Rethinking sustainable corporate governance in the anthropocene: conceptual fragmentation and structural tensions[1]

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Davide Napoletano - Loredana Taccone

Abstract

Frame of the research: *In the context of the Anthropocene, corporate governance is increasingly expected to reconcile economic performance with socio-ecological responsibility and systemic resilience within board decision processes. However, Sustainable Corporate Governance (SCG) remains conceptually fragmented, and the term "integration" is frequently invoked without explicitly specifying the decision architectures through which boards prioritise and legitimise trade-offs.*

Purpose of the paper. *This study develops a structured, concept-centric interpretative synthesis of SCG scholarship to clarify how sustainability has been theorised within governance architectures and to identify the structural tensions that constrain coherent multi-objective integration at board level.*

Methodology: *An integrative literature review was conducted on a conceptually selected corpus of 82 peer-reviewed contributions indexed in Scopus and Web of Science. Using abductive iteration and concept-centric coding, dominant governance configurations and their underlying decision logics were comparatively synthesised.*

Findings*: Four partially overlapping configurations are identified-instrumental, stakeholder-oriented, systemic, and disclosure-based-each grounded in distinct legitimacy premises. Their coexistence generates tensions concerning decision criteria and governance mechanisms, particularly in the shift from parallel oversight to substantive decision integration.*

Research limitations: *As a theory-oriented review, the study does not test causal mechanisms; empirical examination of board-level prioritisation architectures remains necessary.*

Practical implications: *Boards can strengthen integration by embedding explicit prioritisation criteria into strategic planning and resource allocation.*

Originality of the paper: *The paper reframes SCG as an architectural governance problem centred on the systematic under-specification of board-level decision architectures.*

Keywords: *sustainable corporate governance; board-level decision-making; institutional complexity; decision architecture; multi-objective governance; ESG integration.*

1. Introduction

The intensification of environmental and systemic challenges has reconfigured corporate governance debates. Under Anthropocene conditions-defined by the systemic impact of human activity on planetary boundaries (Steffen *et al.*, 2015)-board-level decisions increasingly shape long-term socio-ecological trajectories, organisational resilience, and institutional legitimacy (Whiteman *et al.*, 2013). In this context, Sustainable Corporate Governance (SCG) has emerged as a key analytical domain concerned with the integration of sustainability within governance architectures rather than its confinement to reporting or reputational domains.

Despite the rapid institutionalisation of ESG frameworks, structural integration within governance systems remains uneven. Non-financial reporting has evolved into a complex "multiverse" of partially overlapping regimes (Baboukardos *et al.*, 2023). Mandatory disclosure may enhance transparency and influence capital-market outcomes (Christensen *et al.*, 2021), yet it does not automatically generate coherent board-level decision criteria. Empirical evidence documents persistent misalignments between sustainability ambitions and governance configurations (Annesi *et al.*, 2025; Buchetti *et al.*, 2025), while substantial divergence among ESG rating providers (Berg *et al.*, 2022) further complicates commensurability and decision relevance.

The academic literature reflects similar fragmentation. Reviews in corporate finance and accounting report heterogeneous governance implications and mixed performance effects (Gillan *et al.*, 2021; Brooks and Oikonomou, 2018), and ESG disclosure scholarship highlights conceptual and measurement dispersion (Tsang *et al.*, 2023). Four partially overlapping configurations recur: instrumental approaches grounded in financial materiality (Jensen, 2001; Eccles *et al.*, 2014); stakeholder-oriented perspectives expanding fiduciary scope (Freeman, 1984; Donaldson and Preston, 1995); systemic approaches emphasising socio-ecological embeddedness (Whiteman *et al.*, 2013); and disclosure-oriented streams centred on transparency and compliance. Although analytically valuable, these configurations have largely evolved in parallel, leaving sustainability integration under-specified at the level of board decision architecture.

This study addresses this architectural gap through an integrative literature review based on a conceptually selected corpus of 82 peer-reviewed articles, guided by three research questions: (1) How is sustainability integration conceptualised within governance architectures? (2) Which structural tensions emerge across dominant governance configurations? (3) Why do these tensions persist within legally bounded board authority? Through abductive and concept-centric analysis, the study identifies four dominant governance configurations-instrumental, stakeholder-oriented, systemic, and disclosure-based-together with four recurrent structural tensions that constrain multi-objective integration at board level, thereby anticipating the main findings of the study.

To avoid conceptual ambiguity, board-level decision architecture is analytically distinguished into three interrelated components: (1)

decision criteria, defining how boards prioritise among competing economic, environmental, and social objectives; (2) governance processes, through which such priorities are constructed and legitimised; and (3) governance instruments, including incentive systems, capital allocation, and performance metrics through which prioritisation is operationalised. In this sense, decision architecture captures how boards formalise and legitimise trade-offs.

