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ANATOMIZATION OF SUSTAINABILITY ISSUES ADVANCING WITH THE EMERGING TRENDS IN CORPORATE GOVERNANCE

Prof. Amrapali Mukherjee[1], Prof. Monoranjan Haldar[2]

ABSTRACT

A detailed investigation has been conducted in the paper pertaining to the way corporate governance is changing and why it is essential to integrate new developments within the strategy to foster sustainable business practices. Corporate governance, being the crucial factor in an organizational structure, is undergoing significant changes contemporarily because of increased stakeholder activism, socio-economic transformation, and technological advancements. The first and second sections of the paper emphasize the core corporate governance concepts and their essence in promoting shareholder engagement, accountability and transparency, respectively. Subsequently, the third portion clarifies the potential challenges that bar a business from meeting the standards of Sustainable Corporate Governance. Fourth section of the paper elaborates on the future possible trends of Corporate Governance by pressing more into the importance of including ESG standards into the business strategy which necessarily stands on the Environmental, Social and Governance factors and further bifurcates into the imputation of stakeholder-centric models and the necessity of digital transformation. Additionally, the study sheds light on emerging trends that will impact corporate governance going forward, like the utility of technologies and data analytics in decision making, importance of diversity and inclusion in boardrooms and the growing necessity of active shareholder participation.

The research concludes by critically analysing the parameters and their utility, contributed by the emerging trends to promote long term benefits for a business, thereby primarily highlighting the necessity to adapt to these recent developments within the corporate governance framework to

1. Assistant Professor, Kingston Law College
2. Assistant Professor, Kingston Law College

mitigate maximum risk and take advantage of varied profitable opportunities as also to promote transparency, accountability, creativity and long-term growth in a dynamic business environment. Investors, promoters and other stakeholders must work together to welcome these changes and make way for a more accountable corporate culture.

Keywords: Corporate Governance, Sustainability, ESG, Stakeholder Engagement, Artificial Intelligence

INTRODUCTION

Adi Burjorji Godrej, an Indian billionaire businessman and chairman of the Godrej Group, best quoted the mode and objective of Corporate Governance as, "Corporate Governance should be done more through principles than rules." Principle based approach to corporate governance has been considered more resourceful than rule-based approach since a set of rules may not serve the interest of each corporation uniformly; therefore, considering the circumstantial differences and the dynamicity of the arena, a principle-based approach can be more beneficial. Corporate Governance can be best termed as a tool, or the means composed of a structure of practices and regulations which directs and regulates the objectives and targets of an organization necessarily by tracking the overall performance of it considering a wide range of parameters.[3] The best example is the traditional concept of corporate governance. It shall primarily focus on the activities of the owners of an organization who have capital contributions towards the business of the organization and are responsible for the overall operation of it.[4] However, in analysing the activities of the Directors and other members of an organization, the primary concern comes into play when they utilize their financial capital to generate a legitimate return for their investment.[5] This shall measure the extent of an organisation's accountability and disclosure strategies towards its shareholders and other investors.[6] The concept of good corporate governance comes into the scenario specifically in ascertaining if, within a regulated environment of the organization, the internal and external audits, along with the accounting framework, ensure close monitoring of the operations of the organization as directed by the executive members and the directors, and if at all the standards are complying with best possible means for delivering a legitimate return to the shareholders and other investors; accompanying with the necessary practices of transparency and disclosure by maintaining ethical conduct towards the shareholders and other investors, because they hold an absolute right in closely understanding the operations of the organization responsible for deploying their financial capital and ensuring if the directors and other members are framing the regulations and strategies considering their best interest and are not conducting activities that are ultra vires.[7]

In India, the concept of good governance came into scenario during 3rd century BC. The four most crucial roles of a King were best defined by Chanakya during his reign. The roles included, Raksha, Vriddhi, Palana, and Yogakshema. Similarly, the principles of Corporate Governance within an organization most certainly adhere to the four roles; however, the state's monarch or the king has now been replaced by the CEO or Board of Directors in case of Corporations.[8] The

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4. Balasubramanian N., Corporate Governance and Stewardship: Emerging Role and Responsibilities of Corporate Boards and Directors, Tata Mcgraw Hill Education Private Limited, New Delhi, (1st ed. 2010).
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8. Choudhary Nagendra, Corporate Governance in Emerging Markets, Hyderabad, ICFAI, (5th ed. 2003).

