Asian Administration and Management Review

Original Research Article

Received: 20 January 2025 **Revised:** 12 March 2025 **Accepted:** 13 March 2025

DRIVING BUSINESS TOWARDS SUSTAINABLE SUCCESS: THE ROLE OF CORPORATE GOVERNANCE WITH ENVIRONMENTAL AND SOCIAL MANAGEMENT AS MEDIATORS

Thanomsilp JANKANAKITTIKUL[1]

1 Faculty of Interdisciplinary Studies, Khon Kaen University, Thailand; thanomjan@kku.ac.th

Handling Editor:

Professor Dr.Wing-Keung WONG Asia University, Taiwan

(This article belongs to the Theme 1: Business & Economic in Industry 5.0)

Reviewers:

1) Professor Dr.Muhammad Usman TARIQ University College Cork, Ireland
2) Assistant Professor Dr.Dararat PHOPRACHAK RMUTSB, Thailand
3) Dr.Tommy Kibera KIILU Kenyatta University, Kenya

Abstract

This study aims to explore the mechanisms that drive businesses toward sustainable success, focusing on the roles of Corporate Governance, Environmental Management, and Social Management as intermediary factors. The research utilizes secondary data from SETSMART, a data platform provided by the Stock Exchange of Thailand (SET). The study population comprises companies listed on the SET within the sustainability stock index, with a sample of 516 firms selected from diverse industries. Data analysis was conducted using the statistical tools SPSS and AMOS. The findings suggest that Corporate Governance exerts a positive influence on both Environmental and Social Management practices, as well as on the overall business performance. Furthermore, environmental and social management were found to play a pivotal role in statistically strengthening the relationship between corporate governance and business performance. Nevertheless, successfully implementing ESG (Environmental, Social, and Governance) strategies requires careful consideration of various factors, including policies, regulations, industry-specific characteristics, regional contexts, community needs, and stakeholder demands. Consequently, businesses must tailor their ESG strategies to align with the unique context of their operations to achieve sustainable development objectives.

Keywords: Corporate Governance, Environmental Management, Social Management, Business Performance, Sustainability

Citation Information: Jankanakittikul, T. (2025). Driving Business Towards Sustainable Success: The Role of Corporate Governance with Environmental and Social Management as Mediators. *Asian Administration and Management Review*, *8*(1), Article 21. https://doi.org/10.14456/aamr.2025.21

Introduction

In an era marked by global economic volatility and rapid transformation, the intensifying environmental and social challenges have made sustainability a critical framework for guiding individual behavior and corporate practices. Adopting the ESG (Environmental, Social, and Governance) paradigm has become a key determinant for responsible living and ethical business conduct. Therefore, integrating ESG principles into organizational strategies is essential for risk mitigation and plays a pivotal role in enhancing competitive advantage and promoting long-term, sustainable growth (Lee & Suh, 2022; The Stock Exchange of Thailand, 2024).

ESG has emerged as a globally accepted business standard, prompting leading organizations to utilize the ESG framework to secure strategic advantages. The proliferation of sustainability reporting standards, which require the disclosure of sustainability data throughout the entire value chain, reflects the increasing dynamism and heightened global awareness of sustainability concerns (European Commission, 2023; Pauzuoliene & Derkach, 2024). A notable example is Unilever, a global leader in consumer goods, which is renowned for its commitment to sustainable business practices and has garnered widespread recognition for its ESG initiatives on a global scale (The Stock Exchange of Thailand, 2024).

In Thailand, there has been a consistent upward trend in the participation of listed companies in the SET ESG Ratings assessment, which reflects a concerted effort to adapt to and enhance ESG standards. This development aligns with global trends where ESG factors have become integral to investment decision-making. Investors increasingly prioritize ESG data to evaluate corporate transparency and performance, incentivizing companies to align their operations with international standards, ultimately contributing to long-term sustainability (The Stock Exchange of Thailand, 2024).

Corporate Governance (CG) plays a pivotal role in fostering transparency and accountability, acting as a critical intermediary between Environmental Management (EM) and Social Management (SO) to promote organizational sustainability. CG encompasses several key components, including governance policies, risk management practices, conflict of interest mitigation, board oversight, and the disclosure of sustainability-related information (Pingkan & Trisnaningsih, 2024; Danilov, 2024; Zhang, 2024; Kumar, 2024)

Although existing literature has extensively explored the relationship between ESG and business performance, there remains a notable gap in examining the role of Corporate Governance (CG) as a pivotal driver. This study aims to fill this gap by investigating how effective CG enhances the positive impact of ESG on organizational sustainability through Environmental Management (EM) and Social Management (SO), which serve as mediating variables leading to improved performance outcomes. The integration of these three dimensions facilitates the enhancement of competitive advantage, organizational credibility, and long-term sustainable growth (Quan & Zhou, 2024)

The objective of this study is to investigate the impact of Corporate Governance (CG) on Business Performance (BP), with particular attention given to the mediating roles of Environmental Management (EM) and Social Management (SO). The findings are expected to address existing gaps in the academic literature and provide empirical evidence regarding the influence of ESG mechanisms on organizational performance. A comprehensive understanding of the structural relationships between the various dimensions of ESG will offer significant insights for key stakeholders, including corporate executives, investors, and regulatory bodies. Ultimately, this research aims to contribute to the sustainable development of the Thai capital market and promote an economically responsible and value-generating system.

Literature Review

Fundamental Concepts Sustainability constitutes a strategic business paradigm that seeks to equilibrate the consumption of present resources with their preservation for future generations, thereby ensuring long-term economic stability and growth. Businesses committed to sustainability emphasize their impact across three fundamental dimensions: environmental, social, and economic (ESG). The overarching principle of sustainability is to address the needs of the present without diminishing the capacity of future generations to fulfill their own needs. Organizations increasingly integrate sustainability into their strategic frameworks in contemporary corporate practices through the ESG model. This framework is pivotal for evaluating, monitoring, and enhancing sustainable performance, enabling organizations to align their operations with long-term sustainability objectives (Basah et al., 2024).

