

## CORPORATE GOVERNANCE: TRENDS, PERSPECTIVES AND FUTURE DIRECTIONS

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### Abstract

*Managing stakeholder relations and achieving the strategic goals of sustainable development is only possible with a strengthened corporate governance system. Developed in the 1970s, the concept of corporate governance has been widely debated in the literature, adapting to changes and developments in the global economy. The purpose of this article is to analyze the evolution of corporate governance research and highlight current and future research directions. The research methodology is based on bibliometric analysis of research on Web of Science platforms using VOSviewer and Bibliometrix software. The results of the research are to highlight the evolution of corporate governance practices and to establish current and future research directions. The research is useful for academics and regulators tracking the evolution of corporate governance and the adaptability of governance principles to current paradigm shifts.*

**Key words:** *corporate governance; evolution; trends; perspectives; bibliometric analysis*

**JEL Classification:** *G34*

### INTRODUCTION

Although the concept of corporate governance began to be more widely used in the 1970s by American companies, its origins date back to the 16th-17th centuries, with the emergence of the first corporations, such as Hudson's Bay Company, Levant Company (Cheffins, 2012; The Diligent team, 2024). According to Sale (2004) corporate governance "refers to the balance of power between officers, directors and shareholders". She also states that "good corporate governance enables a balance between what directors and managers do and what shareholders want; the term implies that managers have appropriate incentives to work on behalf of shareholders and that shareholders are properly informed about managers' activities" (Sale, 2004). A broader definition is given by the OECD (2024), which argues that corporate governance "guides the way a company is run and its relations with shareholders and stakeholders, enabling enterprises to create an environment of trust, transparency and accountability that promotes long-term patient capital and supports economic growth and financial stability". In practical terms, corporate governance refers to the set of principles, rules and actions by which a firm is managed, with the main purpose of promoting transparency and accountability in order to increase stakeholder confidence and achieve sustainable development objectives. In other words, corporate governance strikes a balance between the development objectives of the enterprise, i.e. the primary objective of 'profit maximization', and the needs of stakeholders, in particular investors. With the globalization and internationalization of companies, corporate governance principles have become an integral part of companies' development strategies, which are based on key elements such as transparency, responsibility, accountability and compliance with legal rules and regulations.

To ensure an appropriate control and oversight framework that protects the interests of all stakeholders, in April 1998, the OECD Council developed the "OECD Principles of Corporate Governance", which were adopted in 1999. The 1998 Principles are basically the "basis for corporate governance principles". Over the years, the corporate governance principles have been constantly reassessed to adapt them to economic developments and to respond mainly to the realities of the times. The first reassessment of the principles after 1999 was in 2002, they were reassessed with the aim "to adapt implementation to different legal, economic and cultural circumstances" (OECD, 2024). Initially, corporate governance was oriented towards the parameters of the company, and nowadays modern corporate governance is oriented towards putting the value of stakeholders (shareholders, employees, customers, the public, etc.) (Hilb, 2012). Currently the OECD principles on corporate governance are based on 6 guidelines namely: "providing the basis for an effective corporate governance framework; shareholder rights and key shareholder functions; equitable treatment of shareholders; the role of stakeholders in corporate governance; disclosure and transparency; board responsibilities" (OECD, 2024).

Having a vast and complex evolution, corporate governance has been extensively studied in the literature from its history to its role. With this in mind, the aim of this paper is to analyze the evolution of research topics in the field of corporate governance and to highlight current and future research trends. In order to achieve the proposed aim, a bibliometric analysis of the research on the Web of Science and Scopus platforms was carried out with the help of VOSviewer and Bibliometrix software. The research is useful for academics and regulators following the evolution of corporate governance and the adaptability of governance principles to current paradigm shifts. Limitations of the research are limited to the analysis of research indexed in Web of Science databases. We do not exclude the possibility of the existence of papers of major importance for corporate governance research that are not indexed in the two aforementioned databases.

## I. LITERATURE REVIEW

Given the importance of corporate governance in enterprise management, in the literature it has been analyzed from various perspectives, ranging from the evolution, adaptation, new directions of corporate governance principles to its influence on firm performance. For example, Hilt (2014) analyzed the evolution of corporate governance in the US, emphasizing the corporate governance crises that the US has faced over time, highlighting the need to adapt corporate governance mechanisms to current requirements, because, as the author states "economic and institutional changes give rise to successive generations of companies with their own governance problems and their own mechanisms for dealing with these problems". In this regard, there is a need for corporate governance principles to be constantly filtered through the filter of legal, economic and market innovations. Alabdullah (2014) analyzes the history and genesis of corporate governance, supporting the idea that it emerged before 100 years and not as stated in the literature that it is "came through the rules of the Sarbanes-Oxley Act and the United States legislation of 2002". The author also argues that even though corporate governance has a long history and an old system, it is imperative for the long-term development of businesses.