concerned CEO or Board of Directors is responsible for safeguarding the wealth of shareholders, that is, Raksha, contributing Vriddhi by increasing wealth through the appropriate use of assets, maintaining or Palana of wealth through profitable ventures, and, most importantly, defending the interests of shareholders through Yogakshema or safeguard.[9] Corporate governance attained the stage of priority for Indian companies only after 1990, and until then, there was no significant legal reference on the topic. Unfavourable stock market methods have raised the need for improved governance in India; the possible issues of boards of directors lacking adequate fiduciary obligations, inadequate disclosure procedures, a lack of transparency, and persistent capitalism have even more added to the necessity of Sustainable Corporate Governance. [10]

Past trends in corporate governance have failed to provide a critical picture of corporate governance with consideration to global dynamicity of the corporate world.[11] The definition then was only limited to the framework and practices responsible for the direction and regulation of the organization.[12] It was only confined to the purview of the directors' activities, the shareholders' rights and interests, and issues related to transparency and accountability. However, in contemporary times, a wide range of parameters are in play which contributes a brand-new definition pertaining to Good Corporate Governance, which firmly includes Corporate Social Responsibility (CSR) and Corporate Sustainability issues and an interplay of variable factors inclusive of implementing ethical business standards, impact of political governance and implementation of anti-corruption practices.[13] Framing organization rules and business strategies considering their social, environmental and political impact has become the demand of time in the arena of emerging corporate trends.[14] Social responsibilities and sustainability issues; transparency in environmental practices; compensation disbursement within the organization to attain public trust; reliance on AI (Artificial Intelligence) pertaining to executive compensation transparency, stakeholders engagement, assessing compliance and risk management and ensuring the accountability of the executives for their decisions and activities in promoting a sustainable corporate governance; stressing more into implementing diversity by recruiting talents from variable arena to cater innovation and creativity which shall, in turn, contribute towards business growth has become the current trends of corporate governance. Considering the dynamicity of the corporate arena, these growing trends have highlighted a strong demand for demarcating a clear-cut and explicit relationship between the variable parameters of sustainability and corporate governance.[15] The research shall aim to thoroughly justify the factors responsible for a predominant change in the Corporate Governance arena and why it has become of utmost importance to make a resourceful adjustment with the new advancements, which in turn shall necessarily aid in catering to an overall sustainable business practice.[16]

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10. Dine Janet, The Governance of Corporate Groups, University Press Cambridge, UK, (2000).
11. Agarwal Sanjiv, Corporate Governance: Concept and Dimensions, Snow White Publications Pvt. Ltd, Mumbai, (2003).
12. Corporate Governance and Business Ethics, Excel Books, New Delhi (Gera M. R. ed., 1997).
13. Institute of Company Secretaries of India (ICSI), Corporate Governance Guidelines and Best Practices, Taxmann Publications, New Delhi, (2008).
14. Corporate Social Responsibility and the Oil Global Experiences, New Delhi, Tata McGraw Hill. (Hazarika Anjali ed., 1998).
15. Joshi Vasudha, Corporate Governance: The Indian Scenario, Foundation Books, New Delhi, (2004).
16. Justice Chandrachud Y.V., P. Ramanatha Aiyer's Advanced Law Lexicon, (3rd ed. 2005).

ESSENCE OF A SUSTAINABLE CORPORATE GOVERNANCE

Understanding the concept of sustainable governance demands a close and critical analysis of the word 'Sustainability', which means supporting and maintaining a practice or a procedure for the long term or over time.[17] There are three wings of the term sustainability: social, environmental, and economic. Reducing environmental exploitation and contributing to effective conservation of resources procured from the society has been an emerging corporate practice. Sustainable corporate governance involves serving an overall common benefit, aligning with societal and environmental values while elevating the organization's financial stability besides boosting its overall productivity, the impact of which shall be over time in the long term.

Contemporary corporate sustainability goals and programs not only highlight the issues that influence society but are also being openly addressed by the directors and other executive members of an organization to adapt to the forthcoming paradigms of corporate governance. Issues related to climate change, dearth of resources, changes in demography and other transformations in the regulatory model of political governance.[18] A confluence of CSR and sustainability has provided innumerable public and self-regulatory measures for organizations. In contrast, many organizations have adopted standards that include internally regulated codes of conduct involving environmental and social initiatives, effective participation and management of the shareholders, and monitoring of the mandatory standards required to comply with non-financial reporting and disclosures.[19]