The Role of ESG in Driving Sustainable Business

The Environmental, Social, and Governance (ESG) framework enables businesses to assess and enhance their operations in alignment with the United Nations Sustainable Development Goals (SDGs) and international agreements, such as the Paris Agreement (Sinha, 2025). The ESG framework comprises three core components: (1) Environmental, which focuses on minimizing negative environmental impacts and promoting resource efficiency; (2) Social, which emphasizes equity, social responsibility, and stakeholder well-being; and (3) Governance, which ensures ethical, transparent, and accountable management practices. Regulatory bodies, including the U.S. Securities and Exchange Commission (SEC) and the European Union's sustainability disclosure regulations, have reinforced adopting ESG standards (Sinha, 2025). Additionally, the ESG rating system of the Stock Exchange of Thailand (STTH SET) assesses corporate ESG performance. It provides annual updates to reflect evolving global trends (The Stock Exchange of Thailand, 2024).

Business Performance

Business performance refers to assessing and evaluating financial efficiency and revenue-generating capabilities. In addition to financial metrics, non-financial indicators—such as customer satisfaction and corporate social responsibility—offer valuable insights into an organization's overall success and long-term sustainability. A comprehensive approach integrating financial and non-financial performance measures enables organizations to holistically analyze and enhance their operations. Key performance indicators include Return on Investment (ROI), which assesses profitability relative to investment costs to evaluate financial viability (Artha & Satriadhi, 2023); Profit and Earnings Assessment (PEA), which examines net profit and revenue generation (Stehel et al., 2021); Financial Leverage Ratio (FLR), which analyses debt utilization strategies to optimize returns and manage expansion risks (Glazkova, 2022); and Asset Utilization Efficiency (AUE), which measures the effectiveness of asset deployment in generating revenue, reducing costs, and improving operational efficiency (Povazhnyi et al., 2022).

Corporate Governance (GC)

Corporate governance refers to the processes and structures through which organizations oversee, regulate, and monitor their operations to achieve objectives efficiently, transparently, and responsibly while ensuring accountability to all stakeholders. Effective corporate governance fosters ethical decision-making, enhances operational performance, and contributes to long-term business sustainability. Key components of corporate governance include Governance Policy and Ethics (GPE), which establishes a regulatory framework aligned with the principles of good corporate governance; Risk Management and Compliance (RMC), which involves identifying, assessing, and mitigating risks that could impact the organization; Corruption and Integrity Assurance (CIA), which focuses on implementing measures to prevent conflicts of interest and unethical practices; Board of Directors (BID), which ensures independent and equitable decision-making; and Accountability and

Sustainability Disclosure (ASD), which pertains to the transparent reporting of environmental, social, and governance (ESG) performance.

Environmental Management (EM)

Environmental management encompasses the planning, implementing, and regulating organizational activities to minimize adverse environmental impacts while promoting the sustainable utilization of natural resources. This approach balances economic growth with environmental conservation, ensuring long-term ecological and business sustainability. Key components of effective environmental management include Energy Management (EMV), which involves the utilization of renewable energy sources such as solar, wind, and biomass; Water Resource Management (WRM), which focuses on reducing water consumption in production processes and implementing water recycling systems; Waste Management (EPP), which incorporates advanced waste separation and recycling technologies; and Greenhouse Gas Management (GGM), which encompasses carbon offset initiatives such as reforestation and the adoption of carbon capture technologies. Implementing a comprehensive and efficient environmental management strategy reduces operational costs, enhances productivity, and strengthens corporate reputation and stakeholder trust. Ultimately, such practices contribute to businesses' long-term sustainability and competitiveness (Shiva, 2024; Ali et al., 2023; Nogueira et al., 2023).

Social Management (SO)

Social management refers to how organizations manage relationships with internal and external stakeholders, including employees, local communities, and society. Effective social management ensures equitable treatment, fosters social sustainability, and strengthens corporate reputation, ultimately contributing to long-term business success. Key elements of social management include Human Rights and Equity (GoV), which ensures fair wages, benefits, and labor rights; Employee Welfare and Safety (EWS), which involves implementing health and safety training programs; Skill Development and Training (SDT), which focuses on lifelong learning opportunities and workforce training; Employee and Community Engagement (EGL), which fosters collaboration with governmental and non-profit organizations; and Corporate Transparency and Reporting (CTR), which involves disclosing social and environmental performance to stakeholders. A robust and well-structured social management approach enhances corporate social responsibility, generates positive community impacts, reinforces stakeholder trust, and strengthens organizational credibility. Ultimately, these efforts lead to long-term business sustainability and competitive advantage (Velnampy, 2024; Alcivar-Soria, 2024; Milfelner et al., 2015).

Relationship between GC EM SO and BP

Corporate governance (GC) positively influences business performance (BP) by fostering transparency, accountability, and ethical decision-making. Key dimensions of GC include governance policies, risk management, anti-corruption measures, board independence, and sustainability disclosure. These elements collectively enhance operational efficiency, drive innovation, and promote responsible resource allocation. Effective corporate governance enables organizations to achieve financial success through increased return on investment (ROI), higher profitability and revenue growth, risk mitigation, and long-term improvements in asset utilization. (Pingkan & Trisnaningsih, 2024; Danilov, 2024; Zhang & Zhang, 2024; Kumar, 2024).