The importance of corporate governance began to be emphasized in the early 21st century with the outbreak of major financial scandals in the US (Enron) and more recently in Germany (Worldcom) due to fraud, financial misconduct and not least due to the negligence of the management of the firms involved. Agrawal and Chadha (2005) analyzed whether corporate governance is related to earnings restatement of US firms, concluding that there is no causal relationship between the two variables. In a different vein, Velte (2023) based on a systematic review of the literature analyzed the link between corporate governance and corporate financial misbehavior, arguing that corporate financial misbehavior erodes stakeholder trust and at the same time transparency and accountability. The role of corporate governance in preventing and avoiding financial scandals is fundamental by establishing effective internal control as well as an effective internal code of conduct and ethical standards at the firm level, principles that must be respected both internally and externally. According to The Governance Institute (2023) "by applying effective governance frameworks that include transparency, strong leadership, risk management, ethical standards, stakeholder engagement and compliance, companies can prevent scandals and protect their reputation and long-term success". Establishing clear corporate governance policies and procedures therefore reduces and prevents the risk of sham and corruption. It is imperative that firms review and strengthen their governance principles so that they do not become embroiled in scandals, as these lead to the erosion of investor confidence and thus affect business performance, effects that can even lead to bankruptcy.

Another topic debated in the literature is the link between corporate governance and firm performance. Studies in the literature emphasize that a well-founded and structured corporate governance has a positive impact on firm performance. Farooq, Noor and Ali (2022) based on 29 corporate governance provisions of firms in Pakistan analyzed the link between firm governance and firm performance concluding that "corporate governance has a positive impact on accounting profitability and market indices but has little impact on return on equity". The authors also argue that the positive benefits of corporate governance are felt more in large firms as compared to small firms because large firms have better expertise in implementing corporate governance principles. In the same vein, Bui and Krajcsák (2024) analyzed the role of corporate governance in the performance of firms in Vietnam highlighting that effective corporate governance practices contribute to higher firm performance, i.e. "between transparency disclosure and financial performance and between corporate governance and firm size there is a positive correlation".

Another research area is the relationship between sustainability and corporate governance. As the importance of sustainability has been emphasized, the term sustainable governance has also been developed, thus sustainability has become an integral part of corporate governance. According to OECD (n.d.) "corporate sustainability is about integrating social and environmental considerations into a company's business strategy and operations; it fosters good governance and decision-making and helps investors better understand a company's long-term risks and opportunities". In this sense, corporate governance needs to look beyond stakeholder interests, integrating into corporate governance principles the principles of sustainability, which is about meeting the needs of the present without compromising the future of generations to come. Research in the literature has long emphasized the need to integrate sustainability principles into corporate governance (Krechovská & Procházková,

2014), because we cannot talk about a long-term development of the enterprise without referring to sustainability. In this regard the European Union have adopted in 2022 the EU Directive on Corporate Sustainability Reporting (CSRD) which is phased in from 2024 to 2028.

In this vein, we can note that the principles of corporate governance are complex, having undergone numerous changes over time to adapt them to current economic realities. Researchers have tried to emphasize the role of corporate governance in the long-term development of the firm, and more recently they have emphasized its role in the implementation of sustainability principles in the business.

## II. METHODOLOGY

The research methodology is based on bibliometric analysis of research on Web of Science platforms from 1995-2025 (see Table 1). The analysis was performed with VOSviewer and Bibliometrix software.

**Table 1.** The methodology for identifying and selecting data

<b>Data base:</b> ISI Web of Science	
<b>Topic:</b> Corporate Governance	
<b>Inclusion criteria:</b>	
<ul style="list-style-type: none"> <li>- research areas: Economics, Business, Management and Business Finance.</li> <li>- Scientific and research articles.</li> <li>- indexing platform: Wos</li> <li>- Highly cited papers</li> <li>- Relevance</li> </ul>	
<b>Exclusion criteria:</b>	
<ul style="list-style-type: none"> <li>• adjacent research areas;</li> <li>• editorials;</li> <li>• book reviews;</li> <li>• communications.</li> </ul>	
<b>WOS Results</b>	
Without exclusion criteria	50.355
With exclusion criteria	36.611
<b>Selected articles</b>	3000

