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Reconceptualizing Corporate Governance for Sustainable Development

By: *Hon. Dr. Kariuki Muigua**

Abstract

The paper critically explores the role of Corporate Governance in the Sustainable Development agenda. It asserts that the activities of corporations have a great effect in either promoting or hindering the attainment of Sustainable Development. The paper highlights some of the corporate governance practices that have fostered Sustainable Development including the concepts of Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG). It further analyzes some of the corporate governance practices that have impeded the attainment of Sustainable Development. The paper argues a case for reconceptualizing corporate governance in order to realize Sustainable Development.

1.0 Introduction

Corporations play a fundamental role in the society since the vast majority of economic activities around the world are organized through them¹. In modern times, the global role of corporations rivals

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¹ Rauterberg. G, 'The Corporation's Place in Society' available at http://michiganlawreview.org/wpcontent/uploads/2016/04/114MichLRev.913_Rauterberg.pdf (Accessed on 14/07/2023)

that of national and local governments². It has been observed that some of the largest corporations have a higher corporate revenue than the Gross Domestic Product (GDP) of most nations across the globe³. Further, some corporations have undergone dynamic growth and gained powers traditionally vested only upon states thus asserting influence on the global stage and affecting the lives of millions of people around the world⁴. Consequently, most functions that were previously vested in the state are now exercised by private actors such as multinational corporations⁵. These services include energy, telecommunications, transport, water and sanitation among others⁶. Corporations thus continue to shape the political, economic, social, technological, environmental and legal discourse in the world.

The vast powers yielded by corporations in modern times has also been susceptible to abuse. Indeed, decisions of large multinational corporations are capable of doing more harm to natural persons in terms of human rights violations when compared to states⁷. It has been argued that the activities of corporations have often resulted in

² Milne Library., 'Corporations and their Social Responsibility.' Available at <https://milnepublishing.geneseo.edu/good-corporation-bad-corporation/chapter/1-corporations-and-their-social-responsibility/> (Accessed on 14/07/2023)

³ Ibid

⁴ Monshipouri. M, 'Multinational Corporations and the Ethics of Global Responsibility: Problems and Possibilities' *Human Rights Quarterly*, No. 25 of 2003, p. 965-989

⁵ The East African Centre for Human Rights., 'A compendium on economic and social rights cases under the Constitution of Kenya, 2010' available at https://eachrights.or.ke/wpcontent/uploads/2020/07/A_Compendium_On_Economic_And_Social_Rights_Cases_Under_The_Constitution_Of_Kenya_2010.pdf (Accessed on 14/07/2023)

⁶ Ibid

⁷ Mwenda. M., 'The Context of Transformative Constitutionalism in Kenya' available at https://www.academia.edu/13738064/The_Context_of_Transformative_Constitutionalism_in_Kenya (Accessed on 14/07/2023)

societal concerns such as environmental pollution and human rights abuses as a result of too much focus on economic growth⁸. Indeed, the activities of corporations especially Multinational Corporations in the investment sphere in Africa have resulted in gross human rights violations and environmental damage⁹. These concerns have led to the emergence of the concept of corporate governance.

Corporate governance is the system of rules, practices and processes by which an organization is directed and controlled¹⁰. It encompasses every sphere of management from action plans and internal controls to performance measurement and corporate disclosure¹¹. Corporate governance has also been referred to the interaction between the board of directors, the senior management team, and the stockholders within an organization¹². It generally entails striking a balance between the needs of all of a company and its shareholders, including investors, senior management, clients, suppliers, financiers, the government, and the community¹³. Corporate governance covers the

⁸ Sozinova. A et al, 'Economic Environmental Activities of Russian Corporations' *International Journal of Economics and Financial Issues*, Volume 6, Issue 1, 2016, p. 52-56.

