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**TRACING CORPORATE GOVERNANCE IN THE EMERGING  
AND DISRUPTIVE ENVIRONMENT: A CLASSIC REVIEW OF  
LITERATURE**

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**ABSTRACT**

Corporate governance pertains to the power dynamics among organisational stakeholders, highlighting how organisations define and pursue their objectives. In emerging and disruptive environments marked by technological advancements, environmental issues, and changing stakeholder expectations, traditional governance frameworks are becoming increasingly strained. This systematic literature review consolidates scholarship published between 2010 and 2025, exploring how corporate governance has adapted amid disruption. The review identifies five main themes: (a) integration of environmental, social, and governance (ESG) factors; (b) technological disruption and artificial intelligence (AI); (c) board composition and diversity; (d) institutional and regulatory settings; and (e) the quality of financial reporting and internal controls. Findings indicate that governance frameworks must evolve to improve board diversity, technical expertise, stakeholder engagement, and adaptability. The review discusses implications for managers, regulators, investors, employees, and the wider community. Limitations include an overdependence on cross-sectional data and inconsistent ESG metrics. Future research should explore longitudinal studies, sector-specific insights, and qualitative research at the board level.

**Keywords:** *Corporate Governance, ESG, Disruptive Technologies, Artificial Intelligence, Board Diversity, Institutional Contexts*

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## **1. Background**

Corporate governance (CG) pertains to the structures, processes, and relationships through which organisations are directed and controlled. Traditionally, governance mechanisms were created to ensure managerial accountability to shareholders, maintain transparency in financial reporting, and promote ethical leadership (Aguilera & Castillo, 2025). Governance thus acts as the institutional cohesion that supports firms, prevents collapse, and enhances resilience during crises. In the 21st century, corporate environments have become progressively dynamic and unpredictable. Disruptions caused by digital technologies, artificial intelligence (AI), climate change, pandemics, geopolitical instability, and stakeholder activism are reshaping expectations of corporate boards. As a result, governance has broadened beyond financial oversight to include wider accountability for ESG outcomes, resilience, and long-term sustainability (Marie et al., 2024).

## **2. Literature Review**

### **ESG Integration and Corporate Governance**

Evidence suggests that governance structures greatly affect ESG integration. Factors such as independent boards, diversity, sustainability committees, and active engagement by institutional investors are linked to better ESG performance. However, concentrated family ownership may impede ESG efforts by focusing on short-term gains or family interests (Putri et al., 2024; Marie et al., 2024).

### **Technological Disruption and AI**

Disruptive technologies offer both risks and opportunities for corporate governance. Boards are crucial in overseeing technology adoption to minimise risks and maximise benefits. For example, generative AI has been shown to improve ESG performance; however, results differ depending on the industry and ownership structure (Elnahass et al., 2024; Cui, 2025).

### **Board Composition and Diversity**

Board composition is crucial for governance resilience. Factors such as gender diversity, professional expertise, and ESG knowledge improve adaptability and sustainability. However, despite its increasing relevance, the integration of ESG expertise into boards is still underexplored (Ma et al., 2024; Aguilera & Castillo, 2025).

### **Institutional and Regulatory Contexts**

Institutional and regulatory frameworks influence the effectiveness of governance. Developed markets usually have strong enforcement and clear regulations, whereas emerging markets face challenges because of weaker regulatory bodies, concentrated ownership, and enforcement issues (Haroon & Zaka, 2023; Kibler et al., 2024).

## **Governance and Financial Reporting**

High-quality financial reporting is essential for effective governance. Studies indicate that diverse boards and robust internal controls improve reporting accuracy. Yet, in emerging markets, weak enforcement may undermine these efforts. Good governance is vital in minimising the risk of material misstatements (Zwane et al., 2024; Elnahass et al., 2024).

### **3. Methods**

This review utilised a systematic literature review (SLR) approach to ensure transparency and rigor in identifying, selecting, and synthesising relevant studies. Academic sources were gathered from key databases such as Scopus, Web of Science, and Google Scholar, covering the years 2010 to 2025. It included a diverse array of contributions, such as empirical research, theoretical articles, and earlier systematic reviews, all focused on corporate governance in disrupted contexts.

The selection criteria focused on both thematic relevance and methodological quality. Studies were prioritised if they addressed governance aspects related to environmental, social, and governance (ESG) issues, technological advancements, board composition and structures, institutional frameworks, or financial reporting practices. The review aimed to incorporate viewpoints from both developed and emerging markets, thereby enabling a more comprehensive understanding of how governance dynamics vary across different institutional settings. This structured approach combines diverse insights and reduces selection bias, establishing a balanced basis for further analysis and synthesis.

### **4. Findings**

This review's findings reveal important changes and emerging trends in the field of corporate governance research. Initially, research was mainly focused on financial performance. However, it has now expanded to include environmental, social, and governance (ESG) outcomes and their societal implications. This development shows a growing recognition that corporate governance benefits not only shareholders but also a wider group of stakeholders interested in sustainability, accountability, and long-term stability.

Secondly, mechanisms at the board level have become essential for effective governance in disruptive environments. Evidence indicates that independence, diversity in demographics and professional backgrounds, and the inclusion of ESG expertise all improve a board's adaptability and resilience. These qualities strengthen oversight, enhance decision-making, and help boards better navigate uncertainty and complexity.