Source: adapted from Melega et al., 2024

Therefore, to perform the bibliometric analysis, the Web of Science database was queried, identifying the researches with "Corporate Governance" as research topic. The first query returned a total of 50,355 publications (see Table 1). In order to narrow down the search and include only impact research in the analysis, scientific and research articles within the research areas Economics, Business, Management and Business Finance were set as inclusion criteria, while adjacent research areas, editorials, book reviews and communications were excluded. Thus, when applying the first filters, only 36,611 of the 50,355 publications remained. In order to narrow down and include in the analysis the most relevant publications on the topic of corporate governance, we applied another filter, i.e. the number of citations, choosing only the first 3,000 scientific and research articles by the number of citations. According to Melega (2022), "the number of citations is an important characteristic in assessing the quality of a paper, validating the importance of the research topic and highlighting the impact it has had on scientific output"

To perform the bibliometric analysis only scientific and research articles from the Web of Science platform were collected, but not those from Scopus, because I consider that there are no differences between the two databases, most of the publications indexed on Web of Science are also found on Scopus and vice versa. Also, as stated by Melega et al. (2024) "the choice of WoS over SCOPUS is justified not only by the reputation of the platform in indexing articles in the fields of economics and finance, but also by the fact that WoS has a longer tradition in cataloging these specific fields, offering a wider temporal coverage, from 1975 to the present".

## III. RESULTS

Corporate governance is a complex concept that over time has been tested against socio-economic changes and continuously adapted. Developed extensively in the 1970s in the USA, the concept began to be analyzed and studied by various authors, trying to understand and explain to the general public its role, importance and how to put it into practice. The first publications on corporate governance available on the Web of Science platform date back to 1977-1978, namely Vance's (1978) paper, in which the author develops a model for assessing the impact of board attributes on firm performance. Other notable works from 1980-1995 are based on the analysis of ethical principles in corporate governance (Purcell, 1982), corporate governance reform (Nader, 1984), emerging



According to the data in Figure 2 it can be seen that research in the field of corporate governance is very diversified, being structured into 38 research clusters. The most prominent cluster "ownership", consisting of 57 items, is oriented towards analyzing the impact of ownership structure on corporate governance, being correlated with terms such as "board", "responsibility", "impact", "profitability", "firm risk" and "ownership concentration". In practice, the research around the "ownership" cluster is generally concerned with the analysis of ownership structure, risk management, ownership structure, board decisions and influence on firm profitability. The second cluster in terms of size consists of 51 items and focuses on the analysis and role of corporate governance in crisis management (financial crisis) and research focused on corporate governance in the banking sector (banks), in particular on the analysis of the impact of the board of directors on performance and long-term development strategies. The third largest cluster "low" consists of 47 items and focuses on the analysis of corporate governance models, practices and theories (Anglo-American model, European Union, OECD, Neo-institutional theory, institutional theory perspective, theory of compliance) as well as on financial crises and scandals (corporate scandals, financial crisis, sarbanes-oxley, market confidence). The fourth cluster "Financial Markets, Governance, and Investment Dynamics" consists of 44 items and focuses on analyzing and exploring the influence of governance structures on financial decisions (capital expenditure, investment decisions, corporate finance, corporate governance, internal and external mechanisms of corporate governance), as well as on exploring the impact of corporate governance on markets and investors (investor confidence, sovereign wealth funds, protection of minority investors, voting-rights, sentiment). The fifth cluster "Analytical Approaches" consists of 40 items and is based on the exploration of corporate governance reforms and their influence on firm performance and the protection of minority shareholders' rights (corporate governance reform, corporate growth, committee characteristics, minority shareholders watchdog group) as well as the evaluation of the impact of audit practices, costs on transparency (audit fees, audit judgment, assurance, quality reporting) and last but not least on the analysis of social and ethical aspects in corporate governance (social-responsibility disclosure, cronyism, political connection). The other clusters analyze cultural and institutional dimensions (national culture, institutions, gender diversity, etc.). Thus, we can observe that the research topics in the field of corporate governance are very broad, but they orbit around analyzing and emphasizing its importance in long-term development and in maintaining and strengthening the trust of stakeholders, especially investors. In terms of gaps, the themes less explored by researchers orbit around the key concept of 'clinical governance'.

In order to dimension the research topics in terms of density and centrality, a thematic map of corporate governance research was created using Bibliometrix (see Figure 3).