Few organizations opine that having an internal code of conduct conducive to catering sustainability is insufficient since reliance on the same cannot come with a full guarantee.[20] Therefore, a demand arose for stringent laws and public regulation, which shall consistently insist the organizations to actively implement the global standards for promoting sustainability, accompanied by addressing climate change issues, poor and exploitative labour conditions igniting inequality and other activities triggering environmental degradations.[21] It is considered a mutual duty of the stakeholders and the corporations to initiate and set values on a long-term basis. Therefore, focus must be diverted to the financial measures and the non-financial parameters impacting the environment, health, and human rights. Board members of any organization have a considerable duty to recognize and strike a balance in both capital and human management in compliance with the business objectives and ethics. They shall also endeavour to frame long-term strategies to accomplish the business goals.[22]

The paper in the ongoing paragraphs shall aim to resolve the questions concerning the duties of Corporate Boards in promoting sustainability within the organization, how an optimum balance could be struck in maintaining and elevating the share value and promoting measures that are more driven towards a sustainable society, environment and economy; risk management to be undertaken by the Board in framing strategies inclusive of social and environmental programs that shall contribute

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towards minimizing the ecological degradations and social discriminations.

CHALLENGES V. SUSTAINABLE GOVERNANCE PRACTICES

The accountability of the BODs and Audit Committee members comes into play when questioning the dynamicity and rather increasingly complex changes in the global regulatory framework of Corporate Governance. A growing attention towards "sustainable governance practices" has mandated that businesses must set an international benchmark for adopting standards to highlight accountability, transparency, and integrity within an organization. With the emerging trends, several issues and challenges have developed in corporate governance, which shall be discussed in brief:

a. Selection Process and Board Term: In Indian corporate governance, the recruitment of board members and their terms are frequently abused. To promote sustainability, extending the board members' terms is necessary. However, such an extension should also have a reasonable limitation.[23] In 2016, there was a significant issue between Tata Sons and Cyrus Mistry concerning appointing independent directors.[24]

b. Significant Compromise in Director Independence: The rigid involvement of the directors with the management and promoters has frequently compromised the independence of the Directors in undertaking crucial business decisions impartially without being influenced.

c. Director's Performance Assessment: It is considered the most challenging component of corporate governance. It aids in highlighting the areas which are in sheer need of development and which the BOD guarantees to perform efficiently. However, to accomplish that, it has become necessary for the assessment procedure to be transparent and impartial.[25] For instance, in 2018, SEBI ordered every listed business to comply with the compulsory reporting procedure of the parameters set up to assess the performance of the independent directors.

d. Lack of Attention towards Stakeholders: Active engagement of the stakeholders in the core business undertakings of an organization could uphold sustainable corporate governance. However, often, businesses fail to understand such necessity and divert their focus towards management or promoters, which can hardly yield any fruit of a solution against the issues of mismanagement and the meeting of financial commitments towards the stakeholders.[26]

e. Frivolous Removal of Independent Directors: It is alarming when independent directors are removed from voicing their concerns and interests or bringing contrary views. Such a removal is not only unreasonable or arbitrary but is seriously a detrimental barrier to sustainable corporate governance.[27]

f. Duty of Board in Preserving Transparency: It has always been a tough task to maintain the balance of interest of the founder or promoter on one hand and that of the investors and stakeholders

23. Sharma Anand, "Emerging Role of Independent directors toward strengthening the corporate governance in the wake of increasing corporate frauds- A critical analysis," [2013] 113 CLA (Mag.) 23.
24. Arora A. and Sharma C., Corporate Governance and Firm Performance in Developing Countries: Evidence from India. Corporate Governance, 420-436 (2016), https://doi.org/10.1108/CG-01-2016-0018.
25. Som L., "Corporate Governance Codes in India," Economic and Political Weekly, Vol. 41, no. 39, (2006).
26. Bosun-Fakunle Y., Mary J. and Gbenga E., Effect of Corporate Governance on Environmental Performance: Empirical Evidence from Zimbabwe, American Journal of Industrial and Business Management, 13, 163-181 (2023), doi: 10.4236/ajibm.2023.133012.
27. Benn S., Dunphy D., & Griffiths A., Organizational Change for Corporate Sustainability, Routledge, (2014), https://doi.org/10.4324/9781315819181.

on the other in the governance structure of a Company. To avoid such conflict of interest and lack of transparency on the part of the Board, in 2019, SEBI mandated businesses to furnish necessary reporting into the rationale behind the appointment of a promoter into the Board Chairmanship.