⁹ Muigua. K., 'Multinational Corporations, Investment and Natural Resource Management in Kenya.' Available at <http://kmco.co.ke/wp-content/uploads/2018/11/Multinational-Corporations-Investment-and-Natural-Resource-Management-in-Kenya-Kariuki-Muigua-November-2018.pdf> (Accessed on 14/07/2023)

¹⁰ Investopedia., 'Corporate Governance Definition: How it Works, Principles, and Examples.' Available at <https://www.investopedia.com/terms/c/corporategovernance.asp> (Accessed on 14/07/2023)

¹¹ Ibid

¹² Almashhadani. H & Almashhadani. M., 'Corporate Governance Science, Culture and Financial Performance.' *International Journal of Business and Management Invention*, Volume 12, Issue 4, 2023

¹³ Ibid

areas of environmental awareness, ethical behavior, corporate strategy, compensation, and risk management¹⁴. Corporate governance is thus a system of direction and control within an organization aimed at enhancing good governance practices in the organization.

The corporate governance framework within an organization is guided by several principles including the rights and equitable treatment of shareholders, promoting the role of stakeholders, transparency and disclosure and accountability of the Board of Directors¹⁵. The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies¹⁶. Sound corporate governance can also enhance Sustainable Development¹⁷.

The paper critically explores the role of Corporate Governance in the Sustainable Development agenda. It asserts that the activities of corporations have a great effect in either promoting or hindering the attainment of Sustainable Development. The paper highlights some of the corporate governance practices that have fostered Sustainable Development while also analyzing those that have impeded its

¹⁴ Peterdy, K., 'Corporate Governance.' Available at <https://corporatefinanceinstitute.com/resources/esg/corporate-governance/> (Accessed on 14/07/2023)

¹⁵ Organisation for Economic Co-operation and Development., 'OECD Principles of Corporate Governance.' Available at <https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf> (Accessed on 14/07/2023)

¹⁶ Ibid

¹⁷ Buckley, P 'Can Corporations Contribute Directly to Society or Only through Regulated Behaviour' *Journal of the British Academy*, 6 (sl), p. 323-374.

attainment. The paper argues a case for reconceptualizing corporate governance in order to realize Sustainable Development.

2.0 Corporate Governance and Sustainable Development

The concept of Sustainable Development received global attention following the release of the Report of the World Commission on Environment and Development which defined it as development that meets the needs of the present without compromising the ability of future generations to meet their own needs¹⁸. Sustainable Development aims to maintain economic advancement and progress while protecting the long-term value of the environment¹⁹. It provides a framework for the integration of environment policies and development strategies²⁰. The overall goal of sustainable development is the long-term stability of the economy and environment which can only be achieved through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision making process²¹. Sustainable Development thus combines elements such as environmental protection, economic development and social concerns²². This concept has been adopted as the leading global framework for international cooperation as envisaged by the United Nations 2030 Agenda for Sustainable

¹⁸ World Commission on Environment and Development., *'Our Common Future.'* Oxford, (Oxford University Press, 1987)

¹⁹ Emas. R., *'The Concept of Sustainable Development: Definition and Defining Principles.'* Available at https://sustainabledevelopment.un.org/content/documents/5839GSDR%202015_SD_concept_definiton_rev.pdf (Accessed on 14/07/2023)

²⁰ Ibid

²¹ Ibid

²² Fitzmaurice. M., *'The Principle of Sustainable Development in International Development Law.'*

International Sustainable Development Law., Vol 1

Development and its Sustainable Development Goals (SDGs)²³. Sustainable Development has also been enshrined as among the national values and principles of governance in Kenya²⁴. Sustainable Development is thus a vital concept and its realization is a shared global endeavour.

Corporate governance plays an integral role in the Sustainable Development agenda. Traditionally, corporate governance was viewed as a model designed to protect shareholder investments from misuse by opportunistic managers within the organization²⁵. In relation to sustainability, there was widespread belief that attention to environmental impacts was part of the company's social responsibility, with purely legal or even ethical and moral implications, while such an impact was disconnected from the corporation's business model and market expectations²⁶. However, in the recent past, corporate governance has been increasingly applied to a more extensive form of monitoring of corporate activities, including their impacts on society and the environment²⁷. Several factors have induced corporations to rethink their traditional approach and increase investments in sustainability practices. These

