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Editorial: Current Issues in Governance, Economics and Finance: Toward Ecosystems

Fadi Alkaraan[1,2] | Khaled Hussainey[3]

[1]University of Gloucestershire, Gloucester, UK | [2]University of Jordan, Amman, Jordan | [3]Bangor University, Bangor, UK

Correspondence: Fadi Alkaraan (falkaraan@glos.ac.uk)

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1 | Introduction

Global governance, finance and economic systems are experiencing a period of profound transformation driven by interlinked and compounding disruptions. The cascading effects of COVID-19, climate change, geopolitical instability and resurgent economic nationalism have exposed structural weaknesses in prevailing institutional frameworks and challenged the capacity of existing models to ensure stability, resilience and social legitimacy. These crises have intensified global uncertainty and highlighted the urgent need for adaptive, ecosystem-based strategies that integrate economic performance with social and environmental sustainability (WEF 2025; IMF 2024; World Bank 2024). The recent resurgence of protectionist policies and nationalist agendas has further fragmented global markets, eroded multilateral trust and tested the boundaries of international cooperation.

Among these disruptions, the rapid rise of Environmental, Social and Governance (ESG) priorities has redefined the parameters of accountability and corporate legitimacy. Accelerated by global initiatives such as the European Green Deal and the 26th and 27th United Nations Climate Change Conference 2026 (COP26 & COP27), ESG investment is projected to reach $33.9 trillion by 2026 (PricewaterhouseCoopers [PwC], 2022). Yet, the increasing prominence of ESG has also exposed conceptual and practical tensions between sustainability rhetoric and real impact. Persistent greenwashing, divergent disclosure standards and fragmented regulatory approaches continue to obscure the line between symbolic compliance and substantive transformation (Asteriou et al. 2024; Fan et al. 2025). These inconsistencies underscore the need for coherent global frameworks capable of restoring confidence, aligning incentives and fostering transparent sustainability governance.

In response to these challenges, international standard-setting bodies and national regulators are moving toward integrated, ecosystem-based governance models. The International Sustainability Standards Board (ISSB), established under the International Financial Reporting Standards (IFRS) Foundation at COP26, has begun developing comprehensive sustainability metrics that extend beyond financial disclosure to include water, biodiversity and ecosystem impacts, complemented by the Taskforce on Nature-related Financial Disclosures (TNFD). Similarly, national frameworks such as the United Kingdom (UK) Corporate Governance Code (2024) and the UK Sustainability Disclosure Standards (UK-SDS, 2024) embed ESG accountability directly within board-level governance, strategic risk management and reporting systems. Together, these developments signify a paradigmatic shift toward outcome-based, multistakeholder governance that integrates integrity, resilience and environmental responsibility into the core of institutional and corporate decision-making.

Against this backdrop, this Special Issue brings together theoretical, empirical and policy-oriented contributions that critically examine how governance, economics and finance can adapt to these complex transformations. Collectively, the papers advance an interdisciplinary dialogue that moves beyond fragmented, short-term responses toward integrated, ecosystem-oriented frameworks capable of enhancing institutional legitimacy, driving sustainability innovation and ensuring long-term economic and social value creation.

2 | Scope of the Special Issue

This Special Issue examines how governance, economics and finance are evolving to support sustainable ecosystems amid accelerating digital transformation, environmental pressures and shifting institutional logics. It explores how organisations, markets and regulators can embed sustainability, transparency and ethical responsibility within strategic and financial decision-making. The contributions collectively address the interconnections between governance structures, financial innovation and policy frameworks that drive resilience, accountability and long-term value creation. At the micro level, studies assess how corporate governance and ESG integration shape firm performance; at the meso level, they analyse how Artificial Intelligence (AI), Financial Technology (FinTech) and sustainable finance reshape market dynamics; and at the macro level, they examine how global and national regulatory frameworks align economic growth with social and environmental goals. Overall, the Special Issue advances an integrated perspective on sustainability as a strategic organising principle, offering actionable insights for strengthening institutional integrity, ecosystem resilience and sustainable value creation.