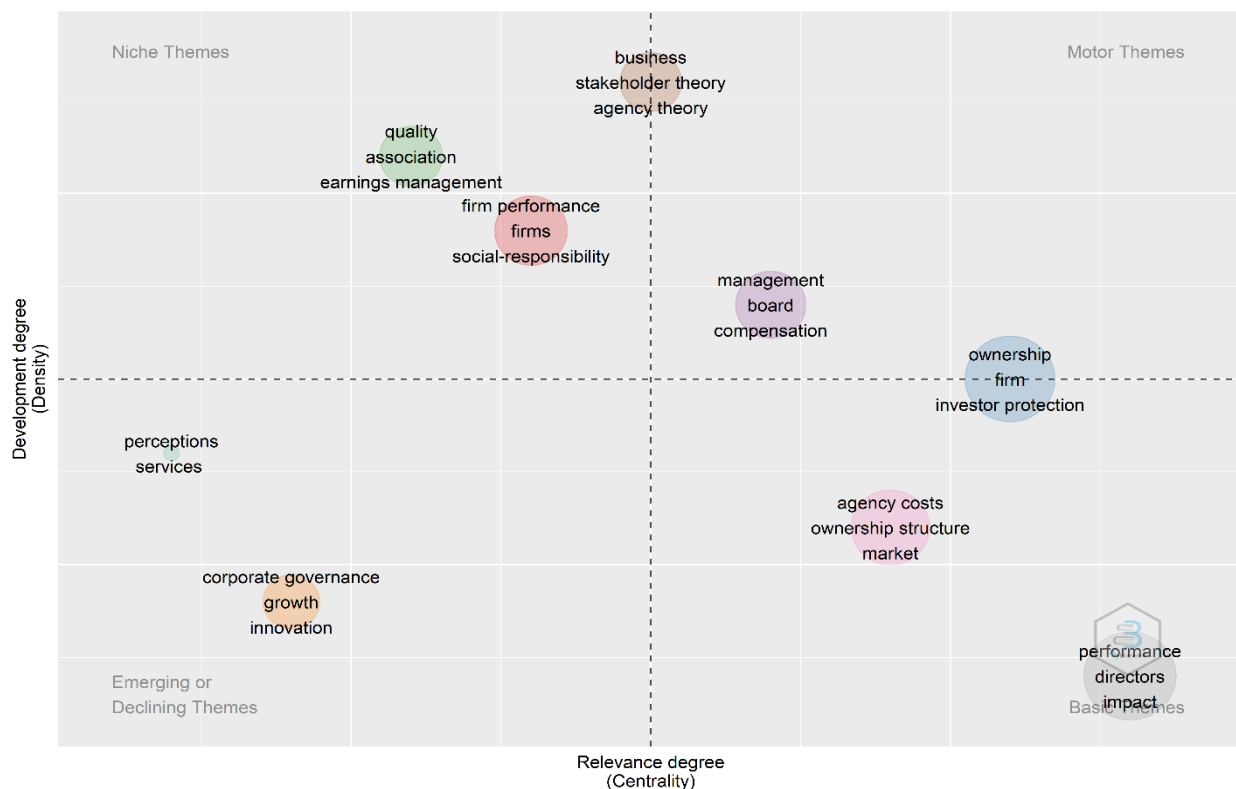


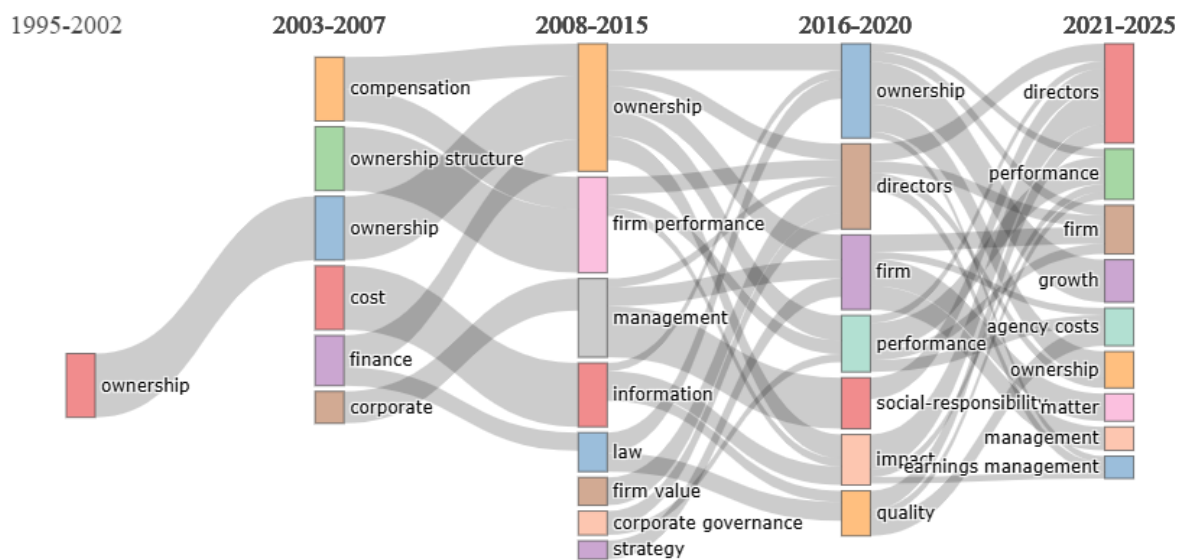
Figure 3. Thematic Map

Source: developed by the authors with Bibliometrix software



According to the data in Figure 3, it can be seen that according to their density and centrality, the research topics can be categorized into four quadrants. In the first quadrant (niche themes), positioned on the left side of Figure 3, well-developed research themes are highlighted, but with a low relevance, themes that revolve around key concepts such as: quality, association, earnings management, firm performance, firm, social-responsibility. In the second quadrant, driving themes, research themes that have a major impact on the field of corporate governance are highlighted, these researches focus on key concepts such as: business, stakeholder theory, agency theory, management, board, compensation. Practically, the research topics located in the driving themes quadrant contribute to the development of corporate governance research, this is explained by the first agency theory, stakeholder theory, also the focus is on managers' remuneration and board effectiveness in the implementation and development of corporate governance practices. Frame 3, emerging themes, comprises research that has low relevance and is only in the research trend and orbits around key concepts such as: perceptions, services, corporate governance, growth, innovation. The last frame, the fourth, highlights the central themes, or in other words less explored areas, but which may be relevant future research topics, these are oriented around key concepts such as: ownership, investor protection, firm, ownership structure, agency costs, performance, directors, impact. Thus, from Figure 3 it can be concluded that corporate governance research is dominated by fundamental theories and investor protection.

In order to explore the evolution of corporate governance research over time, a thematic map of the evolution of research has been developed with the help of Bibliometrix (see Figure 4). This map highlights the impact of economic changes and developments, business structure and internationalization of the firm on the field of corporate governance or in other words this map highlights the concerns and issues addressed by researchers in order to explain corporate governance.



**Figure 4.** Thematic Evolution

Source: developed by the authors with Bibliometrix software