²³ United Nations., 'Transforming Our World: The 2030 Agenda for Sustainable Development.' Available at <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf> (Accessed on 14/07/2023)

²⁴ Constitution of Kenya, 2010., Article 10 (2) (d), Government Printer, Nairobi

²⁵ Roberts, D. J., & Van den Steen, E., 'Shareholder Interests, Human Capital Investment and Corporate Governance.' *Stanford GSB Working*. Available at <https://doi.org/10.2139/ssrn.230019> (Accessed on 14/07/2023)

²⁶ Naciti. V et al., 'Corporate Governance and Sustainability: A Review of the Existing Literature.' *Journal of Management and Governance*, 2021

²⁷ Roberts, D. J., & Van den Steen, E., 'Shareholder Interests, Human Capital Investment and Corporate Governance.' *Op Cit*

factors include sensitivity towards the sustainable goals of the companies themselves, the need to adapt to the regulatory evolution, the need to increase the quality of products and simultaneously reduce production costs, the desire to improve the image and reputation of corporations in the eyes of consumers who are increasingly sensitive to environmental concerns and new market opportunities²⁸. As a result, corporations have become aware of the growing link between green practices and success so that sustainability has broadened its boundaries from being merely related to environmental issues to now encompass the company's overall business model²⁹. Consequently, sustainability has become an integral component of the strategies pursued by corporations and of the relationships they establish with various players in the corporate value chain³⁰.

The definition and characteristics of Sustainable Development envisage building of a society where there is a balance between economic, environmental and social goals³¹. The integration of these three dimensions needs to be embraced as a condition for achieving a long-term corporate sustainability³². Indeed, corporate sustainability is seen as the ability of a corporation by its management practices and market presence to positively affect the ecosystem, the

²⁸ Poddar, A., Narula, S. A., & Zutshi, A., 'A study of Corporate Social Responsibility Practices of the Top Bombay Stock Exchange 500 companies in India and their Alignment with the Sustainable Development Goals.' *Corporate Social Responsibility and Environmental Management*, No. 26(6) of 2019, 1184-1205

²⁹ Ibid

³⁰ Naciti. V et al., 'Corporate Governance and Sustainability: A Review of the Existing Literature.' *Op Cit*

³¹ Boeva. B et al., 'Corporate Governance and the Sustainable Development.' *European Journal of Economics and Business Studies*, Volume 7, No. 1 of 2017

³² Ibid

community and the economic development³³. Corporate governance can foster Sustainable Development through corporate sustainability. Sustainable Development in the corporate context has been defined as the creation of sustainable organizations through integrated economic, social and ecological systems³⁴. It entails examining a corporation's development over time, taking into account its commitment to a healthy environment, economic and social systems so that the company can be more stable and resistant both to internal and external shocks³⁵.

The Sustainable Development Goals envisage attainment of the Sustainable Development agenda by meeting targets such as ending extreme poverty, promoting food security, promoting access to health and education, achieving gender equality, promoting access to clean water and sanitation, ensuring access to affordable and clean energy, enhancing industry, innovation and infrastructure and combating climate change³⁶. Corporations can foster Sustainable Development at the economic, environmental and social levels. Corporations can foster economic development through investments in areas such as energy, infrastructure, industry and the distribution of income through payment of fair wages³⁷. They can further promote

³³ Ibid

³⁴ Bansal, T., 'Business Sustainability.' Available at <https://journals.sagepub.com/doi/full/10.1177/1476127013520265> (Accessed on 14/07/2023)

³⁵ Ibid

³⁶ United Nations., 'Transforming Our World: The 2030 Agenda for Sustainable Development.' Op Cit

³⁷ Achim. M., 'The Impact of the Quality of Corporate Governance On Sustainable Development: An Analysis Based On Development Level.' Available at <https://www.tandfonline.com/doi/epdf/10.1080/1331677X.2022.2080745?needAccess=true&role=button> (Accessed on 14/07/2023)

Sustainable development in the field of environment through waste reduction, pollution reduction, energy efficiency, reduction of air emissions, reduction of the consumption of hazardous and toxic materials and mitigating the frequency of environmental accidents among other measures aimed at promoting the right to a clean and healthy environment and enhancing climate change mitigation and adaptation³⁸. Social sustainability can be attained by corporations by creating employment opportunities, provide equal opportunities for all persons, fostering diversity, encouraging social contacts within and outside the corporation and promoting quality life for their employees³⁹.