Corporate governance (GC) is crucial in enhancing environmental management (EM) by establishing a framework of accountability, transparency, and environmentally conscious decision-making. Key components of effective GC include governance policies, board oversight, conflict of interest management, risk management, and sustainability disclosure. A strong governance framework directly influences environmental initiatives such as energy management, water conservation, waste reduction, and greenhouse gas emission control. By integrating these governance mechanisms, organizations can achieve long-term environmental efficiency and sustainability, ensuring responsible resource utilization and compliance with global environmental standards (Masud et al., 2025; Hussien et al., 2025; Wu et al., 2023; Almaqtari et al., 2023; Enggaringtyas & Hermawan, 2024; Ali et al., 2023; Li & Peng, 2022).

Corporate governance (GC) positively influences social management (SO) by establishing a framework of accountability and transparency. Key components of effective governance include governance policies, risk control, anti-corruption measures, board independence, and sustainability disclosure. These mechanisms drive progress in human rights, gender equality, safety, human capital development, and community value creation. By implementing these governance practices, organizations foster trust among stakeholders, promote social equity, and enhance their contributions to sustainable business practices. The result is strengthened relationships with internal and external stakeholders, further supporting long-term business sustainability (Aras & Crowther, 2010; Zubelzu et al., 2014; Williams, 2015; Rayat et al., 2024).

Environmental management (EM) positively impacts business performance (BP) by implementing effective practices, such as energy management, water conservation, waste management, and greenhouse gas reduction. These strategies not only enhance operational efficiency and mitigate environmental risks but also deliver financial benefits to businesses by improving return on investment, increasing profitability and revenue, reducing risks, and promoting sustainable asset management.

Social management (SO) positively influences business performance (BP) through governance and human rights, fairness, employee welfare and safety, skill development, employee and community engagement, and transparency. These factors enhance employee morale, foster strong stakeholder relationships, and enable businesses to succeed financially. Key performance indicators such as return on investment (ROI), profitability, risk management, and long-term asset utilization are positively impacted by these social management practices, ultimately driving sustainable business performance (Bogeanu-Popa et al., 2024; Bhaskaran et al., 2024; Lim, 2019).

The Role of Mediators

Environmental and social management function as intermediary variables that connect robust corporate governance with business performance, enhancing financial efficacy through the strategic integration of ESG principles. This facilitates profitability and directs the organization towards long-term sustainability (Quan & Zhou, 2024).

Corporate governance (GC) indirectly influences business performance (BP) through environmental management (EM), which plays a crucial role in translating governance strategies into practical outcomes. EM enables organizations to utilize resources efficiently, minimize waste, and save costs. Additionally, effective environmental management helps reduce pollution and conserve energy, ensuring compliance with regulations and mitigating legal risks. This, in turn, enhances competitiveness and positively impacts business performance, such as increasing return on investment, profitability, revenue, and asset utilization. These outcomes form the foundation for sustainable growth (Zhang & Zhang, 2024; Mohmed et al., 2024).

Additionally, corporate governance (GC) indirectly affects business performance (BP) through social management (SO), which plays a key role in translating governance policies into practices that foster positive relationships with stakeholders in areas such as human rights, equality, welfare, and safety. SO also promotes transparency, skill development, and stakeholder engagement. These actions build satisfaction and trust among stakeholders, consumers, and investors, positively impacting business performance, particularly in revenue, profitability, risk reduction, and asset utilization. Ultimately, these efforts contribute to long-term sustainability (Fauzi et al., 2024; Ledi et al., 2024; Imran et al., 2023).

In conclusion, both environmental management (EM) and social management (SO) serve as mechanisms linking corporate governance (GC) with business performance (BP), working in tandem to enhance organizational efficiency and long-term success.

Hypotheses Development and Conceptual Framework

This study undertakes a comprehensive literature review to examine the relationship between Corporate Governance, Environmental and Social Management, and business performance, emphasizing the influence of effective governance on organizational performance. Based on this analysis, the following hypotheses are formulated:

Hypothesis 1: Corporate Governance (CG) positively impacts business performance (BP).

Hypothesis 2: Corporate Governance (CG) positively influences Environmental Management (EM).

Hypothesis 3: Corporate Governance (CG) positively influences Social Management (SO).

Hypothesis 4: Environmental Management (EM) positively affects business performance (BP).

Hypothesis 5: Social Management (SO) positively affects business performance (BP).

Hypothesis 6: Corporate Governance (CG) indirectly impacts business performance (BP) through Environmental Management (EM).

Hypothesis 7: Corporate Governance (CG) indirectly impacts business performance (BP) through Social Management (SO).

Additionally, based on the literature review, the conceptual framework delineates the relationships between Corporate Governance (CG), Environmental Management (EM), Social Management (SO), and business performance (BP). It posits that Corporate Governance (CG) exerts both direct and indirect effects on business performance (BP) through its influence on Environmental Management (EM) and Social Management (SO), as illustrated in Figure 1.

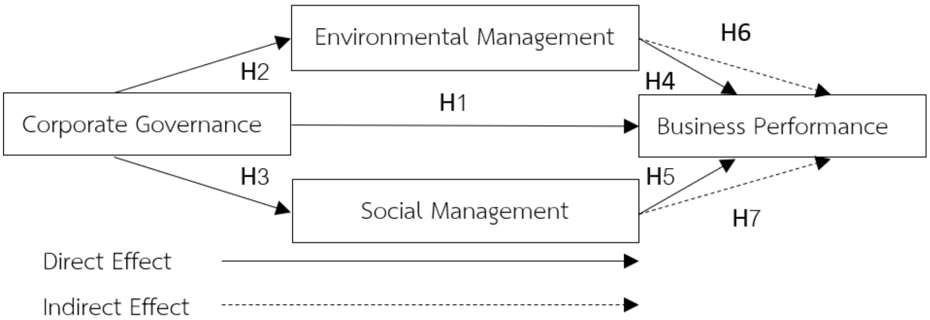


Figure 1 Conceptual Framework

Research Methodology

Sample, Data, and Research Design

This study employs secondary data from SETSMART, a platform provided by the Stock Exchange of Thailand, offering subscription-based access to data for investors and the general public. The study population comprises companies listed on the Stock Exchange of Thailand (SET) within the sustainability stock index, encompassing various industries such as agriculture and food, consumer goods, finance, industrial products, real estate, resources, services, and technology. The data covers 2021 to 2023, with a sample size of 516 companies selected based on criteria such as CG Reports, SET ESG Ratings, and CAC (The Stock Exchange of Thailand, 2024). This sample size is adequate for structural equation modeling analysis (Kline, 2016; Hair et al., 2019).