The papers by Wani et al. (2024) and Achim et al. (2024) offer complementary perspectives on the institutional and economic determinants of environmental sustainability, reinforcing this Special Issue's emphasis on governance ecosystems and policy frameworks for sustainable development. Wani et al. (2024) analyse the asymmetric impact of green energy adoption and economic growth on environmental degradation across Middle East and North Africa (MENA) countries, confirming the Environmental Kuznets Curve (EKC) hypothesis in the short term. Their findings reveal that while green energy significantly reduces emissions, unregulated economic expansion and trade openness amplify environmental pressures, underscoring the need for cleaner technologies, renewable energy integration and targeted policy interventions across the region. In parallel, Achim et al. (2024) examine the role of governance quality in mitigating the negative externalities of financial crime on sustainability indicators. Drawing on global data, their study demonstrates that strong institutional frameworks, marked by transparency, rule of law and regulatory enforcement, can substantially reduce the environmental and social harms associated with illicit financial activities. Together, these two studies illuminate the intricate interplay between economic structures, institutional governance and environmental outcomes. They collectively argue that achieving sustainable development, particularly in emerging and global contexts, requires not only the adoption of green technologies but also the integrity and capacity of governance systems to manage systemic risks, enforce regulations and promote long-term ecological resilience. In line with these insights, the paper by Zhong et al. (2025) examines the effectiveness of China's green financial reform and innovation pilot zone policy on corporate ESG performance from 2012 to 2021. Using a double/debiased machine learning approach, the study finds that the green financial reform and innovation policy significantly enhances ESG outcomes by easing financial constraints, strengthening environmental practices and discouraging short-term managerialism. Their heterogeneity analysis reveals that these effects are contingent on firms' resource endowments, geographic locations, ownership structures and stages in the corporate life cycle. These findings highlight the strategic importance of green financial innovation in advancing China's dual-carbon goals and offer broader empirical support for the green financial reform and innovation initiative as a scalable model for enhancing environmental governance and sustainability at both corporate and national levels.

The papers by Meqbel et al. (2025), Kolsi and Al-Hiyari (2025) and Abdelbaky et al. (2024) collectively deepen our understanding of how governance structures and corporate social responsibility practices shape sustainability outcomes and financial transparency. Meqbel et al. (2025) highlight the importance of corporate social responsibility committee design, showing that attributes such as committee size, chairperson independence and meeting frequency significantly enhance firms' carbon emission performance. Their findings offer insight into the value of formal corporate social responsibility, governance mechanisms in strengthening environmental accountability. By contrast, Kolsi and Al-Hiyari (2025) examine the potential misuse of corporate social responsibility initiatives, finding that corporate charitable donations may serve as a tool for earnings management unless moderated by gender-diverse boards. The presence of female directors reduces this opportunistic behaviour, reinforcing the role of board composition in safeguarding financial integrity. Extending the conversation, Abdelbaky et al. (2024) explore how real earnings management undermines ESG performance in Chinese firms and how corporate innovation mediates this relationship. Their results show that higher real earnings management correlates with weaker ESG outcomes, but increased innovation investment mitigates this effect by enhancing ESG performance. Together, these three studies illuminate how structural governance features, corporate social responsibility initiatives, board diversity and innovation interact to either promote or undermine ESG credibility. The paper by Saeed et al. (2025) addresses the issue of corporate social responsibility decoupling, where a disconnect between corporate social responsibility disclosures and actual performance threatens the legitimacy of sustainability reporting. To mitigate this gap, firms increasingly rely on legitimacy-enhancing mechanisms such as external assurance from Big Four audit firms. Using an international sample across 34 countries from 2006 to 2019, the analysis finds that high-quality audits, particularly those conducted by Big Four firms, significantly reduce corporate social responsibility decoupling.

Contributing to the discourse on executive influence in corporate sustainability, the study of Ren et al. (2025) examines how the research and development (R&D) functional background of top management teams affects corporate social responsibility performance in Chinese-listed family firms from 2010 to 2020. The findings reveal a significant negative association between top management teams with R&D backgrounds and firms' corporate social responsibility engagement, suggesting that innovation-oriented leadership may deprioritise broader social and environmental responsibilities. These results remain robust after addressing potential endogeneity and conducting multiple sensitivity tests. The study further identifies digital transformation and family governance structures as key transmission channels. Notably, the adverse impact of R&D-oriented top management teams is more pronounced in family firms with dispersed ownership structures or where the controlling family members do not occupy top executive roles (e.g., chairman or general manager).

The papers by Marie et al. (2024), Hassanien and Elsayed (2025) and Gull et al. (2025) collectively offer compelling evidence on the transformative role of board gender diversity in shaping ESG-related financial and environmental outcomes. Marie et al. (2024) find that in Chinese A-share firms, the relationship between ESG performance and cash holdings is contingent on the extent of female board representation. While a token presence of women yields a negative ESG–cash link, the presence of three or more women directors reverses this into a significantly positive association, supporting the critical mass theory of board diversity. Complementing this, Hassanien and Elsayed (2025) demonstrate that in German firms, gender-diverse boards not only enhance stock liquidity but also amplify the positive impact of ESG reporting on market performance, suggesting that board inclusivity reinforces investor confidence in sustainability disclosures. Extending the conversation to environmental performance, Gull et al. (2025) show that increased female board presence is associated with lower direct and indirect Greenhouse Gases (GHG) emissions across a global sample, with stronger effects observed when boards comprise at least two independent women. Their findings further highlight that the efficacy of gender diversity is moderated by industry dynamics and climate-linked compensation mechanisms. Collectively, these studies underscore that gender diversity is not merely a compliance exercise, but a strategic governance lever that strengthens ESG integration, enhances transparency and drives both financial and ecological performance across diverse institutional contexts.

