GOOD GOVERNANCE IN A CONCEPTUAL ANALYSIS - ESG AS A TOOL TO ACHIEVE SDGs

PhD., 3rd degree researcher, Alina Georgeta AILINCA
"Victor Slavescu" Financial and Monetary Research Centre, INCE,
Romanian Academy, Romania
E-mail: alinageorgetaailinca@gmail.com
Gabriela Cornelia PICIU
"Victor Slavescu" Financial and Monetary Research Centre, INCE,
Romanian Academy, Romania
E-mail: gabriela_piciu@yahoo.com

Abstract: *The ESG (Environmental, Social and Governance) framework allows, through its capacity to assess the responsibility and sustainability of organizations, to actively contribute to the implementation and monitoring of contributions to the SDGs at the company level. Governance at the company level, monitored through ESG governance, involves an internal framework capable, through its management structures, of transposing not only a good knowledge of risks and the implementation of appropriate management, but also a real policy of compliance, ethics, integrity and appropriate transparency regarding the harmonization of the company with the economic environment, the effectiveness of governance, human rights, gender, innovation, stability and the rule of law. In this context, the article aims to address the link between good governance described at the level of ESG policies and the sustainable development targets, particularly regarding SDGs 8, 9, 12, 16 and 17. The results, analyzing the rich literature on the subject, strengthen the link between ESG governance and the SDGs.*

Keywords: *sustainability, corporate governance, ESG performance.*
JEL Classifications: *M14, G34, Q01, Q56.*

1. Introduction

Globally, amid the energy and resource crisis, companies are increasingly faced with pressures to change, to review strategies to improve resource efficiency and reduce waste. In this context, ESG frameworks, in accordance with the principles of circularity, allow for transparent reporting of sustainability efforts at company level (Telukdarie & Nyathi, 2026). Thus, compliance with ESG is not only part of a legislative approach, carried out more intensively at European level, but also of a new vision of life and social approach, in which the company integrates harmoniously into the new economic environment that surrounds it.

Defined by the United Nations, the Sustainable Development Goals (SDGs) (World Commission on Environment and Development, 1987; United Nations; 2015; UNDP, 2020) represent an important benchmark for numerous public and private policies and strategies. An important element of these strategies refers to ESG (Environmental, Social and Governance). ESG allows, through its criteria, used to assess the responsibility and sustainability of companies, a direct, identifiable, concrete, often measurable reflection of the manner of fulfilling the SDGs at the company level. More precisely, it allows the internal transposition, respecting the proportions of dimensionality, capacity and effectiveness, of the SDGs at the company level.

Good governance means many things, often different for different social actors. However, the benchmarks of the concept refer to efficient and fast management structures, sensitive not only to concrete market changes, but also to trends and especially to concepts and perspectives. It also requires good compliance with legislation and public policies, adequate risk management, but especially ethics and integrity and transparency and good communication internally, within the company, but also with third parties.

Good governance makes it possible to achieve all SDGs at the organizational level, however, for ease and correspondence, this article will refer in particular to SDGs relatively equivalent to ESG policies, instruments and indicators. Therefore, SDGs such as: SDG 8 – Decent work and economic growth, SDG 9 – Industry, innovation and infrastructure, SDG 12 – Responsible consumption and production, SDG 16 – Peace, justice and strong institutions; SDG 17 – Partnerships for the goals, best reflect the idea of good public and private governance. Therefore, the purpose of the article is to analyze in detail the correspondences, connections, multi-determinations between the SDGs (especially those listed above) and ESG policies related to good governance.

2. Problem description

In recent years, there has been a growing demand for greater accountability and transparency in reporting on non-financial corporate performance. ESG frameworks aim to measure non-financial social, environmental and governance performance at the company level through standardized indicators and to assess the risks that threaten or may threaten the company in the future from a sustainability perspective. These frameworks allow investors, society and authorities to understand, evaluate, compare and discriminate between companies regarding their compliance with sustainability practices (Khamisu &Paluri, 2024; Hsu et al., 2025; Yadav et al., 2025). Despite this trend, ESG frameworks often remain channeled more towards fulfilling external requirements, as a formal list of tasks and are mainly oriented towards compliance and avoid playing a central role in the internal, deep, value-creating and responsible transformation of the company (da Cunha et al., 2025; Menichini, Salierno and Strollo, 2025), significantly differentiating large companies from small ones in terms of disclosing aspects that are less favorable for the company (Chopra et al., 2024). At the same time, when it comes to aligning ESG information with other related conceptual frameworks such as circularity, social equity, SDGs, etc., the degree of alignment reflects consistent conceptual, theoretical and empirical gaps, as well as a rigidity in mechanical reporting, the almost exclusive reliance on compliance considerably limiting the potential of the ESG framework to transform the business model into a circular one (Telukdarie & Nyathi, 2026).