Corporations have embraced various corporate governance initiatives to promote sustainability and foster Sustainable Development including the concepts of Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG)⁴⁰. CSR is the idea that a company should play a positive role in the community and consider the environmental and social impact of business decisions⁴¹. It is a form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures⁴². CSR plays a vital role in a company's brand perception; attractiveness to customers, employees,

³⁸ Boeva. B et al., 'Corporate Governance and the Sustainable Development.'
Op Cit

³⁹ Ibid

⁴⁰ Ibid

⁴¹ BDC., 'What is Corporate Social Responsibility (CSR)?' Available at <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/corporate-social-responsibility> (Accessed on 14/07/2023)

⁴² Reckmann. N., 'What Is Corporate Social Responsibility?' Available at <https://www.businessnewsdaily.com/4679-corporate-social-responsibility.html> (Accessed on 15/07/2023)

and investors; talent retention; and overall business success⁴³. Corporations often implement CSR efforts through measures such as environmental initiatives, charity work, ethical labor practices and volunteer projects⁴⁴. Through CSR which is a tool of corporate governance, a corporation can foster Sustainable Development by promoting environmental and social sustainability which are crucial components of the Sustainable Development agenda⁴⁵.

Environmental, Social and Governance (ESG) on the other hand is a concept that seeks to achieve sustainable, responsible and ethical investment by incorporating Environmental, Social and Governance concerns in corporate decision making⁴⁶. It entails a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues such as managing a company's carbon footprint and ensuring there are systems in place to ensure accountability⁴⁷. ESG involves monitoring and reporting environmental concerns such as carbon emissions, water consumption and waste generation; social concerns such as employee, product and customer related data and governance concerns such as political lobbying, anticorruption initiatives and board diversity⁴⁸. The concept of ESG is pertinent since Environmental, Social and Governance concerns have become a

⁴³ Ibid

⁴⁴ Ibid

⁴⁵ Moon. J., 'The Contribution of Corporate Social Responsibility to Sustainable Development.' Available at <https://pdfs.semanticscholar.org/8d7c/ff655828a4004d2caaeedeb64d9fb1335446b.pdf> (Accessed on 15/07/2023)

⁴⁶ Stuart. L.G et al., 'Firms and social responsibility: A review of ESG and CSR research in corporate finance.' *Journal of Corporate Finance* 66 (2021): 101889.

⁴⁷ Ibid

⁴⁸ Ibid

societal focal point in light of the Sustainable Development agenda⁴⁹. ESG can aid in achieving Sustainable Development by integrating Environmental, Social and Governance factors in corporate activities in order to enhance the sustainability and social impact of business activities⁵⁰.

Corporations have thus embraced various corporate governance tools towards achieving corporate sustainability and fostering Sustainable Development including CSR and ESG. However, despite this progress, certain bad corporate governance decisions have affected the attainment of Sustainable Development. Some corporations have been accused of accounting scandals including the use of fraudulent accounting practices to inflate corporate revenues and hide debts⁵¹. Such practices have often resulted in the collapse of certain corporations when the financial scandals were exposed⁵². This affects the attainment of Sustainable Development at the economic and social levels due to concerns such as loss of revenue and employment opportunities⁵³.

Further, some corporations have been blamed of failing to adhere to the principles of sustainability reporting and the disclosure of ethical,

⁴⁹ Sriyani. C. & Heenetigala. K., 'Integrating Environmental, Social and Governance (ESG) Disclosure for a Sustainable Development: An Australian Study.' *Business Strategy and the Environment*, No. 26 of 2017

⁵⁰ Li. T.T et al., 'ESG: Research Progress and Future Prospects.' *Sustainability*, No. 13 of 2021.