Rather than treating sustainability as an additional objective, the paper reframes SCG as a multi-objective governance problem characterised by competing optimisation logics and under-specified prioritisation mechanisms. The central limitation does not primarily concern disclosure insufficiency or normative commitment, but the systematic under-specification of decision criteria capable of rendering trade-offs transparent and accountable within board authority.

The contribution is threefold. First, it relocates analysis from disclosure content to governance architecture. Second, it identifies four recurrent governance gaps-performance versus purpose; disclosure versus transformation; stakeholder pluralism versus decision authority; systemic complexity versus governability-as structural features of contemporary SCG. Third, it clarifies the conceptual conditions under which integrative governance architectures may emerge through explicit and contestable prioritisation mechanisms.

The remainder of the paper is structured as follows. Section 2 outlines the review design. Sections 3 and 4 map governance configurations and structural tensions. Section 5 discusses implications for integrative governance architectures. Section 6 concludes.

2. Research methodology

This study adopts a qualitative, theory-oriented integrative literature review aimed at examining how sustainability has been conceptualised within corporate governance scholarship and identifying its implications for board-level decision-making. Rather than testing predefined hypotheses or providing a descriptive inventory of publications, the study develops a structured interpretative synthesis of the dominant theoretical perspectives shaping the SCG debate. The objective is to identify convergences, divergences, and conceptual blind spots across different streams of literature, thereby clarifying the structural governance tensions that characterise the field.

Consistent with an integrative literature review approach (Torraco, 2005), prior studies are treated as analytical material for theory integration and comparative synthesis. The review follows a concept-centric logic (Webster and Watson, 2002), focusing on core theoretical constructs and governance implications rather than organising sources chronologically. The analytical process evolved abductively through iterative comparison and progressive refinement of interpretative categories, in line with systematic combining logic (Dubois and Gadde, 2002).

2.1 Literature mapping and corpus construction

The literature search was conducted in Scopus and Web of Science, given their coverage of peer-reviewed management and corporate governance scholarship. Search queries combined the keywords: "Sustainable Corporate Governance", "stakeholder governance", "ESG governance", and "Anthropocene and business".

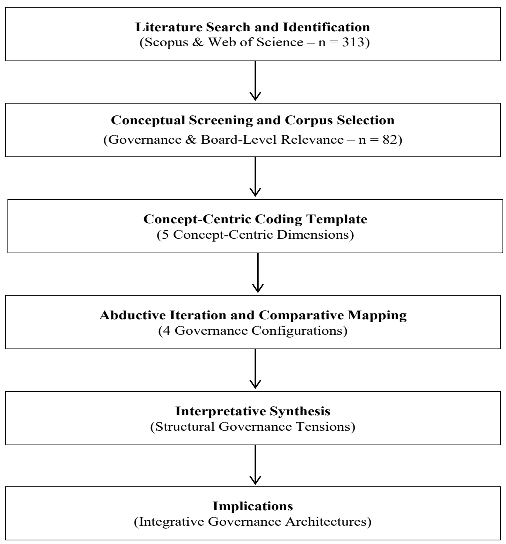
Search strings also included variants combining "board", "committee", "oversight", "corporate purpose", "CSR governance", and "sustainability strategy" with governance-related terms.

The search covered the period 2000-2025 to capture both the consolidation of ESG governance debates and the emergence of Anthropocene-informed perspectives. Earlier seminal contributions were included where conceptually necessary. Only peer-reviewed journal articles published in English were considered to ensure analytical consistency.

The initial search yielded 313 contributions. Following conceptual screening and in-depth reading, 82 contributions were selected based on explicit relevance to governance architectures and board-level decision-making. Selection proceeded until interpretative saturation was reached, meaning that additional contributions did not introduce substantively new governance configurations or structural tensions within the analytical framework.

These 82 studies constitute the analytical corpus informing the comparative synthesis developed in Sections 3 and 4. While not all contributions are cited individually, the entire corpus informed the coding process and validation of the identified theoretical patterns. The complete list of analysed contributions is provided as supplementary material. The overall methodological process is summarised in Fig. 1.

Fig. 1: Methodological process



Source: Authors' elaboration

2.2 Selection criteria

Inclusion and exclusion criteria were defined to ensure coherence with the research objective. In contrast to systematic review protocols prioritising methodological homogeneity, selection was guided by conceptual relevance, governance-level implications, and explicit theoretical grounding.

The selection procedure involved:

- preliminary screening of titles, abstracts, and keywords;
- verification of relevance to governance architectures and board-level implications;
- in-depth qualitative reading of retained contributions.

Studies were included if they explicitly addressed corporate governance mechanisms, board-level decision processes, identifiable theoretical frameworks (e.g., stakeholder, agency, institutional, systemic, paradox), and the integration of economic, environmental, and social dimensions within governance structures. Contributions lacking governance relevance or theoretical anchoring were excluded.