3. Review of the specialized literature

The literature abounds in explaining the link between ESG and SDGs, on specific topics, such as good governance, there are numerous attempts to clarify the link with SDGs especially with SDG12, SDG16 and SDG17 (López-Cabarcos et al., 2025; Sundarasen, Rajagopalan & Zyznarska-Dworczak, 2025; Kim and Yang, 2026; Pérez Escamez et al., 2026 etc.), however, syncope still persists, and the formalism still dominates ESG frameworks. Increased transparency and the most correct identification of the role of governance are observed especially in the works of Cunea et al. (2025) and Salama et al. (2026), demonstrating that ESG, in addition to the firm's market indicators, also positively influence sustainable development outcomes, showing the strong role played by stability committees and extensive sustainability reporting in achieving these objectives.

Table 1. Recent bibliographic highlights on the link between ESG and SDG

ESG Governance	related SDG	Method	Source
Government Effectiveness; Corporate Governance	SDG 16, SDG 17	Empirical analysis (panel data, EU firms)	Pérez Escamez et al. (2026)
Ethical Governance; Accountability; Transparency	SDG 16, SDG 12	Conceptual + empirical	López-Cabarcos et al. (2025)
Governance Systems; Institutional Quality	SDG 16, SDG 17	Bibliometric + predictive analysis	Costea et al. (2025)
Corporate Governance; Risk Management	SDG 8, SDG 9, SDG 12	Systematic review	da Cunha et al. (2025)
Governance Structures; Institutional Frameworks	SDG 16	Bibliometric analysis	da Silva (2025)
Sustainability Governance; Disclosure	SDG 12, SDG 16, SDG 17	Econometric, fixed-effects model (OECD firms)	Salama et al.(2026)
Transparency; Reporting; Accountability	SDG 12, SDG 16	Bibliometric + content analysis	Sundarasen, Rajagopalan & Zyznarska-Dworczak (2025)
Regulatory Governance; Compliance	SDG 16, SDG 17	Systematic thematic review	Kim and Yang (2026)
Financial Governance; Performance Oversight	SDG 8, SDG 9	Bibliometric analysis	Cunea et al. (2025)
Governance & Inequality; Human Rights	SDG 8, SDG 16	Empirical study	Mensah et al. (2025)
Financial Governance; ESG Integration	SDG 8, SDG 12	Empirical (financial institutions)	Raimo et al. (2021)
ESG Data Governance; Transparency	SDG 12, SDG 16	Conceptual	Kotsantonis & Serafeim (2019)
Corporate Governance; Sustainability Strategy	SDG 8, SDG 9, SDG 12	Meta-analysis	Friede et al. (2015)
Strategic Governance; Multi-stakeholder engagement	SDG 17, SDG 16	Network analysis	van Zanten & van Tulder (2021)

Source: Authors' conceptions, verification and systematization, chat GPT literature search

Regarding long-term sustainability, the van Zaten & van Tulder study (2021) shows that the alignment between SDGs and corporate strategies can be an indicator of this success, and the implications include the potential to use companies' activities as leverage for a nexus approach to SDGs.

In relation to the ESG-SDGs nexus, da Silva (2025) and Costea et al (2025), through a bibliometric methodology, attempt to map corporate governance and sustainable development studies, starting from the interconnections between the two ESG and SDGs domains and ending with trends for future studies, thus addressing the critical gap related to the lack of predictive data. Their results indicated, on the one hand, that specific corporate governance terms regarding standardization are particularly linked to SDG 12, SDG13 and SDG17, and, on the other hand, they reflected a transition from business ethics and social responsibility to topics regarding the board of directors, sustainability and corporate social responsibility, highlighting a change in the way companies understand their responsibilities and are driven to act in their internal and external environments.