Data Analysis

The analysis utilized Structural Equation Modeling (SEM), employing Dummy Variables as independent variables (e.g., ESG compliance: 1 = compliant, 0 = non-compliant) and ratio-based dependent variables, thereby enhancing the robustness of testing causal relationships between ESG factors and business performance (Lee & Suh, 2022). The analytical procedure commenced with descriptive and inferential statistics, followed by model fit assessment, confirmatory factor analysis, causal relationship testing, and the investigation of the mediating role of variables. The assessment of indirect effects was conducted using the Bootstrap technique in AMOS, which involves resampling the data to estimate parameter values and Confidence Intervals. This method enhances the validity of the results by reducing errors associated with assumptions or non-normal data distributions.

Research Results

The descriptive analysis results reveal that the majority of the variables exhibit mean values that are relatively consistent, with moderate levels of variance (Std. Dev. ≈ 0.3-0.4). This suggests a controlled and uniform distribution of the data, indicative of high-quality data. The correlation analysis further demonstrates that no independent variable exhibits a correlation coefficient exceeding 0.80, implying the absence of multicollinearity concerns that could potentially distort the analytical results.

In the Confirmatory Factor Analysis (CFA), the model fit adheres to the established criteria, with a chi-square (χ^2) value of 84.678 and degrees of freedom (df) of 69, resulting in a p-value of 0.097, which falls within the acceptable range. The relative chi-square value is 1.227, the Goodness-of-Fit Index (GFI) is 0.982, the Adjusted Goodness-of-Fit Index (AGFI) is 0.956, and the Root Mean Square Error of Approximation (RMSEA) is 0.021, all of which indicate a high degree of accuracy in model estimation, as the RMSEA is below the threshold of 0.05. Furthermore, the Comparative Fit Index (CFI) is 0.996, suggesting that the model exhibits a firm fit to the data. These results provide strong evidence that the model is suitable for further theoretical analysis with high confidence.

Structural Model and Hypotheses Result Analysis

The model analysis results presented in Figure 2 demonstrate that the model exhibits a good fit according to the predefined criteria. The chi-square (χ^2) statistic is 60.203 with 47 degrees of freedom (df), yielding a p-value of 0.094, which indicates that the model aligns well with the observed data. Furthermore, the relative chi-square value is 1.281. Additional goodness-of-fit indices, including the Goodness-of-Fit Index (GFI) of 0.997, the Adjusted Goodness-of-Fit Index (AGFI) of 0.988, the Root Mean Square Error of Approximation (RMSEA) of 0.023, and the Comparative Fit Index (CFI) of 0.997, all suggest a high degree of model adequacy. These results collectively provide strong evidence that the model accurately represents the data.