⁵¹ Petra. S & Spieler. A., 'Accounting Scandals: Enron, Worldcom, and Global Crossing.' Available at <https://www.emerald.com/insight/content/doi/10.1108/978-1-78973-417-120201022/full/html> (Accessed on 15/07/2023)

⁵² Ibid

⁵³ Achim. M., 'The Impact of the Quality of Corporate Governance On Sustainable Development: An Analysis Based On Development Level.' Op Cit

social, and environmental risk in their business activities⁵⁴. Such corporations fail to adhere to the principle of transparency in corporate governance by avoiding to comply with CSR reporting and ESG disclosures⁵⁵. Where corporations fail to comply with transparency and disclosure requirements which are fundamental principles of corporate governance, they may ultimately perpetrate concerns such as environmental pollution and human rights violation thus hindering the achievement of Sustainable Development⁵⁶.

Indeed, some multinational corporations have been accused of perpetrating human rights concerns such as killings, rape, and other forms of sexual and gender-based violence, bad labour practices, land injustices against neighbouring communities and displacement of people while undertaking investment activities⁵⁷. Further, the activities of multinational corporations especially those involved in the exploration of natural resources have resulted in environmental concerns such as environmental degradation, extinction of biodiversity, contamination and destruction of soil and air pollution affecting the socio-economic lives of indigenous populations⁵⁸. Such activities hinder the attainment of Sustainable

⁵⁴ Adams, C., 'Understanding integrated reporting: The concise guide to integrated thinking and the future of corporate reporting.' Available at <https://doi.org/10.4324/9781351275002> (Accessed on 15/07/2023)

⁵⁵ Ibid

⁵⁶ Achim. M., 'The Impact of the Quality of Corporate Governance On Sustainable Development: An Analysis Based On Development Level.' Op Cit

⁵⁷ Kenya Human Rights Commission., 'Heavy price for Kakuzi's egregious human rights violations' available at <https://www.khrc.or.ke/2015-03-04-10-37-01/press-releases/737-heavy-price-for-kakuzi-s-egregious-human-rightsviolations.html> (Accessed on 15/07/2023)

⁵⁸ Ajibade, L.T & Awomuti, A.A. 'Petroleum Exploitation or Human Exploitation? An Overview of Niger Delta Oil Producing Communities in Nigeria' African Research Review Vol. 3 (1), 2009. Pp. 111-124

Development and are often as a result of corporate failure to abide by good corporate governance practices such as ESG and CSR requirements⁵⁹.

Finally, it has been pointed out that corporations have in certain instances failed to consider sustainable governance and corporate integrity in particular⁶⁰. Sustainable Governance represents part of the ESG equation and should be understood as a prerequisite for achieving the entire spectrum of ESG goals⁶¹. Behind each breach of a company's environmental or social commitments lies ineffective corporate governance, be it inadequate anti-corruption practices, perverse incentive structures, contradictory lobbying activity, ineffective board oversight or ill-equipped leadership⁶². It is thus vital for companies to foster corporate integrity by embedding governance concerns and corruption risks into ESG investing frameworks in order to promote Sustainable Development⁶³.

The foregoing discussion has demonstrated that good corporate governance practices such corporate sustainability, CSR and ESG can

⁵⁹ Sriyani. C. & Heenetigala. K., 'Integrating Environmental, Social and Governance (ESG) Disclosure for a Sustainable Development: An Australian Study.' Op Cit

⁶⁰ Onweazu. O., 'Multinational Oil Corporations Corporate Integrity Ethics and Sustainable Development in Niger Delta, Nigeria.' *Journal of Sustainable Development*; Vol. 5, No. 10; 2012

⁶¹ World Economic Forum., 'Why Sustainable Governance and Corporate Integrity are Crucial for ESG' Available https://www.weforum.org/agenda/2022/07/the-g-in-esg-3-ways-to-not-miss-it/?DAG=3&gclid=CjwKCAjw5MOIBhBTEiwAAJ8e1q7lLuk_egfH4cyQe8v1klMLHVQXfYG6_juEF202fNzXAhU7B25YlxoC7Z0QAvD_BwE (Accessed on 15/07/2023)

⁶² Ibid

⁶³ Ibid

foster the realization of Sustainable Development⁶⁴. However, bad corporate governance practices such as poor accounting practices, failure to adhere to sustainability reporting, failure to enhance ESG and CSR requirements and negligence of sustainable governance and corporate integrity can hinder the attainment of Sustainable Development⁶⁵. There is need to reconceptualize corporate governance in order to advance Sustainable Development.