Third, governance in emerging markets continues to grapple with fundamental issues. Inadequate institutional structures, gaps in regulatory enforcement, and diverse cultural norms in governance frequently hinder effectiveness. These shortcomings hinder

governance reforms and expose risks when navigating technological, financial, or environmental disruptions.

Fourth, the convergence of technology and governance is becoming more evident. The rise of artificial intelligence, digital platforms, and data-driven decision-making calls for governance systems that are both flexible and proactive. Boards are increasingly required to include digital expertise, oversee ethical issues related to technological adoption, and handle cyber and data risks as part of their strategic governance responsibilities.

Finally, significant methodological gaps persist in the current body of research. The reliance on cross-sectional, quantitative datasets, while useful for establishing correlations, restricts a deeper understanding of governance dynamics, causality, and how processes develop. Addressing these gaps through longitudinal, qualitative, and mixed-method approaches will be crucial for developing a more comprehensive and nuanced understanding of governance in disruptive environments.

### **Report**

The literature underlines a crucial shift in corporate governance towards a stakeholder-centric approach. Boards are increasingly expected to do more than simply comply; they must also actively manage risks related to ESG, technological disruption, and global instability. Governance frameworks should prioritise adaptability, ethical responsibility, and long-term sustainability.

### **Implications for Stakeholders**

**Boards and Executives:** Prioritise the recruitment of directors with ESG and digital expertise; strengthen diversity in terms of gender, skills, and perspectives.

**Regulators:** Strengthen enforcement measures; harmonise ESG disclosure standards across different jurisdictions.

**Investors:** Demand transparency on ESG practices; leverage voting power to influence corporate behaviour.

**Employees and communities** Should Participate actively in governance processes to maintain social legitimacy and foster workforce resilience.

**Researchers:** Explore qualitative insights into board decision-making, cross-sector comparisons, and governance in emerging market contexts.

### **5. Limitations**

Despite advances in corporate governance research within disruptive environments, the existing literature remains limited by several methodological and conceptual flaws. First, most studies primarily utilise cross-sectional, quantitative research designs, which offer valuable statistical correlations but provide little insight into causal mechanisms and the

temporal development of governance practices. This reliance restricts understanding of how governance structures evolve over time in response to disruption.

Secondly, there is limited scholarly focus on small and medium-sized enterprises (SMEs) and non-listed firms. Much of the existing research concentrates on large, publicly traded corporations, mainly because of data availability. As a result, the governance realities of smaller firms, where ownership is often concentrated and resource constraints are more significant, remain underexplored, despite their vital role in many emerging economies.

Third, the absence of consistent and standardised ESG performance metrics poses a significant challenge. Variability in how ESG constructs are operationalised across studies reduces comparability, limits generalisability, and makes it harder to assess the true impact of governance on sustainability outcomes.

Finally, there is a lack of thorough investigation into internal boardroom dynamics and decision-making processes. While existing research has emphasised the importance of board diversity and independence, relatively little is understood about how directors interact, deliberate, and resolve conflicts in practice. This gap is especially significant in disruptive environments where strategic flexibility and complex ethical judgments are essential.

## **6. Future Directions**

Looking ahead, future research on corporate governance in emerging and disruptive environments should concentrate on several key areas. Firstly, there is a need for longitudinal studies that can monitor how governance frameworks and board practices develop over time in response to technological, institutional, and environmental disruptions. Such approaches would provide deeper insights into causality and the temporal progression of governance mechanisms, which cross-sectional analyses are unable to adequately reveal.

Secondly, qualitative research into the internal dynamics of board discussions and decision-making processes remains crucial. Gaining insight into how directors negotiate, handle conflicts, and exercise judgment in high-uncertainty situations would complement existing quantitative studies and highlight the behavioural and cognitive aspects of governance.

Third, sector-specific analyses are vital for tackling the unique governance challenges faced by different industries. For example, technology-oriented sectors may require a stronger focus on digital expertise, while extractive industries might need more robust environmental and community accountability measures. Comparing insights across sectors would improve understanding of how governance develops in response to various disruption pressures.

Fourth, developing standardised governance and ESG performance metrics is a crucial priority. Creating consistent and widely accepted indicators would allow for comparability across studies, strengthen empirical validity, and enhance the integration of ESG considerations into governance research and practice.

Finally, comparative institutional studies across developed and emerging economies are essential. Such research would emphasise how institutional environments, enforcement mechanisms, and ownership structures shape the effectiveness of governance during disruption. Cross-country and cross-regional perspectives would enhance theory development and offer practical insights into how context influences the relationship between governance and organisational resilience.

**Table 1. Key Themes in Corporate Governance Literature under Emerging and Disruptive Environments (2010–2025)**

<b>Theme</b>	<b>Key Findings</b>	<b>Representative Studies</b>
ESG Integration	Board independence, diversity, and committees improve ESG; family ownership hinders ESG.	Putri et al. (2024); Marie et al. (2024)
Technological Disruption & AI	Disruptive technologies require board oversight; AI adoption enhances ESG.	Elnahass et al. (2024); Cui (2025)
Board Composition & Diversity	Diversity improves resilience and ESG; ESG expertise is underexplored.	Ma et al. (2024); Aguilera & Castillo (2025)
Institutional & Regulatory Contexts	Governance varies across markets, and emerging economies often face gaps in enforcement.	Haroon & Zaka (2023); Kibler et al. (2024)
Financial Reporting & Controls	Diversity and controls improve reporting quality; governance mitigates risks.	Zwane et al. (2024). Elnahass et al. (2024)

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