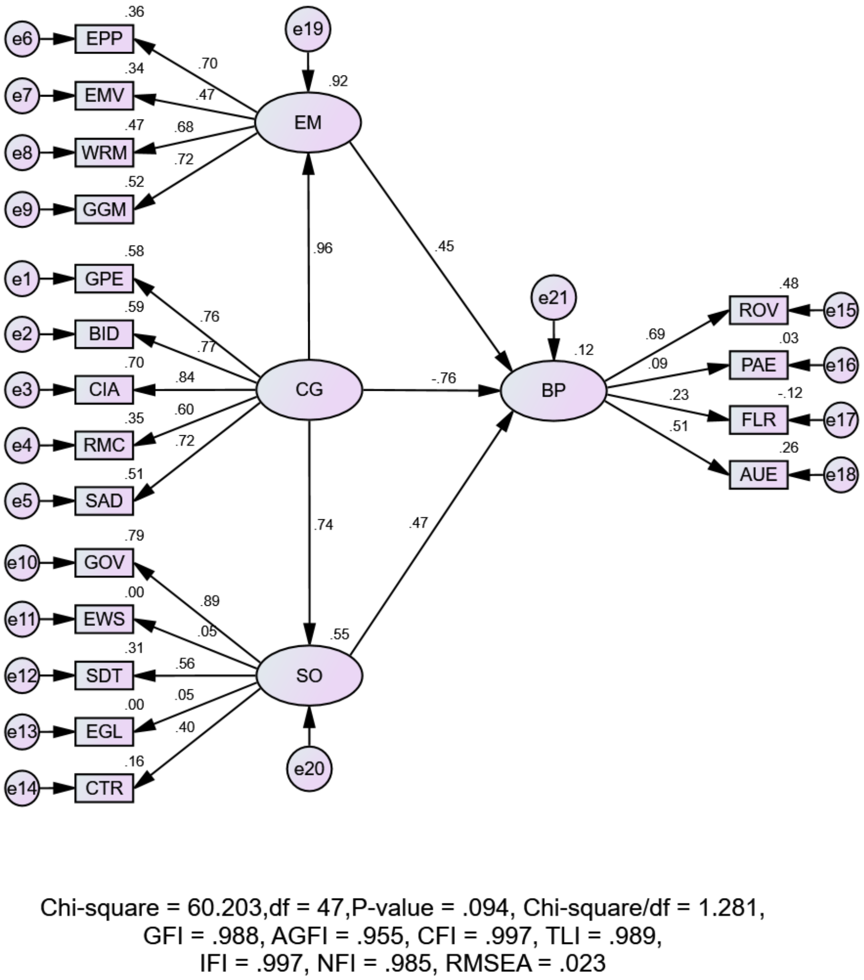


Figure 2 Structural equation model

Table 3 presents the results of the Structural Equation Modeling (SEM) analysis, indicating that corporate governance (CG) exerts a statistically significant influence on all other variables. Specifically, corporate governance (CG) has a positive effect on environmental management (EM; $\beta = 0.957$, $p = 0.0001$), social management (SO; $\beta = 0.740$, $p = 0.0001$), and business performance (BP; $\beta = 0.758$, $p = 0.003$), thereby providing support for hypotheses H2, H3, and H1, respectively. Furthermore, both environmental management (EM; $\beta = 0.449$, $p = 0.014$) and social management (SO; $\beta = 0.466$, $p = 0.022$) positively influence business performance (BP), thereby confirming hypotheses H4 and H5. These findings provide empirical support for all the proposed hypotheses in the study.

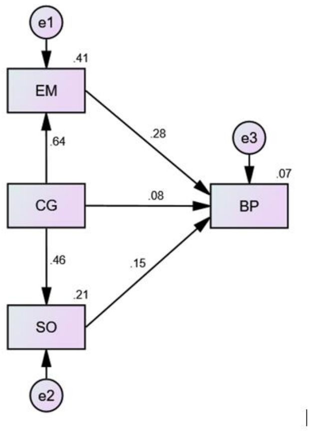
Table 3 *Structural Equation Model (SEM) Results*

Factors	Estimate	S.E. and T Value	p-Value	Hypothesis	Decision
EM← CG	0.957	0.131 (9.229)	***	H2	Accepted
SO ← CG	0.740	0.111 (7.637)	***	H3	Accepted
BP ← CG	0.758	11.860 (3.023)	0.003	H1	Accepted
BP ← EM	0.449	2.449 (2.449)	0.014	H4	Accepted
BP ← SO	0.466	2.293 (2.293)	0.022	H5	Accepted

Notes: Model fit indices: x^2/df = 1.281, GFI = 0.988, AGFI = 0.955, CFI = 0.997, TLI = 0.989, IFI = 0.997, NFI = 0.985, RMSEA = 0.023. $p > 0.05$ = not significant and *** or $p < 0.05$ is accepted.

Mediation Analysis Results

The mediation effect was analyzed using the AMOS software, employing the Bootstrapping technique to improve the precision of estimating indirect effects (IE) without relying on assumptions regarding normal distribution. A 95% confidence level was applied, further enhancing the robustness and reliability of the findings. The analysis results (as presented in Figure 3) demonstrate a good model fit, with a chi-square (χ^2) value of 0.276 and a p-value of 0.599. Furthermore, the model exhibits satisfactory fit indices, including a Goodness-of-Fit Index (GFI) of 1.00, a Comparative Fit Index (CFI) of 1.00, and a Root Mean Square Error of Approximation (RMSEA) of 0.00. These results suggest a high level of model adequacy and statistical reliability.



Chi-square = .276,df = 1,P-value = .599, Chi-square/df = .276,
GFI = 1.000, AGFI = .997, CFI = 1.000, TLI = 1.008,
IFI = 1.001, NFI = 1.000, RMSEA = .000

Figure 3 Mediation Effect Analysis

Table 4 Mediation analysis.

Variables				**Bootstrapping Bias-Corrected 95% CI**
Indirect Effect	**Estimate**	**Lower**	**Upper**	**p**
CG --> EM --> BP	0.176	452.868	932.434	0.001 (H6)
CG --> SO --> BP	0.068	446.052	111.222	0.002 (H7)

Notes: p < 0.05 significant; p > 0.05 insignificant; CI = confidence interval; the process repeated 5000 times.

The mediation analysis presented in Table 4 reveals that corporate governance (CG), as hypothesized in H6, exerts an indirect effect on business performance (BP) through environmental management (EM), with an indirect effect (IE) of 0.176 and a p-value of 0.001, indicating a statistically significant positive influence. Additionally, consistent with hypothesis H7, corporate governance (CG) also demonstrates an indirect effect on business performance (BP) through social management (SO), with an IE of 0.068 and a p-value of 0.002, further supporting the presence of a significant positive effect. These findings substantiate the conclusion that effective corporate governance has both direct and indirect effects on business performance, mainly through its influence on environmental and social management practices, thereby providing empirical support for all seven hypotheses outlined in the study.

Conclusion and Discussion

The study findings indicate that corporate governance significantly impacts business performance, consistent with the findings of Pingkan and Trisnaningsih (2024), who identified that governance policies and ethics help build trust. Similarly, Danilov (2024) studied technology companies, revealing that governance mechanisms and board diversity influence strategic decision-making. Zhang (2024), in a study conducted in China, found that governance is positively associated with ROI and ROE. Furthermore, Kumar (2024) conducted a study in India, noting that good regulatory frameworks promote revenue growth, aligning with Mahayadi & Setiawan (2024), who examined Indonesia and found that transparency and ethics contribute to increasing organizational value.

The research findings further indicate that corporate governance influences environmental management, consistent with Masud et al. (2025) and Hussien et al. (2025), who observed that independent boards positively impact energy management in Jordan, Bangladesh, and India. The study by Gull et al. (2024) on the manufacturing sector highlighted that board governance significantly affects waste management and recycling efforts. Ali et al. (2023) noted that transparency in disclosure and risk management strategies contribute to reducing pollution, particularly within the manufacturing sector in Pakistan. Enggaringtyas and Hermawan (2024) also emphasized that anti-corruption commitments play a crucial role in preventing environmental violations. Almaqtari et al. (2023) and Li & Peng (2022) found that independent boards and sustainability reporting aid in better water resource management. Lastly, Wu et al. (2023) and Almaqtari et al. (2023) argued that mitigating conflicts of interest supports enhancing environmental management practices, leading to greater efficiency.