3.0 Way Forward

There is need to embrace sound corporate governance practices in order to achieve Sustainable Development. One way through which this can be achieved is through corporate disclosure requirements such as sustainability reporting⁶⁶. Through sustainability reporting, a corporation is able to use corporate governance as tool to monitor and disclose corporate progress on aspects such as the achievement of the Sustainable Development Goals⁶⁷. Various models have been adopted towards promoting sustainability reporting as a tool of corporate governance. The United Nations Global Compact (UNGC) has developed sustainability principles focusing on human rights, labour, the environment and anti-corruption and encourages participants to self-assess, prepare, and submit a progress report to the UNGC on their performance around these four topical areas⁶⁸.

⁶⁴ Boeva. B et al., 'Corporate Governance and the Sustainable Development.' Op Cit

⁶⁵ World Economic Forum., 'Why Sustainable Governance and Corporate Integrity are Crucial for ESG' Op Cit

⁶⁶ Buniamin. S et al., 'The Role of Corporate Governance in Achieving SDGs Among Malaysian Companies.' *European Journal of Sustainable Development* (2022), 11, 3, 326-339

⁶⁷ Ibid

⁶⁸ United Nations Global Compact: available at <https://www.unglobalcompact.org/engagelocally/africa/kenya> (Accessed on 15/07/2023)

According to the UNGC, the Communication on Progress report should be fully integrated into a company's main stakeholder communications, most often the annual or sustainability report⁶⁹.

Corporations can thus develop an annual ESG report discussing organisational performance around these topics in order to fulfil the requirements of the annual Communication on Progress report submissions to the UNGC and ascertain their role in fostering Sustainable Development⁷⁰. In addition, corporations can comply with the Carbon Disclosure Project (CDP) which allows signatory companies to provide performance data on climate change, water security and deforestation on a self-disclosure basis⁷¹. This self-reported data is then used by investors and other stakeholders to make informed data driven decisions with regards a company's environmental impacts⁷². Investors are thus able to select entities that demonstrate climate resilience by evidenced implementation of strategies that future proof their organisations against climate related polices and regulations⁷³. ESG reporting can be used to collect and report data to the CDP ⁷⁴ . Corporations can thus embrace sustainability and ESG reporting as a tool of corporate governance in order to foster Sustainable Development. However, there is need to

⁶⁹ Ibid

⁷⁰ Ibid

⁷¹ Carbon Disclosure Project, available at <https://www.cdp.net/en> (Accessed on 15/07/2023)

⁷² Matisoff.D et al., 'Convergence in environmental reporting: assessing the Carbon Disclosure Project.' *Business Strategy and the Environment* 22.5 (2013): 285-305.'

⁷³ Ibid

⁷⁴ Muigua. K., 'Embracing Environmental, Social and Governance (ESG) Principles for Sustainable Development in Kenya.' Available at <http://kmco.co.ke/wp-content/uploads/2022/07/Embracing-ESG-Principles-for-Sustainable-Development-in-Kenya.pdf> (Accessed on 15/07/2023)

ensure transparency and full disclosure in such reporting in order to capture the true image in relation to a corporation's role in fostering Sustainable Development⁷⁵.

