In pursuit of Sustainable Corporate Governance: mechanisms and practices for a sustainable development[1]

Chiara De Bernardi - Niccolò Maria Todaro - Ryan Federo
Marco Frey - Angeloantonio Russo

Since 2020, the world has faced an unprecedented wave of grand challenges (George *et al.*, 2016; Henriques, 2020): the COVID-19 pandemic disrupted lives and economies globally; social inequalities worsened; conflicts and political instability increased; and climate change, biodiversity loss and pollution led to a triple planetary crisis (UN, 2022). These challenges have not only hindered progress towards sustainable development, but also weakened institutions at national, international and multilateral levels, undermining their ability to ensure effective global governance and uphold peace, justice and institutional stability as crucial foundations of contemporary societies (Eberlein, 2019).

Against this backdrop, businesses are increasingly expected to contribute to sustainable development by taking greater responsibility for addressing societal and environmental issues across local, national, and global contexts (Elkington, 2006; Tencati and Pogutz, 2015). This expectation is reinforced by recent regulatory developments in the field of sustainable business, which call for stronger corporate engagement in governing social and environmental issues within global value chains (Vurro *et al.*, 2009) and in supporting global sustainability targets (Ludwig and Sassen, 2022; Dupont *et al.*, 2024).

This shift has brought renewed attention to corporate governance as a key foundation for embedding sustainability into corporate strategy, decision-making and accountability systems (Pastore and Ugolini, 2020; Naciti *et al.*, 2022; OECD, 2023; Kavadis and Thomsen, 2023; Global Compact Network Italy, 2024). Governance is increasingly understood not only as a set of mechanisms for control and direction, but also as an infrastructure through which firms define responsibilities, allocate authority, engage stakeholders, and align corporate action with broader social and environmental objectives (Khan, 2019; Câmara, 2022; WEF, 2023).

Governance lies at the core of corporate strategies aimed at generating shared value for stakeholders, serving as a guiding force for accountability, transparency, and integrity in decision-making and strategic planning processes (Khan, 2019; Kavadis and Thomsen, 2023). Good governance "*promotes equity, participation, pluralism, transparency, accountability and the rule of law, in a manner that is effective, efficient and enduring*" (UN, 2015), enabling social responsibility precepts to permeate organizations, from executive level to day-to-day operations (WEF, 2023). In this view, governance is increasingly recognized as the cornerstone of environmental, social, and governance (ESG) performance (Câmara, 2022; UNGC, 2024).

Recognizing this role, the concept of Sustainable Corporate Governance (SCG) has recently emerged to denote the governance mechanisms and practices that enable firms to integrate sustainability into their purpose, strategy, operations, and stakeholder relationships (Goergen, 2022; Kavadis and Thomsen, 2023). In a similar vein, the United Nations Global Compact has introduced the notion of Transformational Governance, defined as a principles-based approach that calls on businesses to be more accountable, ethical, inclusive, and transparent, both internally and externally (UNGC, 2021; UNGC, 2024). Both perspectives emphasize that sustainability cannot be treated merely as a matter of compliance or disclosure, but requires governance arrangements capable of shaping corporate conduct and supporting long-term value creation for business and society.

Despite the growing prominence of SCG among policymakers and business practitioners, the academic debate remains conceptually fragmented, empirically underdeveloped and only partially connected to governance practice. While emerging research has begun to examine sustainability-oriented governance mechanisms, further knowledge is needed on how companies move from traditional governance models to more inclusive, purpose-oriented, and sustainability-centred approaches, and on the conditions under which such approaches generate meaningful organizational and societal outcomes.

Building on these premises, this Special Issue invited scholars to advance the academic debate on novel forms of corporate governance that can accelerate the sustainability transition of the business sector while strengthening the capacity of societies to address contemporary social and environmental challenges (Kavadis and Thomsen, 2023). Accordingly, the Special Issue aims to deepen current understanding of the principles, mechanisms, and impacts of sustainability-centred approaches to corporate governance that go beyond legal compliance and support a more proactive corporate contribution to sustainable development. Taken together, the articles included in this Special Issue provide conceptual, empirical, and practical insights into how SCG can be theorized, designed, and implemented across different organizational and institutional contexts. More specifically, the articles included in this Special Issue can be understood as contributing to three main streams of scholarly debate.

Reconceptualizing Sustainable Corporate Governance. The first stream of contributions addresses one of the central challenges in the SCG debate, namely the need to clarify its conceptual foundations and better understand how governance architectures can effectively support sustainability integration. Although adopting different perspectives, these studies highlight that sustainable governance cannot be reduced to the introduction of isolated mechanisms but rather requires coherent governance arrangements capable of balancing multiple and often competing objectives.