Additionally, the study findings reveal that corporate governance positively influences social management. Ghazwani (2025) indicated that governance policies promote human rights and equality, while Johnpaul et al. (2024) and Li & Lee (2024) found that governance policies in India and Taiwan help ensure employee welfare, improve working conditions, and reduce turnover rates. Ramadan and Algarhy (2024) discovered that suitable governance mechanisms reduce corruption and increase stakeholder satisfaction. Furthermore, Johnpaul et al. (2024) found that risk management practices enhance safety, while Li and Lee (2024) emphasized that internal control systems ensure adherence to policies and facilitate employee skill development. Finally, Boeva et al. (2024) and Jahid et al. (2020) noted that sustainability reporting has a positive impact on human rights and community engagement (Ghazwani, 2025; Johnpaul et al., 2024; Li & Lee, 2024; Ramadan & Algarhy, 2024; Boeva et al., 2024; Jahid et al., 2020).

The research indicates that effective environmental management positively impacts various aspects of business performance, aligning with the findings of Nogueira et al. (2023), who discovered that using renewable energy and energy-efficient technologies helps reduce costs, thereby enhancing profitability. Similarly, Iliopoulou et al. (2024) and Majid et al. (2023) highlighted that recycling and water conservation contribute to cost reductions. González-Ordóñez (2023) emphasized that sustainable water management mitigates the risks of water shortages and legal issues. Furthermore, Nogueira et al. (2023) and Majid et al. (2023) found that converting waste into resources lowers production costs and improves financial efficiency. Iliopoulou et al. (2024) also noted that reducing greenhouse gas emissions helps lower energy costs. González-Ordóñez (2023) further pointed out that effective environmental management attracts investors, reduces climate-related risks, and enhances financial stability.

The research indicates that social management positively influences business performance, consistent with the study by Kifordu (2022) in the Nigerian energy sector, which found that employee and community engagement impacts return on investment. Bogeanu-Popa et al. (2024), in their study of the retail sector, discovered that such engagement increases profits and market value. Similarly, This aligns with the findings of Bhaskaran et al. (2024), who highlighted that employee welfare, safety, and skill development enhance productivity, innovation, and profits. Furthermore, Lim (2019) noted that in the energy sector, skill development has a positive impact on asset returns. Additionally, both Bogeanu-Popa et al. (2024) and Lim (2019) found that transparency in governance builds trust and increases asset returns.

Research findings indicate that Environmental Management (EM) is closely linked to Corporate Governance (CG) and Business Performance (BP). This aligns with the study by Zhang & Zhang (2024), which found that governance policies help reduce costs and enhance financial efficiency. Mohmed et al. (2024) also noted that corporate boards play a crucial role in promoting efficient water management, reducing costs, and improving asset utilization. Furthermore, Zhang & Zhang (2024) and Mohmed et al. (2024) found that risk management reduces greenhouse gas emissions, lowers costs, and increases revenue.

The study finds that social management (SO) links corporate governance (CG) with business performance (BP), consistent with Fauzi et al. (2024), who emphasize that governance based on fairness and transparency enhances employee welfare and financial performance. Similarly, Ledi et al. (2024) highlighted that stakeholder management impacts business performance in the manufacturing sector. Ouskou et al. (2024) stressed that effective risk management helps mitigate negative impacts, while Imran et al. (2023) underscored the importance of transparency in reporting for business performance.

The findings of this study indicate that corporate governance (CG) plays a pivotal role in driving sustainable business success. CG not only exerts a direct positive influence on business performance (BP) but also significantly impacts environmental management (EM) and social management (SO). Both EM and SO, in turn, contribute positively to BP. Consequently, CG indirectly affects BP through its influence on EM and SO. The integration of CG, EM, and SO frameworks is essential for enhancing organizations' operational efficiency and long-term sustainability. These results underscore the critical role of CG in facilitating the achievement of sustainable business outcomes, with EM and SO functioning as effective mediators in fostering organizational sustainability.

Recommendations:

The development of governance mechanisms should emphasize transparency and ethics, with independent and diverse boards to enhance strategic decision-making perspectives. Environmental management strategies should also be integrated, such as using renewable energy for long-term financial benefits. It is also essential to strengthen employee welfare and engagement by improving the work environment and supporting skill development to increase productivity and maintain loyalty. Prioritizing transparency in information disclosure and sustainability reporting will help mitigate risks and build trust in the market. Regarding social management, community engagement and addressing social issues aligned with the business vision will generate long-term returns. Furthermore, mechanisms to prevent conflicts of interest should be implemented, and proactive risk management strategies should be employed to maintain business and environmental stability.

Limitations and Suggestions for Future Research

This study has several limitations, including the use of short-term data, the inclusion of all industries, reliance solely on quantitative research, and the contextual and geographical differences that may limit the applicability of the findings to all countries. Future research should consider extending the duration and scope of the study, incorporating both qualitative and quantitative research methods, and accounting for external factors to enhance the accuracy in evaluating ESG impacts. Additionally, exploring organizational resilience and expanding the study to diverse contexts and regions would further deepen and broaden the understanding of the subject.

References

Alcivar-Soria, E. (2024). Responsabilidad Social Corporativa como Estrategia para Mejorar el Rendimiento Empresarial. *Revista Científica Zambos, 3*(2), 31-47.

Ali, A., Ameer, I., Faisal, S., & Rauf, H. (2023). Forging Sustainable Development: Exploring the Impact of Green Initiatives and Corporate Social Responsibility. *Sustainable Trends and Business Research, 1*(2), 76-87.

