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# Corporate Governance Dynamics: Contending with Egocentric Leadership and Enhancing Board Efficacy

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**Abstract:** This study investigates the critical role of corporate governance in facilitating positive organisational transformations and countering the detrimental impacts of egocentric leadership. By embracing a qualitative descriptive methodology, a comprehensive systematic review of literature was conducted, exploring the myriad facets of corporate governance, including its principles, processes, systems, legal frameworks, regulations, and corrective mechanisms. Findings from the review reveal an inverse relationship between robust corporate governance and the prevalence of egocentric leadership. A significant challenge identified is the limitation faced by boards of directors, metaphorically described as being "without a spare wheel", which hinders their capacity to address these governance challenges effectively in today's dynamic work environment. Furthermore, conflicts of interest were found to severely compromise the integrity of governance practices. It is recommended that boards failing to rectify non-compliance within their tenure should be subject to dissolution, contingent upon the specifics of the case. Additionally, it is imperative that organisations conduct thorough assessments and reviews of the effectiveness of their corporate governance, enhancing internal controls to enforce governance principles rigorously. This study is pioneering in integrating the transformation of corporate governance while delineating the obstacles encountered, concluding that organisations can promote and uphold exemplary governance by implementing stringent measures against violations and by rewarding adherence among stakeholders.

**Keywords:** Board of directors; Corporate governance; Egocentric leadership; Legal framework; Organisational performance; Shareholders

## 1. Introduction

Corporate governance is a comprehensive framework of regulations, practices, and principles that aim to guide and oversee businesses, with the primary objective of promoting shareholder value and enhancing it over time (Boachie, 2023). In this regard, effective corporate governance is crucial for maintaining the integrity of the business, protecting the interests of its shareholders, and promoting a stable and prosperous economic climate. In another nuanced approach, corporate governance is an indispensable tool for companies to effectively manage their operations and monitor performance while ensuring accountability to their stakeholders (Rizani et al., 2022). Organisations can maintain a high level of transparency, trust, and confidence among their stakeholders by implementing robust governance mechanisms. This practice leads to improved business performance and sustainable growth. It is therefore imperative for companies to adopt and adhere to a sound corporate governance framework, encompassing a set of principles, policies, and procedures that guide the behaviour of the board, management, and other stakeholders. Similarly, corporate governance refers to the set of internal and external policies, processes, and controls that a company adopts to achieve its objectives. It encompasses relationship management with all its stakeholders, including the boards of directors, investors, government bodies, and the public sector (Benvenuto et al., 2021). The implementation of robust corporate governance practices helps organisations operate with accountability and integrity. It also ensures that the interests of stakeholders align with the company's objectives, thereby promoting long-term sustainability and success.

For this reason, corporate governance traces its origins to the need to establish regulations that ensure the management team operates in a manner that effectively safeguards the interests and wealth of shareholders and other stakeholders outside the company (Manual & Al-Tawqi, 2020). It seeks to ensure that the decision-making processes of a company are fair, ethical, and in line with the interests of all stakeholders. Therefore, corporate governance pertains to the set of principles, policies, and practices that determine how a business is conducted and how it is held accountable for its actions. At its core, corporate governance concerns itself with the ethical standards that guide a company's behaviour and decision-making processes (Inci, 2020). As such, it plays a crucial role in ensuring that businesses operate responsibly and sustainably, which benefits both stakeholders and society at large.

Numerous studies have been conducted to explore the concept of corporate governance, the qualities that define it, and its underlying principles, such as transparency, accountability, and ethical conduct. However, despite the vast body of research on this topic, there is a notable gap in the literature concerning the relationship between corporate governance and egocentric leadership. The absence of such studies has motivated this research, which aims to critically analyse the transformation of corporate governance and its implications for egocentric leadership. The study seeks to bridge this knowledge gap by providing theoretical evidence and insights into the relationship between these two concepts. Specifically, the study focuses on the challenges faced by boards of directors in today's complex work environment, frequently impeding good corporate governance. The foundation for the study's significance is its ability to shed light on the crucial role of corporate governance in promoting efficient leadership and sustainable business practices. The findings of this research are expected to enrich the current knowledge base on corporate governance while guiding policy decisions intended to enhance the accountability and transparency of corporate entities and promote a more ethical and responsible corporate culture. The study provides a comprehensive analysis of the various factors that contribute to effective corporate governance, and its findings will inform future research in the field, contributing to the continuous debate on the role of corporations in fostering a healthy economy and ethical practices.

In theory, this study contributes by extending the knowledge of corporate governance and providing invaluable comprehension of how it can be improved to benefit all stakeholders involved in a business's activities. The study emphasises the significance of prioritising stakeholders' interests and offers suggestions for enhancing governance practices to achieve this objective. Practically, the study contributes by managing the challenges faced by organisations in dealing with egocentric leadership and emphasising the need for effective corporate governance practices that can support and transform the business world. With its comprehensive analysis of the current state of corporate governance, the study provides practical insights on strategies by which organisations can improve their governance structures to overcome the challenges posed by egocentric leadership. In practical terms, the study is a significant resource for policymakers, shareholders, boards of directors, executives, management, employees, and all other relevant stakeholders striving to understand the intricacies of corporate governance and its impact on business performance. Methodologically, the study presents a solid methodological foundation for future researchers to corroborate and assess the reliability of the study's findings by implementing the methods employed in the study. The study's results and conclusions can be subjected to further scrutiny and replication using the same methodology, enhancing the credibility and validity of the research results. The study's rigorous methodology and comprehensive analysis can serve as a benchmark for future research in the field of corporate governance.

## 2. Background and Motivation for the Study

Corporate governance has become increasingly influential in today's rapidly evolving business world. It plays a critical role in driving organisational transformation and ensuring long-term success. Effective governance practices can also contribute to economies of scale and prevent corruption. As a result, this study was motivated by the significance of corporate governance and provides an understanding that can help organisations adopt best practices. It strives to identify key trends and challenges organisations face in implementing good governance practices by analysing the current corporate governance terrain. These tendencies can be used to inform effective decision-making and improve organisational results.

The study probes deeper into how effective governance can bring about a transformational effect on organisations, particularly in the context of countering egocentric leadership. Specifically, it examines the role of boards of directors and the challenges they encounter in the absence of a 'spare wheel.' In this sense, without an effective governance mechanism, boards may struggle to steer their organisations towards sustainable growth and development. In light of this assertion, the study provides an in-depth analysis of the factors that contribute to the success of governance mechanisms and the negative impact that can result from ineffective governance. Moreover, the study highlights the importance of effective governance and provides strategies to help organisations build a robust governance framework. Finally, this research study utilises a rigorous analysis of existing literature to provide perspectives to contribute to the continuous discourse on corporate governance and leadership in contemporary business environments and achieve its objectives.

## 3. Problem Statement

Corporate governance is a crucial aspect of organisational management that aims to enhance performance and ensure accountability, transforming organisations (Rizani et al., 2022). Despite implementing various measures to enforce its principles, corporate governance failures remain a persistent challenge, hindering progress towards achieving optimal organisational outcomes. Thus, the problem statement of this study is that corporate governance's effectiveness is questionable, giving room to egocentric self-centred leaders to prioritise their interests over those of the organisations they represent. According to Byrne (2023), WeWork, a co-working space provider, recently filed for insolvency due to challenges in its governance failures. The company faced overspending and unsustainable costs, exacerbated by its failed Initial Public Offering (IPO) in 2019. The founder and former Chief Executive Officer's (CEO's) egocentric, self-centred leadership contributed to these issues and ultimately led to their removal by the board (Byrne, 2023). Regrettably, the effects of their leadership are still resonating within the company to date (Byrne, 2023). Although complete eradication of these failures may not be feasible, it is essential to minimise them substantially and foster a culture of effective corporate governance across both public and private entities. However, the progress towards this goal is inadequate, and there is a need to intensify efforts to ensure that corporate governance remains a top priority at all levels of an organisation.

## 4. Research Questions

This research study encompasses three research questions, consisting of one primary research question and two secondary research questions, as illustrated in Figure 1 provided below.