Screening and coding were conducted independently by two researchers using a shared concept-centric extraction template structured around governance focus, level of analysis, theoretical framing, sustainability integration, and decision-making implications. Interpretative discrepancies were resolved through iterative reconciliation. Coding decisions and category definitions were progressively stabilised through abductive refinement until saturation was achieved. This procedure enhanced intersubjective reliability and reduced confirmation bias.

Tab. 1 summarises the inclusion and exclusion criteria applied during the selection process.

Tab. 1: Inclusion and exclusion criteria for corpus selection

Dimension	Inclusion	Exclusion
Governance focus	Explicit discussion of corporate governance mechanisms and board-level oversight	No direct reference to governance structures or governance mechanisms
Level of analysis	Board-level decision processes or governance architecture implications	Firm-level analyses without governance architecture implications
Theoretical grounding	Explicit and identifiable theoretical framework (e.g., stakeholder, agency, institutional, systemic, paradox, etc.)	Purely descriptive contributions lacking theoretical anchoring
Sustainability integration	Engagement with the integration of economic, environmental, and social dimensions within governance	Technical, operational, or sector-specific analyses unrelated to governance structures
Decision-making relevance	Explicit implications for strategic prioritisation mechanisms or board-level prioritisation criteria	Normative or philosophical reflections without organisational or governance implications

Source: Authors' elaboration

2.3 Analytical procedure

The selected studies were analysed through a comparative analytical framework specifically developed for this research. Each contribution was examined along five interpretative dimensions: level of analysis (firm, board, systemic); conception of the firm; interpretation of sustainability; governance implications; and structural limitations.

Through iterative abductive comparison, recurring interpretative patterns were identified, leading to the delineation of four dominant governance configurations within the SCG debate: instrumental, stakeholder-oriented, systemic, and disclosure-based.

Citations in Sections 3 and 4 are used illustratively to represent dominant arguments; however, the full corpus informed the comparative coding process, ensuring analytical contrast across governance logics.

While not aiming for exhaustive bibliometric coverage, the review prioritises theoretical representativeness and interpretative depth.

2.4 Methodological patterns in the existing literature

The review also revealed recurrent methodological patterns within the SCG literature. A substantial portion of empirical contributions relies on quantitative correlations between ESG indicators and financial performance, frequently employing heterogeneous and non-comparable ESG metrics. Board-level governance is often proxied through structural variables-such as board composition or disclosure intensity-rather than examined in terms of explicit prioritisation criteria or formal trade-off mechanisms.

Cross-country comparability remains limited, and empirical evidence is concentrated primarily in Anglo-American institutional contexts, potentially constraining generalisability. Relatively few studies directly investigate how boards structure capital allocation, incentive design, or strategic prioritisation under multi-objective conditions.

These patterns reinforce the architectural under-specification identified in this study, suggesting that the core limitation of SCG scholarship lies not in empirical scarcity but in limited analytical attention to decision architecture.

2.5 Research limitations

As a conceptually oriented integrative review, this study does not aim to produce statistical generalisations or test causal relationships. Its contribution lies in theory integration and structural clarification rather than quantitative aggregation.

Although the review does not adopt a PRISMA-type protocol, transparency and analytical rigor are ensured through explicit search criteria, concept-centric coding, abductive iteration, and intersubjective validation.

3. Theoretical fragmentation and governance tensions in SCG

SCG has consolidated at the intersection of corporate governance theory, ESG regulation, and stakeholder scholarship. Despite its growing institutional prominence, the field remains theoretically fragmented. Rather than converging toward a unified governance architecture, the literature advances partially overlapping streams grounded in distinct decision logics, legitimacy premises, and assumptions about board-level responsibility.

This plurality reflects broader conditions of institutional complexity and the coexistence of multiple institutional logics shaping governance expectations (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Greenwood *et al.*, 2011; Thornton and Ocasio, 2008). Although "integration" is frequently invoked, it remains analytically under-specified at the level of board-level decision architectures-that is, the decision criteria, governance processes, and governance instruments through which trade-offs among economic, environmental, and social objectives are structured and legitimised.

Such institutional plurality has been shown to generate heterogeneous governance responses and uneven sustainability integration across organisational contexts, particularly where national governance systems and ownership structures shape board-level discretion (Aguilera and Jackson, 2003; Marano and Kostova, 2016).

Building on the analytical framework outlined in Section 2, the following subsections comparatively examine four dominant governance configurations identified through abductive coding: instrumental, stakeholder-oriented, systemic, and disclosure-based. For each configuration, the governance focus, underlying decision logic, and structural blind spot are analysed.

