

STAKEHOLDER ENGAGEMENT IN CORPORATE INSOLVENCY

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Abstract

The importance that environmental and social sustainability has assumed in business organizations, especially thanks to several significant legislative developments at the European Union level, is well known.

In this context, the crucial role of stakeholder engagement in corporate governance has been widely highlighted by international legal scholars and has specifically resulted in a variety of legal provisions, particularly regarding financial and listed companies (Stanzione, 2023).

However, the issue of sustainability in corporate insolvency has received less attention from the EU legislator (Stanzione, 2025b), and even less attention has the issue of active stakeholder engagement in crisis management.

Nevertheless, while company practice in United States of America and Europe recognizes the role of the so-called *board observer* — usually assigned to attend board of directors’ meetings representing investors’ interests but without the right to vote (Abriani, 2025; Calvosa, 2025; Catania, 2025) — legal scholars are just questioning the possibility of using the board observer specifically to monitor the decisions to be assumed in order to handle corporate crisis situations, with a view of protecting stakeholders’ interests (Abriani, 2025).

This opportunity could be seized, given the contractual nature of the board observer role and the consequent possibility to extend its use not only to include crisis prevention but also to approach crisis

management, starting with the selection of the most suitable tools for this purpose (Abriani, 2025).

Legal scholars are also discussing the possibility of employing a board observer during an insolvency procedure in order to foster a material stakeholder engagement even at this stage (Abriani, 2025).

The aim of the research, therefore, will be to explore the potential role of the board observer in crisis management in order to design a possible stakeholder engagement model specifically tailored to corporate insolvency situations.

The research will consequently involve an in-depth analysis not only of the rights and powers but also of the potential liabilities of the board observer, with particular reference to Italian law.

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