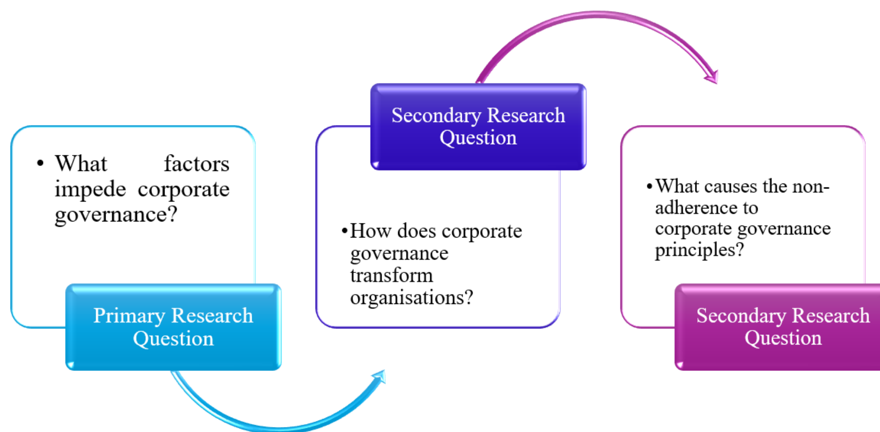


**Figure 1.** Study research questions
Source: Author

### 4.1 Research Objectives

The research objectives for this study were formulated based on the abovementioned research questions. The primary objective of this research is to explore barriers that inhibit corporate governance. The secondary objectives of this study are as follows:

- To gain a deeper understanding of the impact of corporate governance on organisational transformation.
- To determine the reasons for non-compliance with corporate governance principles.

## 5. Literature Review

The literature review of this study aimed and focused on conducting an in-depth exploration of Corporate Governance Dynamics: Contending with Egocentric Leadership and Enhancing Board Efficacy. The main objective was to analyse the current state of corporate governance practices and their impact on the business world. The review was specifically designed to investigate the effectiveness of corporate governance in preventing egocentric leadership and ensuring that boards of directors operate with a balanced perspective. The goal was to provide a comprehensive and profound analysis of the various issues related to corporate governance and leadership, including the key challenges and prospects organisations face in this area.

A comprehensive Systematic Literature Review (SLR) was adopted and conducted as part of this research study using a six-step process (Sauer & Seuring, 2023). This technique guides how corporate governance can transform organisations. The first step was to define primary and secondary research questions, which were crucial in ensuring relevant literature was selected and used throughout the study. In step two, the researcher identified

relevant studies to collect secondary data, while step three involved retrieving literature from reliable sources such as journal articles, books, and other relevant sources. The fourth step was selecting peer-reviewed studies no older than five years old to ensure the literature used was recent and relevant.

Data synthesis was the fifth step, which involved a robust analysis of the findings. The study critically analysed and summarised the findings, ensuring the resulting synthesis was accurate and reliable. Finally, in step six, the study presented the results concisely and objectively, drawing conclusions based on the evidence. This study provides comprehensive methodological, theoretical, and practical guidance for conducting an SLR. The resulting guidelines offer a constructive and insightful approach to critically reviewing prior SLR guidelines, identifying gaps, and reaching a conclusion (Sauer & Seuring, 2023).

During the systematic review process, the researchers were cautious regarding employing appropriate keywords to collect data that was relevant and useful for the study. They used keywords such as "corporate governance," ''legal frameworks,'' ''boards of directors,'' and ''good and poor corporate governance'' to ensure that they gathered information from various sources pertinent to the study's research questions. Specifically, they utilised reputable databases such as ResearchGate, Semantic Scholar, Google Scholar, EBSCOhost, Scopus, and Academia to ensure the data collected was reliable and credible. These sources were chosen because of their reputation for providing high-quality research articles, studies, and other relevant information used to draw informed conclusions about a particular research topic, and the current study is no exception.

Furthermore, the researchers excluded articles and other data sources that were more than five years old, despite their suitability and aptness in answering the primary and secondary research questions of the study, to guarantee its validity and reliability. They exclusively utilised and included data sources less than five years old to draw informed conclusions about the current state of the research topic. This approach ensured that the references were recent and highly relevant, enhancing the study's credibility and relevance to the current discourse on corporate governance. Briefly, the researchers were meticulous and ensured that the current study was based on reliable and credible data sources relevant to the research questions. Therefore, the systematic approach to data collection and analysis guaranteed that the research study was rigorous and could be relied on by other researchers and stakeholders interested in corporate governance.

## 5.1 Key Role Players and Stakeholders in Corporate Governance

### 5.1.1 Shareholders

Desjardin et al. (2023) posit that the role of shareholders in a company transcends governance duties, extending to advising managers. In light of this assertion, Zhang (2023) indicates that managers are more inclined to seek counsel from shareholders they perceive as adept and knowledgeable. These findings highlight the significance of active shareholder engagement in corporate decision-making processes, particularly in guiding managers. The agency theory asserts that boards of directors are instrumental in overseeing and regulating managerial behaviour to safeguard the interests of shareholders (Jensen & Meckling, 2019). This claim suggests that the board's role in monitoring and controlling the actions of top management is essential to ensuring that the organisations perform in the best interests of their stakeholders. Consequently, the board's effectiveness in fulfilling its oversight and governance responsibilities is crucial to organisational performance.

The analysis reveals that the performance of an organisation is immensely influenced by the actions of shareholders and the board of directors, who are primarily responsible for effective corporate governance. They set a standard of excellence in management and governance that serves as a model for managers (Zhang, 2023) by monitoring and controlling the behaviour and performance of the managerial staff (Jensen & Meckling, 2019).

Shareholders, as the owners of the capital, have a vested interest in maximising the value of their investments. They achieve this by electing the board of directors, which is responsible for making key strategic decisions that align with the company's objectives. The board of directors, in turn, provides oversight and guidance to the management team to ensure that their actions align with the organisation's goals.

Through this process, the shareholders and the boards of directors act as agents of transformation, driving organisational performance and building trust and confidence among investors, stakeholders, and the general public. They help create a culture of excellence that permeates throughout the organisation, leading to improved performance and magnific success by setting a high standard of governance and management.

### 5.1.2 Boards of directors

Effective corporate governance is enormously dependent on the boards of directors, as they play a crucial role in overseeing the risk management practices of a company (Kashani & Mousavi Shiri, 2022). Therefore, these authors highlight that it is imperative to establish a well-structured board with independent directors and maintain transparent communication with the leaders. These measures can enhance the efficiency and effectiveness of a company's risk management practices, ensuring compliance with applicable laws and regulations. Correspondingly, the COVID-19 pandemic has highlighted the significance of the board's supervisory function in risk management (Gerged et al., 2023). According to these academics, as companies continue to deal with the

lasting impacts of the pandemic, post-pandemic corporate governance is more prevalent than ever. Therefore, boards must exercise due diligence in their oversight duties to ensure companies navigate these challenges effectively. This measure requires a robust and adaptable corporate governance framework responsive to the evolving business landscape and considering the unique risks and opportunities presented by the current environment. With this approach, boards can help ensure their organisations remain resilient, competitive, and sustainable over the long term by staying attuned to these imperatives.

Al-Saidi (2021) posits that the significance of retaining board independence cannot be overlooked. This scholar argues that this phenomenon is pivotal in ensuring impartial decision-making, reducing agency conflicts, and enhancing overall organisational performance. In this respect, board independence is a critical element that needs preservation to maintain the integrity of the decision-making process (Al-Saidi, 2021). The rationale is that organisations can effectively avoid conflicts of interest, eliminate potential biases, and promote transparency and accountability by having an independent board. Furthermore, an independent board can help organisations identify potential risks, challenges, and opportunities to make informed decisions that align with long-term strategic organisational goals. Essentially, preserving board independence is an essential practice that can help organisations achieve sustainable growth and success in the long run.