In addition, there is need for corporations to embrace good corporate governance practices when it comes to the Board of Directors in order to foster Sustainable Development⁷⁶. It has been asserted that the size of the Board of Directors is one element of corporate governance that has influenced companies in implementing and reporting all aspects of sustainable initiatives by companies⁷⁷. Thus, having a larger board might increase the monitoring capability, as members can offer more expertise and, thus, contribute to good board discussion⁷⁸. The size of the board has a connection with corporate involvement in Sustainable Development Goals since more judicial decisions can be made due to the knowledge provided by a larger number of board members⁷⁹. Further, Board Independence is an essential tool of corporate governance that can enhance effective monitoring of a corporation's activities towards fostering Sustainable Development⁸⁰. Thus, more independent board members can guarantee effective monitoring process that can reduce potential opportunistic behaviour by the

⁷⁵ Buniamin. S et al., 'The Role of Corporate Governance in Achieving SDGs Among Malaysian Companies.' Op Cit

⁷⁶ Ibid

⁷⁷ Cuadrado-Ballesteros, B et al., 'Board Structure to Enhance Social Responsibility Development: A Qualitative Comparative Analysis of US Companies.' *Corporate Social Responsibility and Environmental Management*, Volume 24 No. 6 of 2017, 524–542.

⁷⁸ Ibid

⁷⁹ Buniamin. S et al., 'The Role of Corporate Governance in Achieving SDGs Among Malaysian Companies.' Op Cit

⁸⁰ Said, R et al., 'The Relationship Between Corporate Social Responsibility Disclosure and Corporate Governance Characteristics in Malaysian Public Listed companies.' *Social Responsibility Journal*, Volume 5 No.2 of 2009, 212–226C

management of a corporation⁸¹. In addition, gender diversity in the Board of Directors is a crucial influencer of corporate policy that can enhance sustainability particularly in social and environmental issues⁸². It has been asserted that men and women have different cultural and social preferences and a corporation may be induced to assume greater social responsibility and promote environmental strategies such as using environmentally friendly manufacturing process that reduces the release of toxic waste and recycle activities if it had a reasonable proportion of women in the Board of Directors⁸³. Corporations should thus embrace good corporate governance practices in respect of the Board of Directors including ensuring an appropriate size of the board, promoting board independence and promoting gender diversity in the board in order to enhance Sustainable Development.

Finally, there is need for corporations to adhere to the tenets of Sustainable Development in their business activities. Some corporations especially in the investment sphere have been accused of failing to adhere to the principles of Sustainable Development as evidenced by cases of environmental degradation and human rights violation⁸⁴. Therefore, it is imperative for corporations to comply with the requirements of Sustainable Development and in particular the need for environmental protection and respect for human rights⁸⁵.

⁸¹ Ibid

⁸² Martinez., M. et al 'Women on Corporate Boards and Sustainable Development'. In D. C. Poff & A. C. Michalos (Eds.), *Encyclopedia of Business and Professional Ethics*. Springer 2020

⁸³ Ibid

⁸⁴ Ajibade, L.T & Awomuti, A.A. 'Petroleum Exploitation or Human Exploitation? An Overview of Niger Delta Oil Producing Communities in Nigeria' Op Cit

⁸⁵ Muigua. K., 'Multinational Corporations, Investment and Natural Resource Management in Kenya.' Op Cit

This will enhance corporate sustainability and profitability while also fast tracking the attainment of the Sustainable Development goals⁸⁶.

4.0 Conclusion

Corporate governance plays an integral role in the realization of the Sustainable Development agenda. Sound corporate governance practices such as corporate sustainability, CSR and ESG can foster the realization of Sustainable Development⁸⁷. However, bad corporate governance practices such as poor accounting practices, failure to adhere to sustainability reporting, failure to enhance ESG and CSR requirements and negligence of sustainable governance and corporate integrity can hinder the attainment of Sustainable Development⁸⁸. There is need to rethink corporate governance in order to realize Sustainable Development. This can be achieved through embracing sustainability and ESG reporting, adopting good corporate governance practices in respect of the Board of Directors and adhering to the tenets of Sustainable Development⁸⁹. Reconceptualizing corporate governance for Sustainable Development is a cardinal idea that needs to be embraced across the globe.