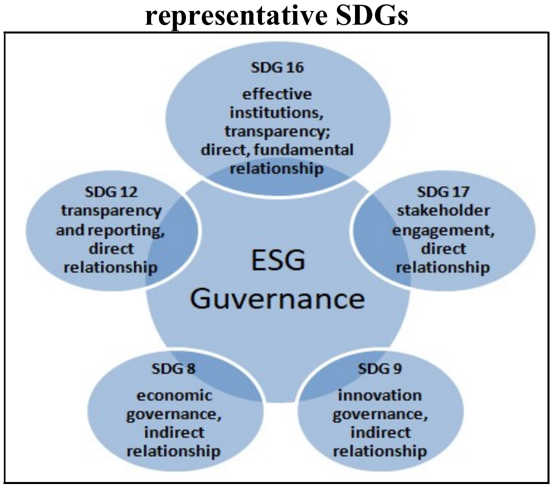
4. Methodology and data sources

The methodology aims on the one hand at an interrogative, comparative analysis of the specialized literature, and on the other hand at the theoretical systematization and conceptual clarification of the link between ESG and SDGs in the field of good governance. Although the literature abounds in the use of numerous SDGs, and the ESG-governance link is related to all SDGs, the present analysis attempts a specific focus in particular on the governance SDGs, more precisely on SDG 8, SDG 9, SDG 12, SDG 16 and SDG 17.

5. Results

With a multidirectional valence, SDG 16 (Peace, Justice and Strong Institutions) reflects the best the correspondence with ESG governance. Starting from the rule of law, the fight against corruption and effective institutions and ending with more subtle elements such as institutional transparency, good governance ESG contributes directly and indirectly to achieving this target. Also, fulfilling SDG 16 to the best extent possible provides the premise for achieving good governance ESG to the best extent possible and faster. Also, SDGs 17, which focuses on partnerships, involves not only institutional compliance through ESG reporting and standardization, but especially the way in which companies understand to work together for a common good, of the field in which they operate, of the economic branch in which they operate, but also for the common good of the economic, social, religious, cultural, political, global institutional environment in which they operate. In figure 1, the link between ESG governance and SDGs is graphically presented.

Figure 1. Diagram of the interrelationships between governance ESG and governance representative SDGs



Source: literature investigation, authors' conception

Likewise, SDG8, through its indicators on good, responsible labour practices and combating informal work, and SDG9, which aims at responsible regulation and especially innovation and responsible investment management, start from the premise that these are reflected at the societal level, through an equivalent ESG compliance of corporate and technological governance. Last but not least, SDG 12 – Responsible consumption and production, offers ESG compliance through effective reporting, traceability, audit and effective internal control.

The conceptual scheme (see Figure 2) highlights that the ESG governance dimension constitutes the target variable that shapes the institutional and organizational framework of the company. Thus, ESG governance frameworks act through governance mechanisms (ESG reporting, risk management, compliance, stakeholder engagement and strategic decision-making), which function as mediating variables, facilitating the transposition of governance principles into concrete results. These processes involve the achievement of the Sustainable Development Goals, especially in the areas of efficient and accountable institutions, partnerships, economic growth, innovation and responsible production.

Figure 2. ESG governance schematic transmission model on Sustainable Development Goals

Source: literature investigation, authors' conception

Thus, by studying the literature, it can be stated that ESG governance has a direct and indirect positive effect on the achievement of the SDGs through governance mechanisms such as ESG reporting, compliance, risk management and stakeholder engagement.

The literature highlights the essential role of ESG governance (regarding transparency, accountability, regulatory quality and the rule of law, reporting, compliance and stakeholder engagement) as an institutional driver for achieving the Sustainable Development Goals (SDGs), and empirical evidence suggests that effective corporate governance mechanisms enhance institutional performance and promote trust, thereby directly and indirectly contributing to better governance outcomes. At the same time, studies show that transparency and accountability mechanisms, in particular ESG reporting frameworks, play a mediating role in aligning corporate behaviour with sustainable production models, decent work, collaboration and innovation-driven economic growth (Sundarasen, Rajagopalan & Zyznarska-Dworczak, 2025; Salama et al, 2026, da Cunha et al., 2025; Friede et al., 2015).