According to the Repsol (2021), the directors of the company have certain responsibilities as per the board of directors' regulations. This report further revealed that per Article 17, they are required to act as a prudent businessman would, with the utmost care and loyalty to the company. The regulations specify the directors' duties in Articles 18 to 23, including refraining from competing with the company, maintaining the confidentiality of corporate information, avoiding conflicts of interest, and adhering to the requirements governing transactions between the company and its directors, significant shareholders, or their related parties (Repsol, 2021). This report highlights a remarkable example of a board of directors' responsibilities for a Spanish multinational energy and petrochemical company based in Madrid.

Based on the findings presented in this section, the current study argues that institutions can enhance their effectiveness by constituting capable and forward-thinking boards that accord the utmost precedence to corporate governance. However, these boards require dedicated support from shareholders to achieve their mission. For instance, the board must be provided with sufficient resources and unconditional support, without interference from shareholders, to ensure effective management of corporate governance matters.

### 5.2 Corporate Governance Transformation on Organisational Performance

This part of the study attempts to answer the secondary research question of this study: How does corporate governance transform organisations?

Corporate governance practices have gained significant prominence in recent years due to their proven impact on improving organisational financial performance (Shah & Paliwal, 2022), enhancing transformation in companies worldwide. It has become increasingly evident that effective corporate governance structures can help organisations achieve their strategic objectives, enhance stakeholder trust, and mitigate reputational risks. Therefore, organisations across various industries are focusing on improving their governance practices to ensure better risk management and deliver sustainable growth in the long run. According to Zahoor & Yang (2023), corporate governance processes are critical in ensuring organisations maintain the highest ethical standards in safeguarding stakeholder interests. Implementing these procedures serves as a mechanism to prevent unethical practices and guarantee that the organisation operates within the legal and regulatory framework.

Salehi et al. (2023) opine that implementing sound corporate governance practices significantly diminishes the probability of fraudulent organisational financial reporting. This affirmation suggests that companies with robust governance structures are more likely to uphold ethical standards and adhere to regulatory requirements (Zahoor & Yang, 2023). The findings of this study highlight the importance of strong corporate governance in ensuring the integrity and transparency of financial reporting, which can enhance investor confidence and support sustainable business growth. Jan et al. (2021) examined the relationship between corporate governance and firm performance. Their findings revealed a strong correlation between effective corporate governance practices and improved organisational performance. These results shed light on companies that aim to improve their performance and achieve sizeable success overall.

According to the Truworths International (2023), the Truworths Group demonstrated a robust commitment to corporate governance during the 2023 reporting period. The group's primary objective was to create value for the business while ensuring sustainability, generating long-term shareholder value, and benefiting other stakeholders. This report further highlighted that management adopted sound corporate governance principles, appropriate governance structures, and policies, enabling the embedding of a business-wide culture of good governance aligned with the group's business philosophy.

The group considers governance a strategic imperative, and compliance with codes, legislation, regulations, and listing requirements is the minimum requirement. It willingly applied the King IV Report on Corporate Governance for South Africa, 2016 (King IV) principles and complied with the mandatory corporate governance

provisions in the Johannesburg Stock Exchange (JSE) Listings Requirements during the 2023 reporting period (Truworths International, 2023)

The report further revealed that group's approach to corporate governance aimed at improving operational decision-making and corporate performance, thereby reducing the risk of failure. Its governance policies, structures, and processes were initially established to ensure adherence to applicable regulations and codes of conduct. However, the group has gone beyond the minimum requirements to add value, ensure corporate sustainability, and enable the group to take advantage of prospects that present themselves.

Despite a challenging operating environment, the sound governance framework served to mitigate against the erosion of value and preserve and create value for the business and its stakeholders. This system has been achieved through lower risk, ongoing sustainability and resilience, consistent financial performance, sound stakeholder relationships, high levels of legislative compliance, and reputational integrity (Truworths International, 2023).

According to the report, the group's 2022 Integrated Report ranked 8th in the Ernst & Young (EY) 2023 Excellence in Integrated Reporting Awards, a testament to the consistently high quality of its financial and integrated reporting and transparent reporting to stakeholders. For 16 consecutive years, the company has achieved a top-10 ranking, making it the only listed company on the JSE to achieve this accolade. This report serves as an excellent example of how corporate governance can transform organisations for the better.

In summary, to answer the research question mentioned above, corporate governance plays a crucial role in transforming organisations by enhancing their financial performance (Shah & Paliwal, 2022), promoting ethical practices within the organisation (Zahoor & Yang, 2023), and reducing fraud in financial reporting (Salehi et al., 2023). However, numerous recent studies in this part of the study explored the strengths of corporate governance in facilitating transformative change. However, these studies disregarded potential barriers hampering the effectiveness of corporate governance. One such obstacle is egocentric leadership, which has the potential to undermine corporate governance's ability to bring about positive transformations. As a result, the existing research on corporate governance has limitations. This study comprehensively analyses the effects of egocentric leadership on corporate governance's transformational role and its impact on organisational transformation to address this gap. Accordingly, this research study sheds light on and builds on these limitations on how egocentric leadership can hinder corporate governance's transformative potential. Moreover, it explores measures that can be taken to overcome this challenge by examining both the strengths and weaknesses of corporate governance in a single study. Therefore, this study aims to bridge this research gap by acknowledging the transformative power of corporate governance while also warning of possible barriers that could impede its effectiveness. This balanced approach is critical to helping organisations better understand the challenges they may face in their pursuit of sustainable development.

### 5.3 Sound Corporate Governance Practices

Similarly, this segment of the study attempts to answer the secondary research question of this study: How does corporate governance transform organisations?

Sugosha & Artini (2020) highlight that sound corporate governance is an established system adopted in organisational management with the primary aim of augmenting shareholder long-term value while taking cognisance of stakeholder interests. Supporting this view, (Alodat et al., 2022) found that good corporate governance serves as the bedrock for any successful organisation, enabling streamlined operations and maximising shareholder value. It is the key to achieving sustained growth and prosperity, even in the most competitive and demanding business environments. Companies striving for excellence in the corporate world must prioritise corporate governance as their ultimate trump card. Thus, practical corporate governance practices are crucial for building stakeholder confidence and driving the long-term sustainability performance of an organisation. Tjahjadi et al. (2021) highlight the direct correlation between the quality of corporate governance practices and sustainability outcomes. Hence, organisations must implement sound corporate governance practices to achieve sustainability goals. Accordingly, effective corporate governance is a crucial component of many industry sectors, as it significantly influences a firm's image, builds shareholders' confidence, and lessens the risk of fraudulent actions (Pandey et al., 2023). On the other hand, inefficient corporate governance can lead to reputational damage. WeWork's governance failure was a direct consequence of inadequacies in the company's corporate framework. This failure resulted in excessive spending and non-sustainable costs for the organisation (Byrne, 2023).

Therefore, companies must implement robust corporate governance practices that align with this principle to gain the trust of their stakeholders and earn a reputable standing in their respective industries. In this regard, Beasley et al. (2023) posit that sound corporate governance practices necessitate companies to proactively identify potential risks and opportunities. This system involves constant vigilance towards emerging threats and the undertaking of measures to mitigate them before they become significant issues. Therefore, a visionary approach to good governance is critical for companies seeking to maintain and sustain a competitive edge in today's fast-paced business environment.

Endorsing these views, Hasanudin (2023) asserts that sound corporate governance principles are imperative for

ensuring the success of the governance system in an organisation. Establishing and implementing such principles in the organisational management procedures is fundamental to the effective functioning of the governance procedure. As a result, Elzahaby (2021) advised that implementing a sound corporate system can serve as a means of extenuating the risk of business failure. This assertion underscores the significance of effective corporate governance in promoting organisational sustainability and resilience. As such, companies that adopt good corporate governance practices are better equipped to navigate the complexities of the contemporary business landscape and enhance their long-term viability.

In recent decades, corporate governance reporting has become a crucial aspect of corporate management, as various conflicts of interest have been uncovered by upper management, shareholders, and other corporate stakeholders (Donohue, 2023). These reports provide structures that assure stakeholders of corporations' commitment to good corporate governance and compliance with all applicable laws and regulations. Following the high-profile collapses of several large corporations in 2001 and 2002, interest in better corporate governance practices in the United States grew significantly. However, the 2008 financial crisis further intensified this interest, resulting in more stringent corporate governance reporting regulations (Donohue, 2023).