3.1 Instrumental governance perspectives

Instrumental approaches conceptualise sustainability primarily through financial materiality and long-term value creation. ESG factors are framed as strategic resources capable of enhancing competitiveness, innovation, risk management, and financial performance (Eccles *et al.*, 2014; Khan, 2019; Park and Jang, 2021). This perspective aligns with shareholder-value paradigms and agency theory (Jensen, 2001), integrating sustainability insofar as it contributes to financial optimisation.

Boards are therefore expected to incorporate ESG considerations through performance metrics, executive incentives, and risk governance systems. Empirical research linking ESG performance and disclosure to financial outcomes reinforces this performance-based integration logic (Alsayegh *et al.*, 2020; Henisz *et al.*, 2019; Gillan *et al.*, 2021; Brooks and Oikonomou, 2018). Investor research further indicates heterogeneous uses of ESG information across market participants, highlighting the financially mediated nature of sustainability integration (Amel-Zadeh and Serafeim, 2018).

The structural limitation of this configuration lies in its conditionality: sustainability is prioritised only when deemed financially material. These risks reducing SCG to a business-case narrative, subordinating socio-ecological objectives to short-term market evaluation criteria (Hahn and Figge, 2011). The resulting structural tension emerges between performance optimisation and sustainability purpose when long-term systemic concerns exceed immediate financial metrics.

3.2 Normative and stakeholder-oriented governance

Stakeholder-oriented approaches extend governance beyond shareholder primacy by grounding sustainability in plural legitimacy and stakeholder inclusion. Drawing on stakeholder theory (Freeman, 1984; Donaldson and Preston, 1995) and institutional scholarship (Aguilera *et al.*, 2007; Campbell, 2007), this configuration situates boards within socially embedded governance systems characterised by competing institutional logics (Thornton and Ocasio, 2008; Greenwood *et al.*, 2011).

Subsequent developments within stakeholder theory have refined the linkage between legitimacy, performance, and governance evaluation. Clarkson (1995) connects stakeholder claims with measurable corporate social performance, while Matten and Moon (2008) show how institutional environments shape the formalisation of CSR practices. These contributions clarify that stakeholder inclusion is not merely an ethical expansion of fiduciary duty, but a governance configuration embedded within institutional constraints and legitimacy structures.

Within this perspective, sustainability is framed as a normative governance obligation rather than merely a strategic instrument. Boards are expected to balance heterogeneous stakeholder claims while preserving organisational legitimacy and long-term viability. However, the expansion of fiduciary scope does not automatically resolve the complexity of decisions. While plural legitimacy is recognised, mechanisms for translating competing stakeholder expectations into explicit prioritisation criteria within legally bounded board authority often remain under-specified.

The structural limitation of this configuration therefore concerns operationalisation. Without formalised decision architectures capable of rendering trade-offs explicit, stakeholder governance risks amplifying complexity without enhancing decision coherence. The resulting structural tension emerges between stakeholder pluralism and concentrated decision authority: boards are expected to incorporate diverse and sometimes conflicting claims, yet they must ultimately assume responsibility for coherent strategic prioritisation within constrained institutional mandates.

3.3 Systemic approaches to corporate governance in the anthropocene

Systemic approaches conceptualise the firm as an open system embedded in complex socio-ecological environments. Under Anthropocene conditions, governance decisions generate long-term systemic consequences (Whiteman *et al.*, 2013). Drawing on systems and complexity theory, sustainability challenges are framed as interdependent, non-linear, and characterised by feedback loops (Grewatsch *et al.*, 2021; Bansal *et al.*, 2021).

Within this configuration, sustainability is not an additional objective but an emergent property of multi-level integration across economic, environmental, and social dimensions. Governance is expected to cultivate resilience and long-term orientation.

However, systemic perspectives often remain under-specified in operational terms. While they provide a compelling diagnosis of socio-ecological embeddedness, they offer limited guidance on how systemic complexity is translated into formal board-level decision mechanisms, prioritisation procedures, and accountability structures. The resulting tension emerges between systemic complexity and board governability.

3.4 Reporting and accountability within corporate governance

A further configuration emphasises sustainability reporting and ESG disclosure as mechanisms for governance integration. Regulatory initiatives and reporting standards have expanded transparency requirements (Baldini *et al.*, 2018; Escrig-Olmedo *et al.*, 2019; OECD, 2023), while non-financial reporting regimes have evolved into increasingly complex and overlapping frameworks (Baboukardos *et al.*, 2023).

Economic analyses suggest that mandatory reporting may enhance transparency and affect capital-market outcomes but does not necessarily induce strategic transformation (Christensen *et al.*, 2021). Disclosure scholarship also highlights persistent heterogeneity in measurement approaches (Tsang *et al.*, 2023) and divergence among ESG ratings (Berg *et al.*, 2022), complicating their decision relevance.