Almaqtari, F., Elsheikh, T., Abdelkhair, F., & Mazrou, Y. (2023). The impact of corporate environmental disclosure practices and board attributes on sustainability: Empirical evidence from Asia and Europe. *Heliyon, 9*(8), e18453.

Aras, G., & Crowther, D. (2010). *A Handbook of Corporate Governance and Social Responsibility*. London: Routledge.

Artha, B., & Satriadhi, B. (2023). Performance of Business: A Review of The Literature. *Jurnal Ekonomi Lembaga Layanan Pendidikan Tinggi Wilayah I, 3*(2), 41-47.

Basah, M., Marzuki, A., Ramli, N., Nor, F., Aziz, M., Shahwan, S., & Sabri, H. (2024). Conceptual Framework of Environmental, Social, and Governance (ESG) Research. *The Journal of Muamalat and Islamic Finance Research, 21*(2), 17-36.

Bhaskaran, R., Sukumaran, S., & Waheed, K. (2024). Corporate social initiatives and wealth creation for firms-an empirical examination. *Journal of Global Responsibility*, https://doi.org/10.1108/JGR-11-2022-0125.

Boeva, B., Zhivkova, S., & Stoychev, I. (2024). Sustainability Reporting Nexus to Corporate Governance: A Comprehensive Analysis. *IZA Journal of Labor Economics, 13*(1), 10-21.

Bogeanu-Popa, M., Man, M., & Păunescu, C. (2024). Examining the Interplay of Social and Financial Metrics: Case Study of the Retail Sector. *Journal of Accounting and Auditing: Research & Practice, 2024*, 675311.

Danilov, G. (2024). The impact of corporate governance on firm performance: panel data evidence from S&P 500 Information Technology. *Future Business Journal, 10,* 86.

Enggaringtyas, L., & Hermawan, A. (2024). Building Integrity, Protecting the Environment: the Influence of Anti Corruption Commitment on Corporate Environmental Management Performance in Southeast Asia. *Eduvest - Journal of Universal Studies, 4*(9), 8175-8189.

European Commission. (2023). *Corporate Sustainability Reporting Directive*. Brussels: European Commission.

Fauzi, I., Barkhowa, M., & Prasadhya, I. (2024). The effect of good corporate governance policies on welfare employee. *International Journal of Applied Finance and Business Studies, 12*(1), 9-18.

Ghazwani, M. (2025). Transforming Governance into Social Value: The Critical Role of Board Culture Diversity and Anti-Corruption Policies in Affecting Corporate Social Performance in G20 Countries. *Corporate Social Responsibility and Environmental Management*, https://doi.org/10.1002/csr.3097.

Glazkova, A. (2022). Analysis of Business Performance Indicators. *Globus: Economy Sciences, 8*(1), 17-21.

González-Ordóñez, A. (2023). Aportes de la gestión ambiental a la responsabilidad social y la competitividad empresarial. *Revista Metropolitana de Ciencias Aplicadas, 6*(3), 91-97.

Gull, A., Luong, H., & Nadeem, M. (2024). Board co-option and corporate environmental orientation: New insights from the waste management perspective. *Corporate Governance: An International Review, 32*(101), 1-28.

Hair, J., Babin, B., Anderson, R., & Black, W. (2019). *Multivariate Data Analysis*. 8th ed. New Jersey: Prentice Hall.

Hussien, L., Alrawashedh, N., Deek, A., Alshaketheep, K., Zraqat, O., Al-Awamleh, H., & Zureigat, Q. (2025). Corporate governance and energy sector sustainability performance disclosure. *International Journal of Energy Sector Management*, https://doi.org/10.1108/IJESM-07-2024-0015.

Iliopoulou, E., Vlachvei, A., & Koronaki, E. (2024). Environmental Drivers, Environmental Practices, and Business Performance: A Systematic Literature Review and Future Research Directions. *Sustainability, 16*(11), 4725.

Imran, M., Liu, X., Arif, M., Rahman, S., Manan, F., Khattak, S., & Wang, R. (2023). Sustainable corporate governance mediates between firm performance and corporate social responsibility using structural equation modelling. *Frontiers in Energy Research, 11*, 1121853.

Jahid, M., Rashid, M., Hossain, S., Haryono, S., & Jatmiko, B. (2020). Impact of Corporate Governance Mechanisms on Corporate Social Responsibility Disclosure of Publicly-Listed Banks in Bangladesh. *The Journal of Asian Finance, Economics and Business, 7*(6), 61-71.

Johnpaul, M., Miryala, R., & Gade, J. (2024). Corporate Governance as a catalyst in bolstering Sustainable Development Goals in India. *Journal of Mountain Research, 19*(2), 165-175.

Kifordu, A. (2022). Promoting the financial performance of registered multinationals through social financial management in Nigeria. *Journal of Global Economics and Business, 3*(8), 156-170.

Kline, R. (2016). *Principles and practice of structural equation modeling*. 4th ed. New York: Guilford Press.

Kumar, A. (2024). Comparative analysis of corporate governance practices: a systematic literature review of India and GCC nations. *International Journal of Management, Public Policy and Research, 3*(4), 54-66.

Ledi, K., Ameza-Xemalordzo, E., & Mensah, H. (2024). Unpacking synergistic dynamics between corporate governance and CSR – the role of stakeholder salience. *Business Process Management Journal*, https://doi.org/10.1108/BPMJ-01-2024-0003.

Lee, M., & Suh, I. (2022). Understanding the effects of Environment, Social, and Governance conduct on financial performance: Arguments for a process and integrated modelling approach. *Sustainable Technology and Entrepreneurship, 1*(1), 100004.