According to Donohue (2023), corporate scandals and the fall of major corporations such as Enron and MCI Inc. have highlighted the need for modern businesses and boards to stay abreast of historical and emerging regulations. The ever-evolving regulatory landscape means that businesses and boards must remain vigilant and ensure compliance with all relevant laws and regulations to maintain the trust of stakeholders (Donohue, 2023). This article presented an ideal example of promoting sound corporate governance.

This part of the study aims to address the primary research question by exploring the transformation of corporate governance from various good governance perspectives and contexts. Corporate governance has been widely examined and analysed in various literatures. However, despite massive literature on the subject, there still exists a gap in comprehending the potential challenges inhibiting good governance practices. Consequently, a more comprehensive study was necessary to address this gap and further deepen the knowledge of corporate governance. Hence, this study was conducted to fill the gap under discussion by highlighting the strengths of corporate governance through transformation while also acknowledging the limitations of previous studies. Therefore, the current study is a useful step forward as it builds on prior studies' strengths and weaknesses to provide a more extensive understanding of corporate governance practices, their transformation, and their potential impact on the corporate world. In this regard, the study is a practical tool providing meaningful contributions to how establishments can overcome these challenges and transform their governance practices to achieve better results by analysing the challenges that hinder good governance practices. The study also highlights the importance of addressing the issue of egocentric leadership, which can be a significant obstacle to good governance practices, as previously mentioned. Essentially, this study is a critical contribution to corporate governance and provides beneficial insights for firms aspiring to improve their governance practices.

### 5.4 Corporate Governance Malpractices

This part of the study attempts to answer the primary research question: What factors impede corporate governance?

In the modern era, corporate governance has become an essential component that provides a framework for a company's growth and success, regardless of the economic climate. While there have been some high-profile failures in the past, such as Carillion and Thomas Cook in the United Kingdom, these incidents have led to increased scrutiny and attention on the quality and effectiveness of corporate governance practices (Ahmad et al., 2024). Despite efforts to promote ethical and responsible corporate governance, malpractice instances persist in the corporate world. For instance, Chen (2024) highlighted the prevalence of corporate governance shortcomings as a significant contributor to the 2007/2008 financial crisis. This affirmation underscores the importance of diligent oversight and accountability in ensuring corporate entities operate in a profitable, sustainable, and socially responsible manner. Businesses and key stakeholders, such as the board of directors, must work together to promote sound governance practices to eliminate the risks of corporate malfeasance and promote long-term value creation for all stakeholders involved. Disappointingly, past corporate failures and scandals have often been attributed to individuals expected to defend sound governance practices, such as board members and executives (Alatassi & Pillai, 2024). In this respect, this study posits that there is a conflict of interest between corporate governance and leadership, referred to as egocentric leadership in this study. For this reason, this study asserts that there is an inverse relationship between corporate governance and egocentric leadership.

The responsibility of a board of directors is to prevent any illegal or unethical behaviour that may harm the stakeholders of an organisation (Hersel et al., 2019). However, this study shows that boards of directors often fail to impose severe punishments on those who engage in corporate misconduct. This leniency can lead to the continuation of such behaviour, which is detrimental to the organisations they serve. Therefore, boards of directors must take appropriate measures to ensure that such behaviour is not tolerated or entertained under any circumstances. This action will protect stakeholder interests and contribute to a healthy economic environment.

However, should they fail to execute this task, they should be dissolved based on the merits of each case. According to Sudarmanto et al. (2021), the absence of repercussions for corporations that fail to comply with corporate governance principles, coupled with the tendency of specific communities to prioritise informal practices over formal laws, presents a formidable obstacle to implementing effective corporate governance. This quandary poses a significant challenge for boards of directors striving to establish and uphold robust corporate governance practices. As a result, the modern workplace presents numerous and complex challenges for the board of directors to promote effective governance measures.

Other academics investigated corporate governance malpractices from various angles. Ahmed & Anifowose (2024) argue that there exists a disparity in corruption levels among countries, with developing nations being particularly vulnerable due to deficiencies in corporate governance. This assertion implies that such countries experience higher levels of corruption compared to their counterparts with robust governance structures. Jiang & Kim (2020) allege that several American corporations, including Enron and Weil Crum, suffered catastrophic failures mainly due to financial and administrative corruption, with financial corruption being the primary cause. These collapses have been attributed to inadequate control and supervision, a lack of expertise and experience, and imbalanced financing structures. Consequently, corporate discernment has gained widespread acceptance in various scientific domains (Jiang & Kim, 2020). Hope Sr (2023) claims that Nigeria incurred a loss of $25.3 billion between 2009 and 2013 due to fund embezzlement in an oil subsidy scam carried out via the Nigerian National Petroleum Corporation. Moreover, between 2015 and 2018, public officials allegedly received bribes worth $9.2 billion. In South Africa, the estimated cost of racketeering, corruption, and money laundering between 2010 and 2018 was over $34 billion (Ahmed & Anifowose, 2024). Finally, the National Youth Service in Kenya reportedly embezzled $98 million between 2017 and 2018 (Ahmed & Anifowose, 2024).

In his State of the Nation Address (SONA), the President accurately identified governance failure as one of the reasons for the poor performance of many municipalities in South Africa. Poor governance may be at the root of the service delivery failure, and to address this issue, it is essential to appoint competent individuals to leadership positions (IoDSA, 2024). The Institute of Directors in South Africa (IoDSA, 2024) reports that the Auditor-General's 'Consolidated General Report on Local Government Audit Outcomes: Municipal Finance Management Act (MFMA 2021-22)' clearly demonstrates how ineffective governance is at the core of municipal dysfunction. Poor governance leads to flawed financial reporting and a lack of accountability, as the Auditor-General has frequently observed that municipal audit committees lack the necessary skills to effectively oversee council finances (IoDSA, 2024). This report exhibits a practical example of corporate governance malpractices.

The purpose of this section was to address the research question introduced at the beginning of this section. This section highlights the significant challenges faced by boards of directors globally. On the one hand, the literature emphasises the need for the board of directors to access resources and have support from stakeholders to effectively fulfil their duties. On the other hand, boards of directors are confronted with the daunting task of enforcing and promoting corporate governance, which is an arduous task that many boards worldwide fail to accomplish. Therefore, this study argues that boards of directors struggle to deal with corporate governance issues without any backup plan. Thus, they are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work. Several recent studies have been conducted to investigate the reasons for corporate governance failures. While these studies have been significant in identifying the shortcomings of corporate governance, they failed to recognise the positive impact of corporate governance in organisations through transformation. As a result, the current study addresses these limitations and builds upon them in the context of corporate governance, highlighting the relevance of the current study. It brings forth a unique approach by exploring the challenges of corporate governance while acknowledging the benefits of corporate governance in transforming organisations. Consequently, it sheds light on the relevance of corporate governance in the current business landscape and emphasises the need for further research in this area. This study contributes to the continuous dynamics of corporate governance and its role in shaping the future of organisations by identifying gaps in the existing literature and offering new perspectives in the corporate governance realm.

### 5.5 Legal and Regulatory Frameworks Governing Corporate Governance

This part of the study attempts to answer the primary research question: What factors impede corporate governance?

Effective corporate governance mechanisms within a firm, independent of the country's legal framework, are a crucial set of rules, processes, and procedures that enable the board of directors to govern efficiently, formally, or informally (de Villiers & Dimes, 2021). These mechanisms are critical to guaranteeing that the firm operates efficiently, fulfils its objectives and manages risks effectively. Resultantly, organisations operating in multiple countries often find themselves in a complex regulatory landscape, which can be time-consuming and expensive, as compliance with various regulations requires significant effort and resources (Berber et al., 2019; Coker et al., 2023; Udokwu et al., 2023). For example, in the context of implementing a two-tier system, two different firms may have highly varying corporate governance frameworks controlling aspects such as the level of disclosure on

the board's decision-making processes, employee percentage of representatives on the non-executive directors' board, audit and risk committee size, and several other characteristics (Velte, 2023). These differences can significantly impact the firms' management and decision-making processes.