If we take, for example, the World Bank's ESG governance classification, we observe systematization into specific sections, with well-defined indicators that can be connected to some of the sustainable development targets considered previously. Although the evidence does not allow for a perfect overlap between ESG governance and the SDGs, numerous analogies, simplifications and connections can be made. This may allow us in future analyses to apply specific analysis models that may or may not strengthen the premises outlined so far in the literature.

Table 2. The link between ESG and SDG considering World Bank ESG Governance classification

ESG Governance group	**Indicators' name**	**Correspondent SDG(s)**
Economic Environment	- GDP (annual % growth); - Individuals using the Internet (% of population)	SDG 8, SDG 9, SDG 17
Gender	- Proportion of seats held by women in national parliaments (%); - Ratio of female to male labour force participation rate (%); - School enrollment (GPI); - Unmet need for contraception (%)	SDG 16, SDG 17, SDG 8
Government Effectiveness	- Government Effectiveness: Estimate; - Regulatory Quality: Estimate	SDG 16, SDG 12
Human Rights	- Economic and Social Rights Performance Score; - Voice and Accountability: Estimate;	SDG 16, SDG 8
Innovation	- Patent applications, residents; - R&D expenditure (% of GDP); - Scientific and technical journal articles	SDG 9
Stability & Rule of Law	- Control of Corruption: Estimate; - Net migration; - Political Stability and Absence of Violence; - Rule of Law: Estimate	SDG 16, SDG 17

Source: www.esgdata.worldbank.org; authors' conception and systematization

At the same time, particular attention must be paid to the manner of reporting so that undesirable elements are not hidden under the carpet, transparency is maximum and constructive, carefully and permanently involving all institutional actors who can improve the company's real sustainability performance.

Certain aspects of incongruence between voluntary corporate frameworks and global sustainable development targets generate a series of problems of methodological compatibility, standardization and reporting, which generate reporting asymmetries and lack of methodological comparability. In ESG governance, problems related to "greenwashing" arise, as well as internal conflicts between various actors (shareholders-managers-employees) due to the often contradictory role objectives of them. These are often reflected in indicators selected strategically rather to improve reputation, without real alignment with the systemic impact required by the SDGs.

Another role conflict unfolds is between the microeconomic level (of the company) and the macroeconomic level (of public policies and good macroeconomic governance).

Maximizing the achievement of the SDGs can only be felt when each of the actors (e.g. the state and companies) increases its measurable contribution to the objectives of reducing inequalities, protecting the environment, responsible leadership and social partnership for a better world. Thus, the multitude of issues related to ESG governance target the epistemological framework (measurement, standardization, reporting, etc.), the institutional framework and the ethical framework, as well as the degree of real involvement and the real willingness to create a reality acceptable to everyone.

Although good corporate governance implies the implementation of all ESG frameworks (including social and environmental), focusing only on the governance level can indicate the capacity to provide a guiding signal for the other two ESG sections involved (environmental and social). Also, the impact of a good corporate policy on ESG objectives goes far beyond the narrow valence of the Sustainable Development Goals framework with predominant implications on leadership, responsible economic performance, peace and social stability (SDGs 8, 9, 12, 16, 17). The valences are multifaceted and the study of the specialized literature demonstrates that there is still much to identify and clarify regarding the connection between SDGs-ESG concerning governance.

6. Conclusions

Through its governance dimension, the ESG framework functions as an institutional mechanism for implementing and monitoring the Sustainable Development Goals, especially SDG 16 and SDG 17, facilitating accountability, transparency, and decision-making efficiency in companies. Without good governance, ESG does not have the necessary tools and cannot produce a real impact on the SDGs, especially in terms of governance on SDG16.

Studies show that at the company level, SDG 8 and SDG 9 connect more with the economic and innovative dimension of corporate governance, SDG 17 with the relational dimension of governance, SDG12 connects especially with the operational extension of corporate governance, and SDG 16 represents the hard core of these connections, emphasizing the implementation of legislation, transparency and accountability.

The proposed conceptual model details how ESG governance dimensions (such as transparency, compliance, accountability and corporate governance) act as key institutional factors influencing the achievement of the SDGs. Thus, ESG governance frameworks operationalize sustainability objectives into measurable results. Starting from the legislative framework and compliance systems, ESG reporting reflects or should reflect more than a mechanical compliance with sustainability requirements, proposing a new way of reporting on value and quality through the perspective of multiple benefits in economic, social and political representation of all stakeholders involved and interested at the company level.

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