Within this configuration, boards primarily oversee reporting compliance and informational reliability. However, institutional theory cautions that formal disclosure structures may coexist with unchanged strategic premises (Meyer and Rowan, 1977; Testa *et al.*, 2018).

This concern is echoed in accounting scholarship, which has long questioned whether sustainability reporting necessarily reflects substantive organisational transformation. Gray (2010) argues that reporting practices may symbolically construct accountability without altering core decision hierarchies. Likewise, Bebbington and Larrinaga (2014) and Bebbington *et al.* (2020) highlight the persistent tension between disclosure expansion and structural change, particularly under Anthropocene conditions where accountability demands exceed conventional financial reporting logics. These contributions reinforce the interpretation of disclosure-based governance as a potentially decoupled mechanism when not embedded within formal prioritisation architectures.

The structural limitation of this configuration lies in the weak linkage between disclosure mechanisms and core decision levers such as capital allocation, executive incentives, and strategic prioritisation. The resulting tension therefore lies between accountability as transparency (informational compliance) and accountability as decision responsibility (the capacity to justify prioritisation and resource allocation within board authority).

Accordingly, the four configurations can be compared in terms of their governance focus, decision logic, legitimacy foundation, and structural blind spots. Tab. 2 summarises these dimensions and highlights the corresponding core tensions that hinder coherent board-level sustainability integration.

Tab. 2: Theoretical perspectives on SCG and associated structural tensions

Theoretical Perspective	Governance Focus	Underlying Decision Logic	Source of Legitimacy	Decision Architecture Blind Spot	Core Structural Tension	Representative References
Instrumental approach	Performance oversight; ESG risk management	Financial optimisation within expanded materiality boundaries	Market performance; shareholder value	Conditional integration of sustainability when not financially material	Performance vs Purpose	Jensen (2001); Eccles *et al.* (2014); Khan (2019); Henisz *et al.* (2019)
Stakeholder-oriented approach	Stakeholder inclusion; legitimacy management	Plural balancing of stakeholder claims	Social and institutional legitimacy	Absence of explicit prioritisation criteria under competing stakeholder demands	Stakeholder Pluralism vs Decision Authority	Aguilera *et al.* (2007); Campbell (2007); Greenwood *et al.* (2011); Thornton & Ocasio (2008)
Systemic (Anthropocene-informed) approach	Resilience governance; socio-ecological embeddedness	Multi-level integration of economic, environmental, and social interdependencies	Ecological embeddedness; long-term systemic stability	Limited operationalisation within formal board-level decision architectures	Systemic Complexity vs Governability	Whiteman *et al.* (2013); Bansal *et al.* (2021); Grewatsch *et al.* (2021)
Reporting and accountability approach	ESG disclosure oversight; regulatory compliance	Indicator-based monitoring and transparency alignment	Regulatory conformity; transparency expectations	Weak linkage between disclosure mechanisms and strategic capital allocation	Disclosure vs Transformation	Baldini *et al.* (2018); Escrig-Olmedo *et al.* (2019); Testa *et al.* (2018); OECD (2023)
Integrative governance perspective (emergent in the literature)	Multi-objective decision integration	Structured balancing of interdependent economic, environmental, and social objectives	Coherence among performance, legitimacy, and resilience	Limited empirical validation of integrative governance architectures	Multi-objective Integration vs Internal Conflict	Hahn *et al.* (2015); Carmine & De Marchi (2022); Aguilera *et al.* (2021)

Source: Authors' elaboration

Across these four configurations, SCG appears not as a unified theory but as a constellation of partially overlapping governance rationales grounded in distinct optimisation logics and legitimacy foundations. While each perspective contributes analytically, their coexistence generates persistent structural tensions within board-level governance architectures.

As summarised in Tab. 2, these tensions concern the reconciliation of:
- performance optimisation and sustainability purpose;
- stakeholder pluralism and decision authority;
- systemic interdependence and governability;
- disclosure compliance and strategic transformation.

The fragmentation identified here suggests that the core challenge of SCG is architectural rather than rhetorical: the literature does not converge toward explicit mechanisms capable of structuring accountable trade-offs among interdependent objectives. The following section builds on this structural diagnosis by articulating the governance gaps that constrain coherent multi-objective integration at board level.

Across these configurations, sustainability is variously linked to performance oversight, stakeholder inclusion, systemic resilience, or disclosure compliance. However, the literature rarely specifies how these dimensions are translated into concrete board-level mechanisms such as capital allocation criteria, executive incentive structures, strategic planning routines, or risk governance frameworks. The fragmentation observed is therefore not only conceptual but institutional, affecting the operational architecture through which boards prioritise and legitimise competing objectives.