Thus, businesses must develop an effective strategy to manage their regulatory obligations while minimising costs and ensuring compliance. However, enforcing compliance among companies can be challenging for regulatory authorities, especially when they lack the necessary resources or capacity to undertake this task effectively (Abrahams et al., 2024; Flammer et al., 2019; Oguejiofor et al., 2023). This limitation can ultimately result in a lack of accountability among companies, which can exacerbate compliance issues and cause further challenges for regulatory authorities. In a similar vein, Meng (2021) reinforces that implementing and enforcing regulatory frameworks within corporate governance presents notable obstacles, even though they play an essential role. These challenges are significant and require careful consideration to ensure effective corporate governance. Thus, regulatory authorities must be equipped with the required resources and support to ensure that companies are held accountable for their actions and promote greater adherence to regulatory requirements.

In summary and answering the secondary research question of this study mentioned above, effective corporate governance is crucial for the long-term sustainability of organisations. Legal and regulatory frameworks play a vital role in maintaining such governance. However, authorities' lack of resources and support impedes corporate governance implementation practices. Thus, this section displays an in-depth analysis of academic studies reviewed regarding favourable and unfavourable legal frameworks. However, these studies failed to explore the potential obstructions that may arise in implementing corporate governance practices, highlighting their weaknesses. This lack of emphasis on impediments hampers the understanding of the effectiveness of corporate governance practices and their practical applications, a measure reinforcing the significance of the present study. Therefore, the study thoroughly probes into the challenges and benefits of corporate governance practices to address this knowledge gap. It provides a more comprehensive and nuanced comprehension of the significance and intricacies of implementing effective corporate governance practices. The study examines the positive and negative aspects of corporate governance practices, striking a balance in the research gap. Following this approach, the study overcomes the limitations of previous studies reviewed in this section and builds upon their drawbacks by exploring the potential barriers to enforcing corporate governance practices. On a positive note, this detailed analysis enables researchers in the corporate governance domain to efficiently execute effective corporate governance practices and overcome the limitations of previous studies, paving the way for a better understanding of the practical application of corporate governance practices.

### 5.6 Effects of Egocentric Leadership on Corporate Governance and Organisational Performance

This section strives to answer the secondary research question of this study: What causes non-adherence to corporate governance principles?

It is critical to note that in this study, egocentric leaders refer to the board of directors, executives, and management. The issue of conflict of interest among executives and management is primarily an ethical problem before it becomes an administrative one (Flayyih & Khiari, 2022). This conflict originates from self-centered leadership, which undermines the fundamental principles of corporate governance. The challenge is particularly prevalent in today's corporate climate, where selfish interests often overshadow ethical considerations. For instance, in the context of corporate governance, it is not uncommon for certain executives and management personnel to manipulate their earnings, thereby neglecting the interests of shareholders as well as the financial stability of their subordinates. These actions violate ethical principles and pose a weighty threat to overall organisational sustainability and stability. Likewise, leaders or agents with an egocentric nature may act inconsistently regarding the interests of their principals. Such individuals may prioritise their interests instead, taking various forms, such as making risky investment decisions, mismanaging company assets, and implementing remuneration and incentive policies that favour them (Kalbuana et al., 2022). Therefore, shareholders must be aware of the potential for such behaviour and take proactive measures to manage any adverse effects on their interests.

In some cases, there may be a conflict of interest between the shareholders (principal) and the board of directors, executives, and managers (representatives) due to a discrepancy in priorities (Enam et al., 2023). The representative's responsibility is to maximise the principal's profits while keeping their welfare in mind. This challenge, however, can lead to an agency conflict as the representative's preferences may not always align with those of the principal, a phenomenon referred to as an imbalance of concern (Enam et al., 2023). Considering these claims, this study affirms that conflict of interest opposes corporate governance doctrines. Correspondingly, McDonnell & Nurmohamed (2021) alert that egocentric leadership behaviours and other factors that conflict with corporate governance practices can lead to severe consequences, such as disrupting the financial markets and eroding public trust in organisations. These outcomes can significantly negatively impact the sustainability and longevity of businesses and institutions. Therefore, organisations must establish vigorous compliance frameworks that foster ethical conduct and ensure compliance with regulatory standards.

For instance, Byrne (2023) asserts that WeWork recently filed for bankruptcy. According to Byrne (2023), the company faced issues with its governance, such as overspending and unsustainable costs. Additionally, its Initial Public Offering (IPO) in 2019 did not materialise as planned. The founder and former CEO also exhibited egocentric and poor leadership, ultimately leading to his removal by the board (Byrne, 2023). However, the impact of his leadership is still being experienced by the company today. This report supports the assertion that governance frameworks are inadequate.

Bloomberg's investigation into WeWork's publicised downfall revealed significant corporate governance failures across various domains, including conflicts of interest, inadequate internal controls, and a culture of extravagant spending (Reinhold, 2023). These shortcomings ultimately exposed the startup's weaknesses, led to a decline in its valuation, and resulted in the cancellation of its IPO and mass layoffs (Reinhold, 2023).

According to World Bank Report (2021), concerns have been raised in recent years regarding corruption in state-owned enterprises (SOEs). Global attention has been drawn to various high-profile corruption scandals involving SOEs such as Petróleo Brasileiro S.A. (Petrobras) in Brazil, Sonangol in Angola, Eskom in South Africa, and 1 Malaysia Development Berhad (1MDB) in Malaysia. Despite managing significant resources in key sectors, many SOEs suffer from inefficiency, operate at a loss, and fail to provide critical public goods and services due to conflicting objectives, mismanagement, and corruption (World Bank Report, 2021). SOE corruption can have severe consequences for the economy, SOEs themselves, and the people who depend on them for essential services. This report further highlighted that SOEs can suffer reputational damage, financial losses, a decrease in market value and share price, business disruption, fines, and even the risk of debarment from markets. Additionally, corruption can negatively impact growth and increase inequality by damaging investor confidence, deterring foreign investment, and leading to unsustainable debt or a decline in the stock market value (World Bank Report, 2021). Therefore, it is crucial to tackle SOE corruption to ensure the efficient functioning of SOEs, promote economic growth, and provide essential services to the public. Accordingly, this report exemplifies egocentric leadership consequences, undermining corporate governance principles.

The issue of mismanagement, lack of oversight, and corrupt practices within state-owned Enterprises (SOEs) has been a long-standing challenge that has hindered economic development in several countries. This report indicates that egocentric leadership is prevalent among those who manage SOEs, indicating that the existing corporate governance frameworks globally are insufficient for addressing these challenges. Moreover, the literature discussed above is also a testament that egocentric leadership is still dominant, reinforcing that corporate governance frameworks are inadequate. While frameworks for corporate governance may exist in other countries, the leniency of punishment by authorities towards perpetrators may be why they are being disregarded by culprits. Given that egocentric leadership is still prevalent, it is evident that more work needs to be done. The frameworks in place may be weak and require strengthening or are deficient in certain countries.

Hence, it is critical that all stakeholders, including governments, civil society organisations, and the private sector, collaborate to promote and enhance the existing frameworks for corporate governance to overcome these challenges. The stakeholders must join forces to ensure that organisations operate ethically, transparently, and accountably. In conclusion, egocentric leadership practices within organisations have been a significant obstacle to economic development in many countries. The prevalence of egocentric leadership among doers highlights the need for more robust and effective frameworks for corporate governance.

In summary, the secondary research question mentioned above has been addressed. Accordingly, conflicts of interest and egocentric leadership contribute to non-compliance with corporate governance principles. Yet, the literature on corporate governance in this section mainly focuses on the negative aspects of the concept while neglecting its potential benefits. Consequently, there is a gap in the literature, highlighting the inadequacy of existing studies. Therefore, the present study is crucial, as it provides a more balanced and comprehensive perspective on corporate governance. As mentioned earlier, this study contributes to the existing knowledge based on its capacity to identify the limitations of prior literature, build upon them, and bridge the existing knowledge gap in the academic arena of corporate governance. As a result, it offers a more proportional approach by highlighting both the positives and negatives of corporate governance.