According to the data in Figure 4, it can be seen that during the period 1995-2022, a period that also coincides with the introduction of the "OECD Principles of Corporate Governance", corporate governance in research focuses on explaining corporate governance through the structure and distribution of ownership. In the period 2003-2007, the research topics diversified, with the emergence of new concerns such as compensation, ownership structure, cost, finance and corporate. The 2008-2015 period is a peak period, with a considerable expansion of corporate governance research, with research continuing on already traditional topics (ownership), but also a deepening of legislative, strategic and economic factors in corporate governance. The years 2016-2020 are characterized by the emergence of new research topics such as: social-responsibility matter, impact, while the other topics are still being explored. In the last period, 2021-2025, the focus is on topics such as: directors, performance, growth, agency costs, earnings management, impact, quality, firm. Therefore, as mentioned above, it can be seen that the red thread of corporate governance research over time is "ownership", but corporate governance has expanded to more diverse areas such as: sustainability, strategic governance, social responsibility and organizational effectiveness, etc.

#### IV. CONCLUSION

Corporate governance is an old topic that has evolved over time with the paradigm shifts in the socio-economic field. Research in the field has evolved as well, trying to respond to corporate governance issues and trying to translate them into the current economic and social realities. The red thread of corporate governance research over the last 50 years is the ownership structure. Research topics analyzing corporate governance orbit around traditional theories such as: stakeholder theory, agency theory, but at the same time in the last decade the importance of corporate governance in the application of sustainability principles and the cultivation of social responsibility has also been emphasized. The future directions of research in the field of corporate governance depend on the economic and social conjunctures, but from the bibliometric analysis it can be observed that the research themes will focus on ownership, investor protection, firm, ownership structure, agency costs, performance, directors, impact, sustainability, strategic governance, social responsibility.

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