Li, C., & Lee, J. (2024). Determinants of the impact of ESG policy and corporate governance on employee rights. *Business Administration and Management, 27*(1), 108-120.

Li, C., & Peng, X. (2022). The Influence of Corporate Governance on the Environmental Information Disclosure of MNCs: An Empirical Study on Corporations from China, Japan, the United Kingdom and the United States. *Research in Economics and Management, 7*(1), 49-75.

Lim, C. (2019). *The Impact of Social Variables on Financial Performance*. A paper presented at the 12th International RAIS Conference on Social Sciences and Humanities, Library Place, USA.

Mahayadi, P., & Setiawan, P. (2024). Good Corporate Governance dan Manajemen Laba Pada Kinerja Keuangan. *E-Jurnal Akuntansi, 34*(10), 2621-2634.

Majid, S., Zhang, X., Khaskheli, M., Hong, F., King, P., & Shamsi, I. (2023). Eco-Efficiency, Environmental and Sustainable Innovation in Recycling Energy and Their Effect on Business Performance: Evidence from European SMEs. *Sustainability, 15*(12), 9465.

Masud, M., Sahara, J., Maola, M., & Rahman, M. (2025). Enhancing ESG Performance through Corporate Governance: Insights from Emerging Markets. *International Journal of Energy Economics and Policy, 15*(1), 47-58.

Milfelner, B., Potočnik, A., & Žižek, S. (2015). Social Responsibility, Human Resource Management and Organizational Performance. *Systems Research and Behavioral Science, 32*(2), 221-229.

Mohmed, N., Talib, Y., & Bakhit, A. (2024). The Role of Environmental Governance and Leadership in Improving Environmental Performance to Reduce Industrial Pollution within Industrial Institutions. *Journal of Environmental Science, 53*(12), 3225-3253.

Nogueira, E., Gomes, S., & Lopes, J. (2023). A meta-regression analysis of environmental sustainability practices and firm performance. *Journal of Cleaner Production, 426*, 139048.

Ouskou, R., Bahi, M., & Lakhlili, I. (2024). A relação entre a responsabilidade social das empresas e o desempenho financeiro. *International Journal of Digitalization and Applied Management*, *1*(1), 57-69.

Pauzuoliene, J., & Derkach, V. (2024). Integrating Environmental, Social and Governance (Esg) Principles into Organisations. *Regional Formation and Development Studies, 44*(3), 28-36.

Pingkan, L., & Trisnaningsih, S. (2024). Application of Business Ethics and Good Corporate Governance to Company Financial Performance. *International Journal of Management Research and Economics, 2*(3), 244-254.

Povazhnyi, O., Moiseienko, K., & Chupryna, Y. (2022). Evolution of the concept of "Business Performance Management". *Management of Economy: Theory and Practice. Chumachenko's Annals*, https://doi.org/10.37405/2221-1187.2022.101-108.

Quan, J., & Zhou, Z. (2024). Research on the Relationship between ESG Performance and Performance of Listed Companies under the Dual Carbon Target-the Mediating Effect Model Based on Internal Control. *International Journal of Global Economics and Management, 2*(3), 405-410.

Ramadan, Y., & Algarhy, F. (2024). The Impact of Implementing Good Corporate Governance Mechanisms and Compliance Programs in Combating Corruption in Egyptian Companies: A Case Study from Egypt. *International Journal of Accounting and Management Sciences*, (Special Issue), 145-184.

Rayat, R., Goel, P., Grag, P., Dang, S., & Tyagi, S. (2024). Ethical Corporate Governance: Harmonizing Profitability with Social Responsibility. *Educational Administration: Theory and Practice*, *30*(10), 216-227.

Shiva, V. (2024). Sustainable Management Practices in the Circular Economy: Balancing Environmental and Economic Goals. *Universal Research Reports, 11*(4), 170-174.

Sinha, M. (2025). Responsible Capital: The Evolution and Performance of ESG Investing. *Exploresearch, 1*(3), 1-18.

Stehel, V., Horak, J., & Krulicky, T. (2021). Business performance assessment of small and medium-sized enterprises: Evidence from the Czech Republic. *Problems and Perspectives in Management*, *19*(3), 430-439.

The Stock Exchange of Thailand. (2024). *Company*. Retrieved from www.setsmart.com/ssm/marketSummary.

Velnampy, T. (2024). Corporate Social Responsibility and Stakeholder Engagement: Impact on Organizational Performance. *Journal of Advanced Management Studies, 1*(3), 23-26.

Williams, C. (2015). *Corporate Social Responsibility and Corporate Governance* (Osgoode Legal Studies Research Paper No. 32). Canada: Osgoode Hall Law School.

Wu, Z., Lin, S., Chen, T., Luo, C., & Xu, H. (2023). Does effective corporate governance mitigate the negative effect of ESG controversies on firm value?. *Economic Analysis and Policy, 80*(C), 1772-1793.

Zhang, H., & Zhang, L. (2024). Dual Social Responsibility: The Pathway Effects and Mechanisms of Benevolent and Malevolent Actions on Firm Performance. *Business Ethics, the Environment & Responsibility*, https://doi.org/10.1111/beer.12755.

Zhang, S. (2024). Climate change disclosure and carbon performance of Chinese listed companies: exploring the moderating effects of climate governance and corporate environmental governance. *Frontiers in Climate*, *6*, 1469899.

Zubelzu, E., Andicoechea, M., Alvarez, I., & Heras-Saizarbitoria, I. (2014). *Corporate Social Responsibility and Corporate Governance Elements Converging in Ethics Applied to Businesses*. Retrieved from http://dx.doi.org/10.2139/ssrn.2696994.

Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

Conflicts of Interest: The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

Publisher's Note: All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers. Any product that may be evaluated in this article, or claim that may be made by its manufacturer, is not guaranteed or endorsed by the publisher.