### 5.7 Remedies to Promote Corporate Governance Best Practices

Adopting sound corporate governance principles is essential for companies to operate efficiently, mitigate risks, and protect shareholders' interests. However, implementing and maintaining effective governance frameworks can be challenging, especially in complex organisations or contexts (Meng, 2021). Therefore, companies can consider various remedies to address these issues and promote good governance practices. However, these remedies are not spontaneous, as they need human intervention to be effective. As such, it is indispensable that the government, labour force, labour unions, and business community work in unison to promote corporate governance to benefit all stakeholders in organisations (Kemp et al., 2021). Numerous approaches have been proposed by scholars to tackle obstacles regarding corporate governance. One such methodology involves linking the remuneration of senior management to performance metrics in line with the shareholders' long-term interests (Baysinger & Butler,

2019; Larcker & Tayan, 2020; Naciti, 2019). This technique has been identified as a crucial governance practice (Baysinger & Butler, 2019; Larcker & Tayan, 2020; Naciti, 2019). Essentially, this approach suggests that companies can ensure that their top executives are incentivised to work towards achieving the organisation's long-term objectives to generate value for their shareholders.

According to Sarhan & Al-Najjar (2023), the proposed compensation plan aims to incentivise executives by considering key performance indicators such as a company's organisational performance, employee satisfaction, and adherence to ethical conduct, among other social standards. The compensation structure could also function as a vital corporate governance mechanism that directs executive decision-making towards fulfilling stakeholder objectives, thereby contributing to the organisational success. Nguyen et al. (2021) posit that monetary compensation for managers can serve as a deterrent against risky behaviour. Additionally, the study found that firm leverage choices may also impact the composition of managerial staff. The researchers drew these conclusions utilising an equalising approach to certainty. These findings have important implications for businesses and organisations seeking to incentivise their managers effectively while minimising risk. Nonetheless, it is crucial to differentiate between situations where executives selfishly inflate their remuneration, as previously mentioned, practicing egocentric leadership, and situations where organisations provide fair compensation to executives or managers to promote good corporate governance.

## 6. Materials and Methods

The research study focused on examining the impact of corporate governance on businesses. The researchers selected and employed a qualitative descriptive approach, deemed more cost-effective and efficient than a quantitative approach, to achieve this objective. The qualitative approach utilised readily available secondary data sources, which provided access to a broader range of information, including data from multiple sources, such as online databases, publications, and reports. The researchers believed that the qualitative approach using secondary data sources would enable them to gain a more comprehensive understanding of the subject matter at hand, as compared to a quantitative approach, which would require extensive resources, time, and effort to conduct surveys and experiments.

Thus, they preferred the qualitative-descriptive approach due to the abundance of qualitative secondary data available online. This technique provided a cost-effective and time-efficient solution, enabling access to vast amounts of data with minimal effort. The researchers were confident that the qualitative secondary data available online was sufficient to answer all research questions and achieve the study's objectives. This approach allowed for a thorough data analysis, including cross-referencing and triangulation of information from various sources to ensure accuracy and reliability. Furthermore, they ensured that the data collected was valid and relevant to the research study by conducting rigorous screening and filtering of the available data sources. In this respect, they used a technique that allowed them to guarantee the highest standards of data accuracy and significance. The researchers meticulously evaluated and screened all available data sources to mitigate potential risks to their findings and attain this initiative. They aimed to use only the most reliable and pertinent data for their analysis and synthesis process. The rationale was that they realised that the accuracy and robustness of research findings were reliant on the quality of the data analysis and synthesis process. Therefore, they ensured the research's quality and rigour by filtering quality data. This extensive screening and filtering process played a vital role in achieving their goal and resulted in reliable and credible research findings.

Moreover, a systematic literature review was deployed and conducted to examine the effects of corporate governance on transforming organisations and addressing egocentric leadership to gain a more profound understanding of the subject. The study identified various practices and principles companies can adopt to create a governance framework that aligns with their values and objectives. This study strives to promote ethical conduct, accountability, and transparency in organisations. The study's findings provide valuable insights into the importance of corporate governance in shaping the future of businesses and the society in which they operate. The researchers collected data using keywords such as corporate governance, legal frameworks, board of directors, and good and poor corporate governance, among others. They also used assorted search engines such as ResearchGate, Semantic Scholar, Google Scholar, EBSCOhost, Scopus, and Academia, inter alia, to collect relevant data. The selection of this research method was based on the availability of secondary data online, facilitating an efficient study that met its objectives.

## 7. Findings

The findings of this study include: corporate governance and egocentric leadership are inversely related; boards of directors are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work.

- **Corporate governance and egocentric leadership are inversely related.**

The present study used a large dataset to explore the correlation between egocentric leadership and corporate

governance. The findings revealed a clear and significant relationship between the two, indicating that egocentric leadership practices can have a severely detrimental impact on corporate governance principles. This study significantly contributes to the literature on ethical leadership, highlighting the need for a culture that promotes sound corporate governance while cautioning against egocentric leadership.

Notably, previous research failed to establish the link between corporate governance and egocentric leadership. For example, Ahmed & Anifowose (2024) probed corruption, corporate governance, and sustainable development goals in Africa. These scholars found that corporate governance is inversely proportional to corruption. This means that as corporate governance improves, corruption is likely to decrease.

Similarly, Alatassi & Pillai (2024) evaluated corporate governance and risk management. They showed that there is a strong connection between the two concepts. This finding suggests that good corporate governance can help reduce risks and enhance the overall management of an organisation.

Alodat et al. (2022) empirically studied corporate governance and firm performance in Jordan. They revealed that good corporate governance can boost organisational performance. This means that organisations that prioritise corporate governance are highly likely to perform better in the long run.

Alregab (2023) empirically analysed the role of corporate governance in attracting foreign investment in Saudi-listed firms in light of Vision 2030. The findings of the study showed that corporate governance positively correlates with foreign investment. Therefore, companies that have good corporate governance are highly likely to attract more foreign investment.

Berber et al. (2019) highlighted the relationship between corporate social responsibility and corporate governance. They found that there is indeed a relationship between both concepts, but the link is unclear. In other words, while good corporate governance can lead to better corporate social responsibility practices, the impact of corporate social responsibility on corporate governance is not entirely clear.

Boachie (2023) probed the corporate governance and financial performance of banks in Ghana. This author found that corporate governance is positively related to organisational financial performance.

Enam et al. (2023) investigated the non-monotonic relationship between corporate governance and banks' operating performance. They found that the relationship between corporate governance and performance was non-linear, which means that corporate governance had a moderate impact on the performance of banks.

Elzahaby (2021) scrutinised how firms' performance mediates the relationship between corporate governance quality and earnings quality. The study revealed that corporate governance quality can act as an effective safeguard against business failures, thereby facilitating overall stability. This finding highlights the significance of robust corporate governance practices in promoting sustainable business outcomes and minimising potential risks.

Flammer et al. (2019) investigated corporate governance and the rise of integrating Corporate Social Responsibility (CSR) criteria in executive compensation. They found that CSR improves and boosts corporate governance. The results reveal that the incorporation of CSR in corporate governance leads to better firm performance, as it enhances overall corporate governance.

Jan et al. (2021) examined integrating sustainability practices into Islamic corporate governance for sustainable firm performance through the lens of agency and stakeholder theories. The study analysed the relationship between corporate governance and firm performance through the lens of agency and stakeholder theories. The results showed a strong correlation between corporate governance and firm performance, indicating that effective corporate governance can lead to sustainable firm performance over the long term.

Kashani & Mousavi Shiri (2022) explored the role of corporate governance in investment efficiency and financial information disclosure risk in companies listed on the Tehran stock exchange. The study found that improving the quality of corporate governance can significantly reduce the risk of financial information disclosure. This research highlights the importance of good corporate governance practices in protecting investors' interests and promoting transparency in financial reporting.

Rizani et al. (2022) investigated the mediating effect of earnings management on financial performance: incorporating the importance of good corporate governance. This study revealed that good corporate governance practices can enhance financial performance by improving the quality of earnings management. This research highlights the significance of implementing strong corporate governance policies to ensure the accuracy and integrity of financial reporting.