Davide Napoletano and Loredana Taccone, in the article *Rethinking Sustainable Corporate Governance in the Anthropocene: Conceptual Fragmentation and Structural Tensions,* examine the conceptual evolution of SCG against the backdrop of the Anthropocene, where firms are increasingly expected to reconcile economic performance with broader socio-ecological responsibilities. Through an integrative review of the literature, the authors identify four dominant governance configurations - instrumental, stakeholder-oriented, systemic, and disclosure-based - and explore the structural tensions that emerge from their coexistence. Their analysis argues that, despite the growing emphasis on sustainability integration, existing research remains fragmented because it rarely specifies how boards should prioritize and govern competing sustainability objectives.

Gianluca Gionfriddo and Francesca Collevecchio, in the article *Purpose-Driven Governance: from moral ambition to organizational practice*, bridge the literature on corporate purpose and corporate governance to develop an integrative conceptual framework that connects a firm's moral ambition with its governance architecture. The study identifies three interdependent governance dynamics - Alignment, Accountability, and Temporal Adaptability - through which purpose can be translated into governance processes, while avoiding symbolic adoption, purpose washing, decoupling and mission drift. The contribution therefore strengthens the conceptual foundations of SCG by showing how purpose can become not only a normative orientation, but a governance principle embedded in organizational decision-making and accountability systems.

Boards as drivers of Sustainable Corporate Governance. The second stream of contributions focuses on the role of boards of directors as key actors in advancing SCG. Collectively, these studies examine how board composition, governance configurations, and international governance characteristics influence firms' ability to integrate sustainability into strategic decision-making. Rather than considering individual governance attributes in isolation, they emphasize the importance of understanding how different board characteristics interact in shaping sustainability outcomes.

Emilia Filippi and Chiara Leggerini, in the article *Sustainable but Uneven: How Corporate Governance Influences Environmental and Social Priorities*, investigate how board characteristics influence firms' ability to balance environmental and social sustainability objectives. Introducing the concept of the ESG gap, defined as the imbalance between environmental and social performance, the authors argue that boards play a critical role in directing managerial attention across different sustainability dimensions. Drawing on a large international panel of firms, the study shows that gender diversity on boards contributes to reducing this imbalance, while CEO duality and the presence of CSR committees also appear to support a more integrated approach to sustainability. Conversely, a greater presence of independent directors and directors with financial or industry-specific expertise is associated with wider ESG gaps, suggesting that certain governance characteristics may unintentionally favour one sustainability dimension over another.

Sabrina Fiore and Rosamartina Schena, in the article *Assessing Board-Level Determinants of ESG-ERM Implementation: A Configurational Approach,* examine how different combinations of board characteristics facilitate the implementation of ESG-oriented Enterprise Risk Management (ESG-ERM) systems. The authors adopt a configurational perspective to investigate how board diversity, independence, industry expertise, and CSR committees jointly contribute to embedding ESG considerations within corporate risk management. Using fuzzy-set Qualitative Comparative Analysis, the study identifies multiple governance configurations capable of supporting effective ESG-ERM implementation, demonstrating that sustainability-oriented risk governance emerges from complementary governance arrangements that enable boards to respond to increasingly complex sustainability challenges.

Alba Marino, Maria Cristina Cinici, and Daniela Baglieri, in the article *From Disclosure to Decarbonization: The Role of International Governance in Value-Chain Emissions*, explore how international governance characteristics influence firms' approaches to decarbonization within global value chains. Focusing on Italian listed companies, the authors examine the role of internationally oriented boards, managerial cultural diversity, and ownership structures in explaining both Scope 3 emissions disclosure and performance. Their findings reveal that internationally composed boards are generally more inclined to disclose value-chain emissions, reflecting greater responsiveness to global sustainability expectations. However, these governance characteristics are less consistently associated with decarbonization outcomes, highlighting a persistent gap between disclosure and performance.

Mechanisms and patterns of Sustainable Corporate Governance. The third stream, the largest in terms of contributions, shifts attention from board characteristics to the governance mechanisms through which sustainability can be effectively embedded within organizational processes. Although addressing different governance instruments, these contributions share the common objective of identifying practical approaches capable of supporting strategic decision-making while avoiding symbolic compliance.