⁸⁶ Boeva. B et al., 'Corporate Governance and the Sustainable Development.' Op Cit

⁸⁷ Ibid

⁸⁸ World Economic Forum., 'Why Sustainable Governance and Corporate Integrity are Crucial for ESG' Op Cit

⁸⁹ Buniamin. S et al., 'The Role of Corporate Governance in Achieving SDGs Among Malaysian Companies.' Op Cit

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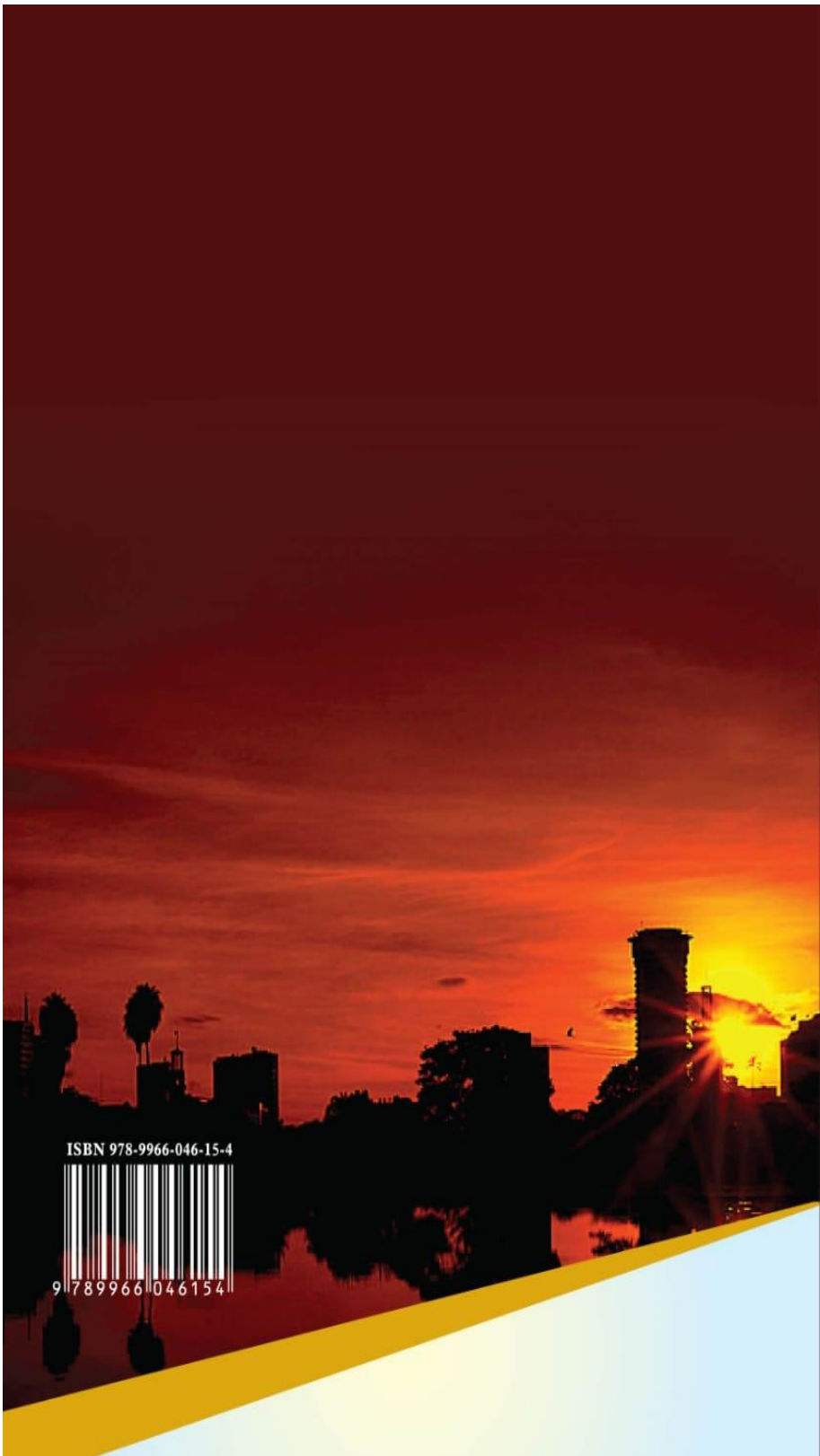
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