Salehi et al. (2023) explored the relationship between corporate governance and financial reporting transparency. This study found that corporate governance reduces the risk of fraud in organisations. This finding suggests that the implementation of good corporate governance practices can reduce the risk of fraud in organisations, thus improving financial reporting transparency. This research emphasises the significance of developing and implementing effective corporate governance policies to ensure ethical conduct in business operations.

Shah & Paliwal (2022) explored the corporate governance and financial performance of the Indian drug and pharmaceutical industry. They found that corporate governance improves financial performance. This finding indicates that the implementation of corporate governance practices can have a positive impact on financial performance. The research highlights the role of corporate governance in ensuring sound and sustainable business practices, promoting growth, and enhancing shareholder value.

Tjahjadi et al. (2021) reviewed good corporate governance and corporate sustainability performance in Indonesia. This study revealed a correlation between good corporate governance practices and organisational sustainability, indicating that the implementation of good corporate governance can promote sustainable business practices. This research reinforces the importance of incorporating sustainability principles into corporate governance policies to ensure long-term business success and environmental responsibility.

Zahoor & Yang (2023) uncovered corporate governance and earnings management in the presence of board gender diversity. The findings showed that companies with greater board gender diversity tended to have better corporate governance practices, which in turn led to higher ethical standards and less earnings management. The study highlights the relevance of having diverse leadership teams and effective corporate governance mechanisms in promoting ethical behaviour and sustainable financial performance.

Interestingly, all the authors mentioned above failed to determine the relationship between corporate governance and egocentric leadership, as highlighted in the current study. Therefore, this study fills a gap in the literature and presents new findings and discoveries in the corporate governance field, thereby addressing the limitations of previous research and building upon them.

- **Boards of directors are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work.**

This research investigated the complex landscape of corporate governance and highlighted the numerous challenges faced by boards of directors in their roles. The study reveals that boards of directors are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work. While previous studies explored boards of directors in purposes and perspectives per the respective study's objectives, this research stands out due to its nuanced approach and ability to significantly contribute to the field.

Several notable studies have been conducted in the area of boards of directors. For instance, Al-Saidi (2021) focused on board independence and firm performance in Kuwait. This study found that board independence negatively affected firm performance. This finding highlights the need for boards to strike a balance between independence and collaboration with management.

Kalbuana et al. (2022) examined the impact of profitability, board size, women on boards, and political connections on financial distress conditions. This study found that boards of directors face challenges from individual interests, which can manifest in risky investment decisions and mismanagement of company assets. This finding highlights the significance of ensuring that board members act in the best interests of the company and its stakeholders.

Naciti (2019) investigated corporate governance and the board of directors, primarily focusing on the effect of board composition on firm sustainability performance. The findings reveal that a higher number of independent directors could lead to lower sustainability performance, posing challenges for boards of directors. This finding highlights the need for boards to carefully consider the composition of their members and the skills and expertise that each member brings to the table.

Zahoor & Yang (2023) revealed the dynamics of corporate governance and earnings management in the presence of board gender diversity. The results suggested that board gender diversity, particularly through a diverse board size, could significantly reduce earnings management in firms. This assertion highlights the importance of diversity and inclusion in board appointments and the potential benefits that can be gained from a balanced and diverse board.

Despite these studies' valuable contributions, none highlighted that boards of directors are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work, as revealed in the current study. This finding implies that the findings of the present research provide an uncommon context regarding the challenges faced by boards of directors. Therefore, this study provides an incalculable and distinct perspective on the challenges confronting corporate leaders today, specifically boards of directors. The research sheds light on a meaningful aspect of corporate governance that is highly likely to be of significant interest to academics, practitioners, and other individuals with a vested interest in the field.

- **Sanctions imposed on corporate governance perpetrators are not commensurate with the punishment.**

This study found that sanctions imposed on corporate governance perpetrators are not commensurate with the punishment, highlighting that the punishments are not proportional to the gravity of the offense. This finding corroborates previous research conducted in the corporate governance domain, which examined related topics.

For instance, Ahmed & Anifowose (2024) studied corruption, corporate governance, and sustainable development goals in Africa. This study signals the significant contribution of inadequate corporate governance frameworks to the high levels of corruption prevalent in many countries. It also highlights the need for effective corporate governance frameworks to prevent and minimise instances of corruption. As such, organisations need to review, develop, and implement robust corporate governance policies and practices that can help address the challenge at hand.

Similarly, Chen (2024) analysed the global financial crisis and identified corporate governance failures as a significant contributor to the crisis. This finding implies that the prevalence of corporate governance shortcomings led to financial malpractice. Thus, corporate governance frameworks must be strengthened to prevent financial

misconduct.

Hope Sr (2023) examined ways to reduce corruption and bribery in Africa, with a specific focus on applying indicators to assess performance. The findings of the study revealed a staggering loss of $25.3 billion in Nigeria between 2009 and 2013, which resulted from fund embezzlement in an oil subsidy scam carried out via the Nigerian National Petroleum Corporation. These findings raise crucial questions about the reasons behind the persistence of such acts, despite the presence of corporate governance frameworks. As such, the findings are alarming, considering the presence of corporate governance frameworks that seemingly failed to prevent such acts. Thus, there is a need to enhance corporate governance frameworks as addressing such challenges is crucial and has significant implications for economic growth and development in the region.

McDonnell & Nurmohamed (2021) investigated when organisations are punished for organisational misconduct. This study found that egocentric leadership practices disrupt financial markets and erode public trust in organisations in the presence of corporate governance frameworks. Similarly, the effectiveness of corporate governance is questionable. Hence, there is a need for more stringent measures to prevent organisational misconduct.

In this section, the findings reinforce the current study's problem statement, which highlights the questionable efficacy of corporate governance. This dilemma provides opportunities for egocentric, self-centred leaders to prioritise their interests over those of the organisations they represent. Consequently, anti-corporate governance practices persist because the perpetrators are not compelled and subjected to severe punishment that matches their actions. This action perpetuates the problem, and it continues to pose a challenge. Moreover, the results in this section are comparable to those found in previous studies. Nonetheless, these prior studies failed to uncover that sanctions imposed on corporate governance perpetrators are not commensurate with the punishment, as in the present study. Thus, this study builds on their strengths and addresses their weaknesses, meaningfully contributing to the field of corporate governance.

- **Organisations can benefit immensely from potent, assertive, and compelling boards prioritising corporate governance.**

The roles of boards of directors in organisations are widely acknowledged, and research studies have been conducted to explore their impact on various aspects of business operations. As such, this study found that organisations can benefit immensely from potent, assertive, and compelling boards that prioritise corporate governance. Recently, several similar studies were conducted, each with a specific focus corresponding to the current study’s findings.

Al-Saidi (2021) examined the relationship between board independence and firm performance in Kuwait. The research found that the independence of boards of directors plays a crucial role in upholding the integrity of the decision-making process, which ultimately benefits stakeholders. In support of this view, Zahoor & Yang (2023) explored the impact of board gender diversity on corporate governance and earnings management. The study highlights the impact of corporate governance processes spearheaded by boards of directors on maintaining the highest ethical standards and safeguarding stakeholder interests.

In contrast, Alatassi & Pillai (2024) analysed the role of corporate governance and risk management in Western and Islamic banks, focusing on evaluating the responsibilities of boards of directors. The study found that past corporate failures and scandals have been linked to and associated with boards of directors. Similarly, Kalbuana et al. (2022) investigated the effect of various factors such as profitability, board size, women on boards, and political connections on financial distress conditions. The study suggests that boards of directors are susceptible to prioritising their interests, such as risky investment decisions, mismanagement of company assets, and influencing remuneration and incentive policies that benefit them.

The studies conducted in this area discovered the crucial role of board independence and robust corporate governance processes in upholding ethical standards and safeguarding stakeholder interests. The findings of these studies shed light on the role of businesses and policymakers in developing effective corporate governance mechanisms to prevent corporate failures and scandals. In particular, the current study’s findings in this section align with the findings of Al-Saidi (2021) and Zahoor & Yang (2023), which also emphasise the impact of strong corporate governance practices. However, the results of this study contradict the findings of Alatassi & Pillai (2024) and Kalbuana et al. (2022). Notably, all these prior studies, irrespective of whether they contrast or support the current study’s findings in this section, failed to conclusively establish the immense benefits of assertive and compelling boards prioritising corporate governance.