g. Maintaining Transparency and Data Protection: Lack of transparency and not-so-sufficient data protection can prove detrimental to any business practices.[28] It is mandatory to ensure that private information is kept safe. For example, in 2018, under the instructions of RBI, every bank had to ensure the safety of the data at the earliest and guarantee the security of those data and other confidential information of their clients.

h. Conflict of Interest: Before 2018, most of the organization's management had the notion of deriving benefits at the expense of the shareholders, which definitely would have been disadvantageous in fostering sustainable corporate governance if continued. However, in 2018, SEBI mandated that businesses should be capable of furnishing every material detail of related party transactions to preserve transparency and accountability.

i. Lack of Diversity in Board Expertise: Businesses must choose members of diverse backgrounds and expertise, which shall effectively guarantee a sound decision-making process as the members representing a variety of experiences and backgrounds shall eventually provide diverse solutions to any conflicts or challenges that a business may face. In 2018, SEBI declared that it is mandatory for every business to appoint at least one female director on their Board of Directors.[29]

j. Increased Instances of Insider Trading: Insider trading is a practice wherein the directors and other members of a corporation engage themselves in buying or selling stocks and other securities of the corporation based on confidential or non-public information. It is a punishable offence.[30] However, the crime and the offenders get a loose hand each time owing to SEBI's poor investigative infrastructure.

k. Business Structure and Internal Conflicts: Businesses with a sorted infrastructure and effective dispute resolution mechanisms are always desirable to investors and stakeholders. Therefore, a well-defined business structure and code of ethics with a precise dispute resolution system are the two most crucial factors that a business should set up first, contrary to which can raise serious questions about the organization's corporate governance structure.[31] The lack of a well-defined business structure that had ignited a grave internal conflict between the IndiGo Airlines Board and its CEO in 2019 raised a big question about the organizatio''s corporate governance structure.

l. An Environment of Distrust: Businesses have lost their trust due to numerous frauds, commercial scams, public funds embezzlements and other contemporary corrupt activities that have entirely shaken the confidence of the stakeholders and investors. The acute shady activities of the board members have added to the fear of distrust. Amidst such a disturbing business climate, fostering a sense

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29. Bear S., Rahman N., & Post C., The Impact of Board Diversity and Gender Composition on Corporate Social Responsibility and Firm Reputation, Journal of Business Ethics, 97, 207-221 (2010), https://doi.org/10.1007/s10551-010-0505-2.

30. Braam G. J. M., Uit de Weerd L., Hauck M., & Huijbregts M. A. J., Determinants of Corporate Environmental Reporting: The Importance of Environmental Performance and Assurance, Journal of Cleaner Production, 129, 724-734 (2016), https://doi.org/10.1016/j.jclepro.2016.03.039.

31. Dey A., Corporate Governance and Agency Conflicts, Journal of Accounting Research, 46, 1143-1181 (2008), https://doi.org/10.1111/j.1475-679X.2008.00301.x.

of sustainable corporate governance practices becomes even more challenging.[32]

In 2023, a drastic setback to the ESG standards came about when several renounced start-ups were accused of neglecting the basic standards of corporate governance. Most confessed their deliberate non-performance of duty, while others refrained from admitting it. It is pointless to debate the veracity of these accusations or the reasons behind these acts; instead, we should ponder how the Board, investors, and auditors, among other stakeholders, could have overlooked such glaring financial or compliance inconsistencies.[33] Has the desire for peak valuations made us less aware of the importance of sound judgment? Even renowned corporations have fallen victim to governance crises. Some of the most valuable start-ups in the world have failed due to ambitious and ill-planned growth. These problems have primarily arisen due to management's failure to consider the more comprehensive picture and preference for short-term revenue increases above long-term goals.[34] Weak balance sheets, dubious accounting practices, or delays in releasing financial accounts are the ultimate consequences of shortcuts taken and mistakes made. When these are discovered, investors' and founders' reputations are damaged, and businesses that made a splash early on fade away quickly.

