological innovation contributes to growth only when supported by robust regulatory and institutional infrastructures.

Supply chain governance and inter-organizational trust further extend the sustainability discourse beyond firm boundaries. *John Chivero*, *David Pooe*, and *Blessing Takawira's* qualitative framework for strategic collaboration in Zimbabwe's dairy supply chain identifies trust, transparency, and joint decision-making as essential components of sustainable supply chain performance. These findings resonate with broader governance debates emphasizing relational mechanisms and institutional coordination as prerequisites for sustainable value creation.

Across these studies, contextual diversity is not a methodological limitation but an analytical strength. Evidence from Palestine, Jordan, Indonesia, ASEAN countries, Africa, and Europe highlights how sustainability practices are shaped by regulatory capacity, market maturity, cultural norms, and political stability (Kumar et al., 2025). *Mohammed Ahmad Ali Abusafia*, *Avylin Roziana Mohd Ariffin*, and *Muhammad Iqmal Hisham Kamaruddin's* investigation of CSR, transparency, and innovation strategies in Palestinian listed companies demonstrates that innovation ambidexterity mediates the CSR-performance relationship, while frugal innovation does not, illustrating how local constraints shape strategic effectiveness.

Taken together, the research reviewed in this editorial converges on a shared conclusion. Sustainability outcomes are neither automatic nor universal. They are contingent upon governance quality, leadership capacity, reporting integrity, and institutional credibility. Sustainability initiatives succeed when embedded within coherent governance systems that align behavioral, financial, and institutional dimensions. Conversely, in the absence of such alignment, sustainability risks becoming symbolic, performative, or economically inconsequential.

Future research should prioritize longitudinal designs to capture the dynamic evolution of sustainability–governance relationships and further explore interaction effects across environmental, social, and governance dimensions. Particular attention should be paid to emerging and transition economies, where institutional fragility offers critical insights into the boundary conditions of sustainability theory. By advancing empirically grounded, context-sensitive analyses, scholars can contribute to a more mature understanding of sustainability as a governance challenge rather than a reporting exercise.

We hope that this editorial synthesis encourages researchers, practitioners, and policymakers to engage more critically with the mechanisms through which sustainability commitments are translated into credible, measurable, and durable organizational outcomes.

Enjoy the reading!

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