In the dynamic context of higher education, leadership plays a critical role in steering institutions toward sustainable outcomes. The paper by Roberts et al. (2024) investigates how the career horizons of Vice Chancellors (VCs), functionally comparable to Chief Executive Officers (CEOs) in the corporate sector, influence the sustainability performance of UK universities. Drawing on a novel hand-collected dataset from 2018 to 2022, the findings reveal that shorter VC career horizons are associated with weaker sustainability performance, suggesting that VCs nearing retirement are more inclined to prioritise ethical and sustainability-focused agendas. The study further examines how the use of soft information, specifically forward-looking and boilerplate language in sustainability reports, moderates this relationship. Results indicate that extensive reliance on such narrative disclosures intensifies the negative effect of short VC tenures on sustainability outcomes. These insights contribute to the broader discourse on leadership, accountability and sustainability by illustrating how tenure-related incentives and strategic reporting practices jointly shape institutional performance. The findings underscore the importance of aligning leadership appointments and disclosure strategies with long-term sustainability objectives in the higher education sector.

Together, the contributions in this collection highlight the crucial importance of sound policymaking, financial innovation and effective governance in building resilient ecosystems that integrate environmental, social and economic priorities. They demonstrate how varied governance frameworks, innovative financial tools and institutional credibility can facilitate the transition toward more sustainable, transparent and accountable systems. By addressing core issues such as ESG integration, financial crime prevention, corporate innovation and audit integrity, these papers offer valuable insights into managing today's complex global landscape.

This Special Issue not only reflects these critical areas of inquiry but also sets a forward-looking research agenda aligned with its editorial vision. It moves beyond fragmented perspectives, advocating instead for an ecosystem-based approach that recognises the interconnected nature of governance, economics and finance. Such integration is vital for strengthening institutional adaptability and promoting inclusive, sustainable development. To meet these demands, governance systems and financial practices must evolve, especially through AI-powered innovation and digital transformation, to keep pace with the growing intricacies of the sustainability landscape. In this spirit, we outline below several promising directions for future research that build on the foundations established by this Special Issue.

3 | Future Research Avenues

The financial implications of ESG strategies remain a contested and evolving area. Asteriou et al. (2024) raise the critical question: 'Does ESG investing pay off?' Their findings suggest promising returns under specific conditions but also highlight important complexities. Future research may consider the following questions: Under what market and regulatory conditions do ESG investments yield superior risk-adjusted returns? How do regional contexts, ownership structures and firm size influence the ESG–performance relationship? What are the long-term macroeconomic implications of large-scale capital flows into ESG funds? How can AI-powered financial analytics improve the prediction and evaluation of ESG investment outcomes?

The literature highlights how relevant theories can be integrated to better understand strategic investment decisions and investment appraisal techniques within organisational contexts, while also identifying implications for future research (Alkaraan 2017). Effective governance is central to advancing inclusive sustainability transitions. Alkaraan and Floyd (2020) highlight the role of robust accountability and governance mechanisms in fostering legitimacy. Future research may address critical questions such as: How can marginalised voices be meaningfully integrated into ESG and sustainability frameworks? What unintended consequences might arise from institutionalising ESG standards that reinforce existing inequalities? In what ways can AI-enabled assurance tools differentiate genuine ESG performance from symbolic compliance or greenwashing? How do governance structures and institutional narratives shape stakeholder perceptions and organisational legitimacy?

Further inquiry is also needed into which governance models most effectively promote cross-sector collaboration and long-term ecosystem resilience. How can AI and big data technologies enhance the transparency of ESG disclosures and reduce information asymmetry, particularly in developing markets? What policy mechanisms or incentives can discourage superficial compliance and foster substantive ESG improvements? And how can institutional investors and mutual funds influence corporate ESG behaviour through active engagement and responsible governance practices?

Emerging technologies, including AI, machine learning, blockchain and FinTech, are increasingly integral to sustainability practices. Despite growing interest, research on AI-powered ESG systems remains underdeveloped: How can AI and machine learning support transparent, ethical and accountable ESG analytics? What safeguards are required to prevent bias, opacity or misuse of ESG-related data? How can FinTech innovations, as explored by Shehadeh et al. (2024) and Goel and Kashiramka (2025), enhance cost efficiency, ESG monitoring and financial inclusion? In what ways can intelligent technologies be leveraged to design adaptive governance mechanisms that respond to real-time environmental, social and economic signals?

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Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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