4. Governance Gaps and structural tensions in SCG

The comparative configurations outlined in Section 3 reveal that SCG is not limited by a lack of theoretical perspectives, but by the absence of integrative decision architectures capable of reconciling competing governance logics. While environmental and social dimensions have progressively entered corporate governance debates (Aguilera *et al.*, 2021), their integration remains structurally constrained within board-level prioritisation mechanisms.

Building on the tensions identified earlier, this section articulates four governance gaps that explain why sustainability integration remains conditional, fragmented, or disclosure-driven within corporate governance systems.

4.1 Performance logic versus sustainability purpose

Traditional governance models are grounded in shareholder value maximisation and agency-based oversight (Jensen, 2001). ESG integration has frequently been justified in terms of risk mitigation and long-term value creation (Eccles *et al.*, 2014; Khan, 2019; Henisz *et al.*, 2019), reinforcing a financially mediated integration logic.

Yet governance research shows that environmental and social challenges often exceed short-term financial metrics (Aguilera *et al.*, 2021). Board composition and leadership characteristics influence sustainability outcomes (Naciti, 2019; Walls and Berrone, 2017), indicating that governance decisions incorporate normative orientations beyond market efficiency.

The governance gap arises when boards must reconcile fiduciary duties traditionally interpreted through shareholder value with expanding expectations of long-term socio-ecological responsibility. In the absence of explicit prioritisation criteria, sustainability remains conditional rather than structurally embedded, generating a tension between performance optimisation and sustainability purpose.

4.2 Disclosure oversight versus strategic reconfiguration

The expansion of ESG reporting and governance codes has increased board oversight of disclosure processes (OECD, 2023). Board characteristics shape sustainability reporting practices (Baldini *et al.*, 2018; Pucheta-Martínez *et al.*, 2019), and mandatory disclosure can affect transparency and capital-market outcomes (Christensen *et al.*, 2021).

However, institutional theory suggests that formal reporting structures may coexist with unchanged strategic priorities (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Increasingly complex reporting regimes (Baboukardos *et al.*, 2023) and heterogeneous ESG metrics (Tsang *et al.*, 2023; Berg *et al.*, 2022) complicate their decision relevance. Evidence of greenwashing and symbolic compliance further supports the risk of decoupling (Testa *et al.*, 2018).

This decoupling concern is also emphasised in accounting scholarship, which warns that expanded disclosure may symbolically construct accountability without altering core decision premises (Gray, 2010; Bebbington *et al.*, 2020).

The governance gap therefore lies between disclosure oversight and substantive strategic integration. Transparency enhances accountability, but without linkage to capital allocation and strategic prioritisation, reporting mechanisms remain detached from board-level decision architectures.

4.3 Stakeholder expansion versus decision authority

Stakeholder-oriented governance extends corporate accountability beyond shareholders (Aguilera *et al.*, 2007; Campbell, 2007). Organisations operate under plural and competing institutional logics (Thornton and Ocasio, 2008; Greenwood *et al.*, 2011), and sustainability governance often involves persistent paradoxes rather than resolvable trade-offs (Hahn *et al.*, 2015; Carmine and De Marchi, 2022).

Yet boards retain legally bounded decision authority. They must allocate resources, define strategic priorities, and assume formal accountability for corporate outcomes.

The governance gap emerges between stakeholder inclusiveness and concentrated decision authority. Without structured mechanisms for rendering trade-offs explicit, plural legitimacy may increase complexity without strengthening decision coherence.

4.4 Systemic interdependence versus board governability

Anthropocene conditions reinforce the embeddedness of firms within complex socio-ecological systems (Whiteman *et al.*, 2013). Governance is increasingly expected to address resilience, systemic risk, and intergenerational concerns (Aguilera *et al.*, 2021; Bansal *et al.*, 2021).

However, corporate boards operate within firm-level mandates, bounded jurisdictions, and periodic evaluation cycles. Systemic interdependence exceeds the institutional design of board governance.

The resulting governance gap concerns the misalignment between systemic complexity and board governability. Integrating long-term socio-ecological interdependencies into legally bounded decision processes remains a central structural challenge.

4.5 Structural diagnosis of SCG

Across these four dimensions, SCG is constrained not by conceptual scarcity but by architectural under-specification. Performance logic, stakeholder pluralism, systemic embeddedness, and disclosure accountability coexist without explicit mechanisms capable of structuring multi-objective prioritisation within board authority.

The core limitation concerns the under-specification of decision criteria through which boards can render trade-offs transparent, contestable, and accountable. Sustainability integration remains conditional, parallel, or compliance-driven when such criteria are lacking.

Advancing SCG requires governance architectures that explicitly integrate decision criteria, governance processes, and governance instruments within legally bounded board authority. It is precisely this architectural gap that motivates the discussion of integrative decision frameworks in the following section.