FUTURE TRENDS IN CORPORATE GOVERNANCE

Corporate Governance may not be a wheel to cater to economic growth; however, it shall be beneficial in striking an optimal balance between the environmental, social, political and economic responsibilities of an organization. Considering the ever growing nature of the corporate arena, the parameters that would be responsible for boosting the corporate governance framework in the future shall be discussed in the following paragraphs:

A. ESG (Environmental Social Governance) Goals:

ESG goals of an organization are the standards for assessing the performance, policy and decision-making strategies of a business organization based on diverse issues of sustainability and ethical conduct. ESG stands for environmental, social, and governance aspects within a corporate governance framework.[35] Prevention of water, air and sound pollution, checking on deforestation and the issues relating to carbon emission can be categorized under the environmental concerns of ESG goals, whereas social undertakings include effective management of stakeholders and providing a fair and justified labour practice; Governance practices being a broader aspect includes policy and decision making abilities of a Corporation considering the interest and the rights of the shareholders which necessarily measures in upholding the transparency and accountability in the operations of a Corporation. Corporations nowadays are more diverted towards implementing social and environmental programs and have adopted a triple bottom line approach while formulating business policies with consideration to the communal interest they operate in. It has become imperative to understand that in the arena of Corporate Governance in India, there has been a considerable

32. Haladu A., & Salim B. B., Corporate Ownership and Sustainability Reporting: Environmental Agencies' Moderating Effects, International Journal of Economics and Financial Issues, 6, 1784-1790 (2016).
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35. Martinez-Ferrero & Lozano M.B., The Nonlinear Relation between Institutional Ownership and Environmental, Social and Governance Performance in Emerging Countries, Sustainability, 13, 1586 (2021), https://doi.org/10.3390/su13031586.

shift from CSR to ESG in recent years.[36] This shift has provided a changed perspective on the operability of a corporation's business. Moreover, such a drastic transformation has considerably shaped the regulatory frameworks and other parameters of transparency and accountability for a business. With the sole objective of implementing new reforms, corporate law has undergone an enormous shift, which has made compulsory for the organizations to strictly adhere to the disclosure and reporting obligations amidst the growing influence of shareholder activism.[37]

ESG standards so far have acted as the most effective in fostering Corporate Sustainability since they set up the parameters to assess a corporation's contribution in terms of its undertakings regarding environmental awareness, stakeholder engagement, and constructive governance. Investors hold an implied responsibility to evaluate the ESG compliance of a corporation before investing in it, thereby ensuring the corporation's ethical business practices. Although ESG, in a way, is in a very nascent stage in India, several big fishes like Asian Paints and TCS (Tata Consultancy Services) have already successfully formulated their individual ESG standards, which are vividly reflected in their regulations. For example, Asian Paints has diverted towards maintaining an eco-friendly production of its materials. In contrast, TCS, on the other hand, has undertaken a social program to foster literacy among the adults in rural and remote villages of India. [38]

Initiating and implementing ESG standards in a corporation requires a lump sum cost at the commencement stage. However, such an investment can benefit from a sustainable governance practice in the long term. Casualty in implementing the ESG standards can be pretty detrimental to the corporation's goodwill, finance, and legal existence, which should be considered by any foreign company intending to invest and expand its business in India.[39] CSR undertakings, which were mainly stakeholder-focused approaches, have departed from the limelight and been substituted by the ESG practice, which shall dominate the area of Corporate Governance in the forthcoming period. A considerable shift in corporate strategies with the introduction of ESG has provided a more comprehensive framework for sustainable governance. ESG has outgrown CSR in three aspects, including the non-reliability factor in CSR undertakings based on unauthentic mere market narratives and not-so-constructive evidence.

On the contrary, ESG parameters are based on much more reliable and gaugeable figures, eventually enhancing transparency and accountability proving a much more credible contribution to promoting sustainability standards. In a way, such a transformation from CSR to ESG has even checked the practice of greenwashing. The greenwashing term denotes framing statements of misleading activities and non-reliable false shreds of evidence pertaining to the environmental utilities and disadvantages of a product or a practice.[40]

36. Post C., Rahman N. & Rubow E., Green Governance: Boards of Directors' Composition and Environmental Corporate Social Responsibility, Business & Society, 23, 234-245 (2011), https://doi.org/10.1177/0007650310394642.
37. Pucheta-Martinez M.C., Bel-Oms I., & Rodrigues L.L., The Engagement of Auditors in the Reporting of Corporate Social Responsibility Information, Corporate Social Responsibility and Environmental Management, 26, 46-56 (2018), https://doi.org/10.1002/csr.1656.
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ESG presents a more compact and interrelated issue than CSR, which is primarily disintegrated. Environmental, social, and governance provide an integrated management approach because they hold common intersecting factors that involve not only a part of the corporation but also the entire organization, including the members of the Board and the active engagement of the stakeholders. Lastly, CSR practices have been ever considered adequate to cut down operational costs. ESG are the standards that accelerate the corporation's overall performance and aid in embracing new opportunities for growth and development of business practices.[41] Corporations with robust ESG frameworks often outperform their competitors, an instance wherein it becomes evident that integration of ESG standards into the business strategies of a corporation is imperative. To strengthen an organization's ESG framework, the integration of standards shall be established through specialized committees at the board level. The Committee shall be responsible for reviewing the corporation's activities to ensure that the ESG undertakings are in absolute alliance with the pre-determined, existing and future goals of the corporation and shall also monitor the progress and implementation of the standards.[42]