Maura Makhoul and Maria Cristina Zaccone, in the article *When Governance Bundles Backfire: Institutional Crowding in Corporate Sustainability,* focus on the relationship between internal sustainability leadership and participation in external sustainability initiatives. The study shows that both mechanisms individually contribute to improving sustainability outcomes. However, when implemented simultaneously, they may generate unintended consequences by producing forms of institutional crowding that weaken the strategic influence of sustainability leadership. Rather than assuming that additional governance mechanisms reinforce one another, the study shows that their effectiveness depends on the degree of organizational alignment and integration.

Stefano Romito and Clodia Vurro, in the article *Sustainable Corporate Governance and Human Rights: Policies and Alleged Infringements in the Garment Industry*, investigate whether corporate human rights policies represent effective governance mechanisms for preventing human rights violations. Using a longitudinal dataset of fashion companies, the authors distinguish between the mere adoption of human rights policies and the quality of their implementation. Their findings reveal that policy adoption alone does not significantly reduce the likelihood of future infringements. Instead, governance effectiveness depends on the presence of high-quality policies characterized by governance sponsorship, operational guidance and credible communication.

Ilenia Ceglia and Massimo Battaglia, in the article *An SDG-based Tool for Corporate Governance: Managing Sustainability Pressures in the Steel Industry,* propose an innovative governance tool designed to support firms in responding to the multiple sustainability pressures arising from increasingly complex institutional environments. Drawing on an interventionist research approach, the authors develop and test an SDG-based assessment framework capable of benchmarking sustainability performance while identifying priorities for future managerial action. The tool is conceived as a governance mechanism that supports strategic decision-making by helping organizations interpret sustainability challenges through the integrated lens of the SDGs. In doing so, the study provides both theoretical and practical contributions to the operationalization of SCG.

Nora Annesi and Daniela Corsaro, in the article *Symbolic or Substantial Sustainability? A Qualitative Exploration of Professional Football Clubs,* explore how European professional football clubs have responded to the sustainability requirements introduced by UEFA. Through a qualitative analysis of sustainability projects developed by football clubs, the authors identify three distinct governance profiles, ranging from organizations that primarily adopt symbolic sustainability initiatives to clubs pursuing more substantial governance transformations. The findings suggest that compliance alone is insufficient to generate systemic change. Instead, long-term transformation requires board commitment, dedicated sustainability roles, and governance structures capable of embedding sustainability into strategic decision-making. The study therefore illustrates how institutional pressures may stimulate, but not guarantee, meaningful governance change.

Giorgia Condomitti, Maria Rosa De Giacomo, Tiberio Daddi, and Fabio Iraldo, in the article *Operationalising Sustainable Corporate Governance: A Cluster Analysis of Environmental Sustainability Practices in Italian Service-Sector SMEs,* investigate how SCG is operationalised within small and medium-sized enterprises (SMEs). Rather than portraying SMEs as a homogeneous group, the study demonstrates considerable diversity in the ways organizations approach SCG, ranging from basic compliance-oriented behaviours to more comprehensive and structured governance practices. The findings contribute to the debate by offering an interpretation of different environmental maturity profiles and by opening new perspectives for future empirical research.

All the papers included in this Special Issue, although grounded in different theoretical perspectives and empirical settings, contribute to advancing the broader ambition of SCG and, ultimately, of transformational governance. Rather than portraying governance as a static set of structures or compliance mechanisms, they collectively show that transformation depends on the ability to translate governance principles into concrete organizational practices. In this respect, a key avenue for future research lies in further bridging the gap between governance aspirations and governance practice. The next step is not only to further conceptualise transformational governance, but also to explain how organizations enact it in practice, how governance transformation unfolds over time, and under which conditions it generates meaningful organizational and societal outcomes. Advancing a more practice-oriented understanding of transformational governance has the potential to strengthen both academic knowledge and the sustainability transition of business.

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Academic or professional position and contacts

Chiara De Bernardi
Assistant Professor of Management
Sant'Anna School of Advanced Studies, Pisa - Italy
e-mail: chiara.debernardi@santannapisa.it

Niccolò Maria Todaro
Assistant Professor of Management
University of Milano-Bicocca, Milan - Italy
e-mail: niccolo.todaro@unimib.it

Ryan Federo
Lecturer of Management
Universitat Autònoma de Barcelona, Barcelona - Spain
e-mail: ryan.federo@uab.cat

Marco Frey
Full Professor of Management
Sant'Anna School of Advanced Studies, Pisa - Italy
e-mail: marco.frey@santannapisa.it

Angeloantonio Russo
Full Professor of Management
LUM - Libera Università Mediterranea "Giuseppe Degennaro", Bari – Italy
e-mail: russo@lum.it

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