From a governance perspective, this implies rethinking the criteria through which boards evaluate strategic investments, define risk tolerance, structure executive incentives, and allocate financial and organisational resources. Sustainability integration becomes substantive only when embedded within these core decision levers, rather than confined to peripheral reporting or reputational domains.

5. Toward an integrative governance perspective

The governance gaps identified in Section 4 suggest that the central limitation of SCG is architectural rather than normative, consistent with recent calls for governance-level integration of sustainability (Aguilera *et al.*, 2021; Hahn *et al.*, 2015). Sustainability has entered governance discourse, yet explicit mechanisms for structuring trade-offs within board-level decision processes remain underdeveloped.

Boards operate in a structurally multi-objective environment shaped by performance imperatives, stakeholder pluralism, regulatory pressures, and systemic interdependence. However, existing governance approaches tend to address these dimensions in parallel rather than through integrated prioritisation mechanisms. Advancing SCG therefore requires governance architectures that explicitly integrate decision criteria, governance processes, and governance instruments within legally bounded board authority.

5.1 From single-objective to multi-objective governance

Traditional governance models are implicitly grounded in single-objective optimisation, typically centred on shareholder value (Jensen, 2001). By contrast, SCG reflects structurally multi-objective conditions in which financial performance, socio-ecological responsibility, stakeholder legitimacy, and systemic resilience coexist as legitimate but partially competing dimensions.

Recognising this plurality does not imply abandoning economic rationality. Rather, it requires reframing governance rationality in terms of structured prioritisation among interdependent objectives. In this perspective, governance is not the optimisation of a single metric but the explicit management of enduring trade-offs within formal decision architectures.

This view is consistent with paradox theory, which conceptualises sustainability tensions as persistent rather than resolvable (Hahn *et al.*, 2015; Smith and Lewis, 2011). However, while paradox theory highlights tension persistence, it does not specify how boards institutionalise trade-off management within legally bounded governance structures. An integrative governance perspective therefore extends beyond recognising plurality to structuring its decision implications.

This shift toward multi-objective governance is increasingly recognised in debates on corporate purpose and sustainability-oriented governance (Aguilera *et al.*, 2021). Mayer (2021) frames purpose as an organising principle beyond shareholder primacy, while emphasising the need for governance mechanisms that translate purpose into operational decision criteria. Similarly, sustainability-oriented business model research highlights that sustainable value creation requires the structural integration of stakeholder interests and governance routines rather than the addition of peripheral reporting layers (Freudenreich *et al.*, 2020; Schaltegger *et al.*, 2016).

Taken together, these perspectives support the argument that multi-objective governance must move beyond normative affirmation toward explicit prioritisation and structural embedding within board-level authority.

5.2 From disclosure integration to decision integration

The increasing institutionalisation of ESG disclosure has strengthened transparency and monitoring mechanisms. Yet transparency alone does not ensure decision integration. This distinction echoes institutional concerns regarding decoupling and symbolic compliance (Meyer and Rowan, 1977; Testa *et al.*, 2018), whereby formal reporting structures may coexist with unchanged strategic premises.

Decision integration requires embedding sustainability considerations within core board-level processes, including strategic planning, capital allocation, risk governance, and executive incentive design. In practice, boards operationalise governance through mechanisms such as ESG-linked compensation schemes, sustainability dashboards, dedicated board committees, capital allocation procedures, and risk oversight routines. While these instruments expand the informational and procedural scope of governance, the literature rarely specifies how they incorporate explicit multi-objective prioritisation criteria rather than merely increasing sustainability-related inputs.

Without structured weighting and comparative evaluation mechanisms, trade-offs among economic, environmental, and social objectives remain implicit rather than institutionally articulated. Decision integration, therefore, requires more than procedural expansion; it demands formalised prioritisation architectures capable of rendering trade-offs transparent, contestable, and accountable within legally bounded board authority.

In this perspective, disclosure constitutes a governance input rather than an integration outcome: transparency may enhance visibility, but without explicit prioritisation rules it does not alter decision hierarchies. The critical distinction is thus not between disclosure and non-disclosure, but between symbolic integration and structural integration. Decision integration implies that sustainability variables directly inform prioritisation criteria and resource allocation within formal governance mechanisms, consistent with calls to embed sustainability within core strategic and governance processes (Gillan *et al.*, 2021).

5.3 Conceptual implications for integrative governance architectures

If the primary limitation of SCG lies in the systematic under-specification of explicit prioritisation criteria, advancing the field requires governance architectures capable of structuring multi-objective decision-making through decision criteria, governance processes, and governance instruments in transparent and accountable ways.