Assessing and preventing potential ESG risks in an organization is crucial for preserving the sustainability factor in any business. Based on the nature and goals of the organization and its specific ESG risks, comprehending the impact, its nature, cause and coming up with planned strategies for a resourceful solution can be immensely fruitful in complying with the ESG goals. Active engagement of the shareholders in the decision-making procedure of the organization can prove to be impactful in promoting effective compliance with ESG standards of an organization, which in turn shall boost confidence among the functionaries of the organization and bring about an essential concept of transparency and accountability.

With the emerging trends, it has become a mandate for an organization to meet the statutory requirements for being eligible to conduct CSR activities, to commit to preserving a part of their average profit towards CSR undertakings and that shall essentially demonstrate their determination towards environmental and social responsibilities. As per the disclosure obligations framed by SEBI, the top-notch Companies are, on a compulsory basis, required to publish their ESG performance report, which is necessarily known as the Business Responsibility Report (BRR), to promote transparency and accountability. However, these Companies must comply with the Global Reporting Initiative (GRI), which shall keep their reporting standard in compliance with the global framework of ESG Reporting. This shall enhance the credibility of the reporting in the future. It has now become imperative for foreign companies to streamline their ESG strategies in compliance with the framework prevailing in India as per the respective industrial requirements, which shall not only aid in fostering sustainable corporate governance but also can be pretty resourceful and practical in gaining the overall confidence of the stakeholders which in turn shall pave the pathway for a long term successful business practice.[43]

B. Adoption of Technology:

Utilization of digitalization and AI driven technologies in corporate governance holds the potential to bring about a considerable

41. Braam G.J.M., Uit de Weerd L., Hauck M. & Huijbregts M.A.J., Determinants of Corporate Environmental Reporting: The Importance of Environmental Performance and Assurance, Journal of Cleaner Production, 129, 724-734 (2016), https://doi.org/10.1016/j.jclepro.2016.03.039.
42. De Villiers C., Naiker V., & Van Staden C.J., The Effect of Board Characteristics on Firm Environmental Performance, Journal of Management, 37, 1636-1663 (2011), https://doi.org/10.1177/0149206311411506.
43. Fitriani A., Effect of Environmental Performance and Environmental Cost to Financial Performance Journal of Management, 1, 137-148 (2013).

improvement in the policy formulation procedure of an organization and shall also enhance transparency and accountability. AI and other digital tools can easily monitor several administrative tasks, thereby curbing the stressful and timetaking workloads of the directors and the executives, which in turn assists them in focusing and stressing on more potential strategic challenges. Easy access to the available data and information eventually contributes to a much faster and more well-informed decision-making process with considerable attention to transparency and accountability, specifically for organizations wherein the decision-making process is lengthy and inflexible.[44]

Adopting technology in corporate governance can enhance transparency by providing the stakeholders with easy access to the data and information pertaining to the financial and operational status of a corporation alongside management-related updates. This has eventually promoted a standard of accountability and has aided in mitigating fraudulent and ultra vires activities of the directors and other executives. Moreover, close surveillance has been made possible owing to the blessings of digitalization in auditing corporate and other executive tasks, which essentially preserves an ethical culture and conduct within the organization. Utilizing digital communication tools across the organization within the hierarchy can improve decision-making by promoting effective communication and eventually help curb potential disputes.

India, being home to an ever-developing sector of technology and catering innovations all over the commercial arena, is necessarily exposed to considerable threats pertaining to cyber security, thereby raising questions of ethics, corruption and regulatory compliances when including the concept of digitalization within the purview of corporate governance within an organization. Data privacy protection and its breach of it has been a relatively emerging challenge with time and advancements. Breach of cyber security has been an emerging issue in the arena of data hoarding; the risk of hacking and data breaches has surged. This can eventually cause a loss of sensitive information and considerable harm to the business goodwill as well as the financial status of the corporation. Another risk associated with the adoption of technology in corporate governance is the unreasonable discrimination and biases that can be the consequence of utilizing AI tools for recruitment procedures and for decision-making, wherein the parameters or the metrics designed to conduct the procedure can be biased towards a specific group or class of candidates; thereby contributing to unequal treatment and discrimination. Moreover, implementing technology in corporate governance can be detrimental towards the personal information of the stakeholders and the directors since the storage of such sensitive data can be vulnerable to use for unauthorized non-business purposes and can eventually be misused.[45]

The Personal Data Protection Bill has been passed to secure the data privacy of individuals and has provided measures for the responsible handling of data. Both Indian and foreign companies that intend to access the personal data of Indian citizens shall comply with the purview of the regulation. A national cybersecurity policy providing the guidelines and measures to preserve and secure India's cyberspace has been established by the Indian Government within the cybersecurity framework to enhance transparency and accountability within the arena of AI and technology. Henceforth, to ensure the privacy of data and its ethical use, corporations must formulate clear-cut guidelines and regulations that address the prevention of bias and discrimination, potential cyber security

44. Gautschi F.H. & Jones T.M., Illegal Corporate Behaviour and Corporate Board Structure, Research in Corporate Social Performance and Policy, 9, 93-106 (1987).

45. Goodstein J., Gautam K., & Boeker W., The Effects of Board Size and Diversity on Strategic Change, Strategic Management Journal, 15, 241-250 (1994), https://doi.org/10.1002/smj.4250150305.

risks, and protection of personal information from a breach. In addition to that, a periodic review and updating of the policies are mandatorily required to ensure that they comply with the national regulatory framework of the Government and are relevant enough to combat the ever-growing developments and forthcoming potential threats of the dynamic technological advancements and digital world.[46]

C. Increased Stakeholder Engagement:

Achieving success in project management by formulating corporate strategies and regulations can reap a long-term benefit only with the integration stakeholders' engagement to a considerable extent. Stakeholder engagement enhances an effective and open communication platform with a decision-making procedure that encourages resourceful solutions for both the interest of stakeholders and the corporation; moreover, it shall provide a long lasting solution. Corporations intending to impact the commercial market and promote sustainable corporate governance must integrate stakeholder activism strategies into formulating corporation goals.

The stakeholder engagement procedure includes a methodical determination, planning, analysis, and implementation of activities that will influence the stakeholders to participate actively and demonstrate their concern in the decision-making process. Stakeholders include internal and external parties in an organization, e.g., shareholders, employees, suppliers, regulators, the environment where the corporation operates, and the customers. There has been a considerable shift from the traditional concept of how the shareholders hold value for an organization to the impact the shareholders' activism can have on the organization's decision-making process. Such a transformation is the consequence of an increased focus on ESG factors, analysing and addressing which can resolve the possible challenges, and a better outcome can be expected for the business growth of a corporation and the communities where the business is operating.[47]

The term "Sustainable" is defined as the practice that serves the demands of the present without affecting or depriving the forthcoming generations of the opportunity to fulfill their necessities. Increased stakeholder engagement can bring about a solution to diverse needs and perspectives while in the policy and strategy making process, which in turn has the potential to strike a balanced and long-lasting effect in fostering a sense of a sustainable governance practice in the corporate arena; such a practice shall be resourceful in enhancing the trust and loyalty of the organization towards their investors and customers since active stakeholder engagement builds an effective commercial relationship that elevates the reputation of a Corporation; thereby it becomes pretty alluring to the investors and customers wherein, they attain the confidence to further their relationship with the business of the corporation. Comprehending and including the concerns and opinions of the stakeholders while formulating the business policies and strategies can be resourceful in reducing the risks and challenges that a corporation can face to combat exorbitant delays and other disputes that can come forth in the future. Stakeholder engagement shall essentially cater to diverse approaches that are innovative enough and effective in determining solutions to specific organizational affairs that internal members can overlook. Besides, increased

46. Gray R., Owen D., & Maunders K., Corporate Social Reporting: Accounting and Accountability, Prentice-Hall International (1987).

47. Jaffar R., Aziendeh R.R., Shukor Z.A., & Rahman M.R.C.A., Environmental Performance: Does Corporate Governance Matter? Jurnal Pengurusan, 52, 1-18 (2018), https://doi.org/10.17576/pengurusan-2018-52-11.

stakeholder engagement has often promoted higher project success rates.[48]

To promote effective stakeholder engagement, it is of utmost necessity to address the interests and concerns of the stakeholders in an organization. It is essential to know the stakeholders well and then comprehend how a policy or decision-making can impact their interests. Thorough research has to be conducted to identify and understand the same. Open and easy access to information and circulation through diverse channels must ensure transparency and openness in communication, promoting effective stakeholder activism. Integrating stakeholder feedback into the decision-making process of the organization forms the primary foundation for stakeholder involvement. Such inputs can be related to formulating policies about organizational values, re-evaluating business strategies or sanctioning a project plan.