Rather than prescribing specific outcomes, integrative governance architectures formalise how economic, environmental, and social objectives are comparatively assessed within legally bounded board authority. In operational terms, this may occur through three interrelated mechanisms: explicit prioritisation criteria embedded in strategic planning; governance processes such as integrated risk-strategy reviews or sustainability committees where trade-offs are discussed and documented; and governance instruments such as ESG-linked incentives, sustainability-adjusted capital allocation, and integrated performance metrics. Their contribution lies in transforming implicit trade-offs into explicit, accountable, and contestable decision rules. At this stage, the discussion remains conceptual; empirical examination of how boards operationalise these mechanisms represents a promising direction for future research.

5.4 Positioning the contribution within governance debates

The issue is not the absence of relevant theoretical contributions, but their limited integration at the level of board-level decision architectures.

While paradox theory conceptualises sustainability tensions as persistent and inherent to organisational life (Hahn *et al.*, 2015; Smith and Lewis, 2011), it largely leaves under-specified the formal decision criteria through which boards prioritise competing objectives within legally bounded authority. Similarly, stakeholder governance expands the perimeter of legitimacy and fiduciary consideration (Freeman, 1984; Aguilera *et al.*, 2007) yet does not systematically address how heterogeneous stakeholder claims are translated into structured prioritisation mechanisms at board level.

This study does not claim the absence of such perspectives, but rather highlights their limited integration within a coherent governance framework capable of structuring board-level prioritisation mechanisms.

ESG governance and disclosure-based approaches strengthen transparency and monitoring regimes (Gillan *et al.*, 2021; Tsang *et al.*, 2023) but rarely clarify how reporting architectures become embedded within capital allocation, incentive systems, or strategic decision hierarchies. Corporate purpose debates redefine the normative orientation of the firm yet often leave governance implementation implicit.

By contrast, this study relocates the unresolved core of SCG from normative ambition or reporting sophistication to architectural under-specification at board level. Its primary theoretical contribution lies in identifying the systematic under-specification of formalised prioritisation criteria within board-level decision architectures as the structural constraint preventing coherent multi-objective governance integration.

6. Conclusion

The growing institutionalisation of sustainability within corporate governance does not automatically translate into structural integration at board level. This study has shown that SCG remains characterised by conceptual fragmentation and persistent tensions rooted in the coexistence of distinct governance logics operating under institutional complexity (Greenwood *et al.*, 2011; Thornton and Ocasio, 2008).

Through a concept-centric synthesis of instrumental, stakeholder-oriented, systemic, and disclosure-based perspectives, four recurrent governance gaps were identified: performance versus sustainability purpose; disclosure oversight versus strategic integration; stakeholder pluralism versus decision authority; and systemic interdependence versus board governability. These tensions reflect structural misalignments embedded within contemporary governance architectures rather than temporary inconsistencies.

The primary theoretical contribution of this study lies in reframing SCG as an architectural governance problem, extending prior debates that have predominantly focused on performance implications, stakeholder inclusion, or reporting mechanisms in isolation (Brooks and Oikonomou, 2018; Freeman, 1984; Tsang *et al.*, 2023). The central limitation of the current debate concerns the systematic under-specification of board-level decision architectures capable of structuring accountable trade-offs among interdependent economic, environmental, and social objectives. Without such mechanisms, sustainability integration remains conditional, parallel, or compliance driven.

Within this analytical trajectory, the study delineates the structural conditions under which integrative decision-architecture frameworks may contribute to overcoming the governance gaps identified. However, the present contribution remains diagnostic and theory-oriented, leaving the empirical operationalisation of such architectures to future research.

Future research may examine how boards institutionalise structured prioritisation mechanisms in practice, how governance architectures adapt to systemic risk and ecological interdependence, and under which institutional conditions sustainability shifts from symbolic compliance to substantive decision integration.

Managerially, this implies that boards should move from ESG oversight as compliance to the formalisation of decision criteria that connect sustainability priorities to core governance routines, including strategic planning, executive incentives, risk tolerance, capital allocation, and performance evaluation.

SCG will remain normatively affirmed yet operationally indeterminate until boards institutionalise explicit prioritisation mechanisms capable of structuring accountable trade-offs among interdependent economic, environmental, and social objectives. Under Anthropocene conditions characterised by ecological constraint and institutional plurality (Whiteman *et al.*, 2013; Steffen *et al.*, 2015), the advancement of SCG depends less on expanding disclosure regimes and more on formalising analytically grounded decision architectures that integrate decision criteria, governance processes, and governance instruments in ways that render multi-objective governance explicit, contestable, and strategically coherent.

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Academic or professional position and contacts

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Davide Napoletano
PhD in Industrial and Information Engineering and Economics
DIIIE - University of l'Aquila - Italy
e-mail: davidenapoletano94@gmail.com

Loredana Taccone
Adjunct Professor of Business Management
University of l'Aquila - Italy
e-mail: loredana.taccone@univaq.it

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