Nevertheless, the stakeholder engagement strategy is not accessible from the clutches of the challenges; it may be mentioned that diversity in perspective can often be a barrier to transformation due to conflict in the stakeholders' varied interests. However, such an issue can be redressed by fostering a culture within the corporation that has varied perspectives and stresses on the implementation of a collaborative effort to resolve disputes. Balancing diverse concerns and interests by providing a common objective or a shared goal can serve as a strong base for communicating and reaching an agreement. That shall again be a collaborative effort wherein it must be ensured that every concern and interest has been heard, which shall provide equitable treatment and aid in bringing about a sustainable solution.

Considering the future trends of stakeholder engagement in fostering sustainable corporate governance, it will have an overwhelming effect very soon, to a considerable extent. However, it shall be in play parallel with several other diverse factors that are inter-related to each other, such as:

i. Inclusivity:

A considerable focus towards inclusivity has been marked wherein the concerns and interests of specific stakeholder groups that are under-represented or not raised shall be provided with significant attention. The conduct of several outreach programs for the targeted class of shareholders and the utilization of technologies that promote a sense of inclusivity and proactive engagement of the targeted groups in the decision-making process will eventually bring about equitable treatment and sustainable corporate governance.[49]

ii. Digital Inclination:

AI-driven technologies in the forthcoming period can effectively engage a broader range of stakeholders more efficiently, which shall be resourceful in gathering stakeholder feedback conducive to providing an inclusive decision-making framework.

iii. Stakeholder Activism:

Stakeholder engagement is widely related to the ESG factors. It shows that the corporation should provide a thorough report of stakeholder activism and its impact on the organization's decision-making process outcomes. Such detailed reporting eventually promotes transparency and accountability across the organization. The future lies in transforming from consulting stakeholders in a commercial dispute to cooperating with them to bring a solution. Such a shift shall be resourceful in catering to several stakeholders' innovation, creativity, and collective intelligence, which, in turn,

48. Ortiz-de-Mandojana N., Bansal P. & Aragon-Correa J.A., Older and Wiser: How CEOs' Time Perspective Influences Long-Term Investments in Environmentally Responsible Technologies, British Journal of Management, 30, 134-150 (2016), https://doi.org/10.1111/1467-8551.12287.

49. Fitriani, supra, 42.

can prove fruitful enough to bring about sustainable solutions.[50]

Stakeholder engagement shall be considered the primary activity to integrate it into the core business strategies of a Corporation. Such engagement can support an organization in achieving its business goals and promote a diverse set of skills and a healthy competitive culture among the stakeholders. To formulate a sustainable business model, it is crucial to devise and design the stakeholder engagement strategies effectively, which shall not only serve the current demands of a business but also be capable enough to combat the forthcoming potential challenges and opportunities. Future predicts that stakeholder engagement alone shall not only be a mere practice; rather, it shall be a principle to guide the decision-making process of a Corporation.

CONCLUSION AND RECOMMENDATIONS

A constant evolution in the design of Corporate Governance has driven the necessity for the regulators to experience varied facets of it. With the growing need for Sustainable Corporate Governance, the regulations pertaining to related party transactions shall meet with a stricter scenario over time. Organizations must take the primary initiative to address the concerns and interests of stakeholders intending to bring a considerable elevation in the stakeholders' activism. Besides, the adoption of new AI driven technologies should be taken into consideration when framing business strategies. Not to mention, the pathway of evolution shall also witness a sheer need for the business to recognize and comply with the emerging standards of sustainability and ESG governance goals. However, discussing the theories shall be of little or no utility in achieving the intended outcome, if not put into implementation. The authority to preserve the organization's interests lies in the Governance infrastructure and its code of ethics. Management and the people in charge of governance, such as the board and audit committee, are all accountable for implementing good governance. They should accept changes and apply best practices to their governance procedures to create solid corporate governance to win over stakeholders.

50. Sogani Sambhav and Nagashayana S., "Complicity in Corporate Misgovernance Liability of Statutory Auditors," [2010] 96 CLA (Mag.) 15.