Nevertheless, the present study builds on the strengths and weaknesses of these previous studies to provide a more comprehensive understanding of the impact of corporate governance on organisational performance. In essence, it bridges the gap by capitalising on the strengths while overcoming the limitations of these prior studies. Thus, the study establishes a clear link between strong corporate governance practices and organisational success, emphasising the need for potent and assertive boards that prioritise corporate governance to ensure ethical standards and safeguard stakeholder interests.

- **The dynamic and ever-evolving corporate world poses a plethora of challenges for boards of directors to execute and elevate their corporate governance.**

This study found that the dynamic and ever-evolving corporate world poses a plethora of challenges for boards of directors to execute and elevate their corporate governance. This finding is in line with prior research in various contexts.

According to Ahmad et al. (2024), recent highly publicised failures have cast doubts about the efficacy of corporate governance practices and presented significant challenges to boards of directors. The findings suggest that such incidents have highlighted the need for companies to re-examine their governance structures and practices to avert such incidents. The study highlights the materiality and strengthen of compelling corporate governance in fostering investor confidence, maintaining long-term shareholder value, and promoting sustainable growth.

In a similar vein, Ahmed & Anifowose (2024) investigated corruption, corporate governance, and sustainable development goals in Africa. The findings indicate that unethical practices present significant challenges for the boards of directors in promoting and driving corporate governance. For instance, in South Africa, the financial loss due to racketeering, corruption, and money laundering between 2010 and 2018 was estimated to be over $34 billion, while in Kenya, the National Youth Service reportedly embezzled $98 million between 2017 and 2018. These findings highlight the need for organisations to strengthen their anti-corruption measures and enhance their corporate governance practices to promote sustainable development in the African continent, and across the globe.

Similarly, Byrne (2023) sheds light on the obstacles that modern-day boards of directors face in the context of work. This report used the case of WeWork, which faced financial tribulations due to its exorbitant expenses and unsuccessful IPO, to explain the difficulties that boards of directors must navigate in today's complex business environment. This assertion emphasizes the challenges boards face in making sound and informed decisions for their companies.

World Bank Report (2021) reported corruption scandals involving SOEs such as Petróleo Brasileiro S.A. (Petrobras) in Brazil, Sonangol in Angola, Eskom in South Africa, and 1 Malaysia Development Berhad (1MDB) in Malaysia that manifested challenges for boards of directors. This claim implies that these scandals pose significant challenges for the boards of directors in maintaining effective corporate governance practices within their respective organisations. The report signals the need for these SOEs to implement robust governance frameworks and transparency measures to mitigate the adverse effects of corruption on their operations. Incorporating such measures will undoubtedly bolster public confidence in their organisations, attract a weighty influx of investments, and foster robust and sustainable economic expansion.

The present study's findings endorse the prior studies analysed above in this part of the study. The corporate landscape is complex and ever evolving, making it challenging for boards of directors to execute and enhance their corporate governance practices across diverse contexts. Hence, board members and corporate leaders must remain adaptable, keeping up with the rapidly changing demands of the industry, to ensure that their governance practices are enhanced or emulated to maintain their relevance and existence. Successfully navigating these challenges is critical to a company's success and sustainability, making it a key area of focus for board members and corporate leaders. As a result, it is essential that they remain abreast of the latest trends and developments in the industry and continuously adapt their governance practices to meet the evolving needs of the organisation and its stakeholders. Therefore, the study's findings contribute to the existing literature and expand the body of knowledge in this field.

- **Conflict of interest sabotages and undermines corporate governance precepts.**

This study found that conflict of interest sabotages and undermines corporate governance precepts. This finding is consistent with previous research studies in corporate governance, which also highlighted the negative impact of conflicts of interest on effective governance practices.

Enam et al. (2023) investigated the non-monotonic relationship between corporate governance and banks' operating performance in selected countries. The study highlighted a probable conflict of interest among stakeholders, including shareholders, the board of directors, executives, and managers. This conflict arises mainly due to differences in priorities, which could adversely impact the overarching corporate governance goals and objectives. The findings of this study heed the challenges and complexities associated with corporate governance in the banking sector, thereby providing a pathway to seek solutions for this predicament, including in other sectors of the economy.

Flayyih & Khiari (2022) conducted a comparative study on earnings management in emerging markets in Tunisia and Iraq. The study revealed that executives in these markets are prone to conflicts of interest, which can impede progress in corporate governance. These findings shed light on addressing the issue of conflict of interest among executives in emerging markets to promote transparency and accountability in corporate governance. This measure will allow emerging markets to eradicate corporate governance issues and stimulate economic growth.

McDonnell & Nurmohamed (2021) conducted thorough research to explore the aftermath of penalties levied on companies for misconduct. The study found that leadership behaviours that prioritise self-interest over corporate governance practices, among other things, can have serious repercussions, such as disrupting financial markets and eroding public trust in organisations. This discovery serves as a wake-up call and a guide to ensure leadership behaviours sync with ethical and governance principles to avoid such consequences. Table 1 displays findings and implications of the study.

**Table 1.** Findings and implications

| Findings | Practical Implications | Research Questions |
|---|---|---|
| Corporate governance and egocentric leadership are inversely related. | This finding implies that there exists an inverse relationship between corporate governance and egocentric leadership. Specifically, the degree to which a leader prioritises their self-interest over organisational interests is negatively correlated with the effectiveness of corporate governance practices. This assertion suggests that leaders who exhibit egocentric tendencies may undermine the integrity and stability of their organisation's governance structures. | What factors impede corporate governance? In answering this question, the findings suggest that egocentric leadership impedes corporate governance. |
| Boards of directors are stuck without a spare wheel in dealing with corporate governance challenges in the contemporary world of work. | This finding implies that modern boards of directors are faced with persistent corporate governance challenges, leaving them vulnerable. These challenges are particularly daunting in the current work environment, and boards must navigate them meticulously and precisely. The absence of contingency plans to address these issues can create significant difficulties. Nonetheless, board members must be proactive in developing strategies to manage them effectively. It is also imperative for boards to enhance open communication channels with their stakeholders, such as shareholders and employees, to ensure they are aware of any concerns or issues that may arise. With this approach, boards can enhance their corporate governance practices and create a more secure and sustainable future for their organisations. | What factors impede corporate governance? In answering this research question, the finding suggests that boards of directors lack resources, support, and contingency plans for dealing with corporate governance, creating challenges in today's world of work. |
| Sanctions imposed on corporate governance perpetrators are not commensurate with the punishment. | This finding suggests that there seems to be a need to reassess the level of punishment imposed on those who violate corporate governance rules, as the current sanctions may not be proportional to the severity of the offense committed. | What causes non-adherence to corporate governance principles? In answering this research question, the finding highlights that the lack of severe punishment for corporate governance perpetrators contributes to non-compliance with this phenomenon. |
| Organisations can benefit immensely from potent, assertive, and compelling boards prioritising corporate governance. | This finding implies that corporate governance is a critical element in ensuring the success of any organisation. An effective board with vigorous leadership qualities can provide valuable guidance, monitor performance, and enforce best governance practices. Adapting this approach, the board aids in ensuring the long-term sustainability of an organisation by mitigating risks and preventing maladministration, fraud, corruption, tender irregularities, and financial misconduct, inter alia. As such, organisations should prioritise corporate governance and appoint a robust board to oversee their processes. | How does corporate governance transform organisations? In answering this research question, the finding implies that corporate governance principles are not spontaneous; they need a human element, such as effective boards of directors, to promote them for the benefit of all stakeholders in the corporate governance fraternity. |
| The dynamic and ever-evolving corporate world poses a plethora of challenges for boards of directors to execute and elevate their corporate governance. | This finding indicates that the board of directors has a critical responsibility for enforcing and promoting corporate governance within organisations. This position can be daunting but presents an opportunity to establish a strong culture of transparency, accountability, and ethical behaviour, ultimately benefiting the corporation and its stakeholders. As corporations grow and evolve, the role of the board of directors becomes even more crucial. They face several challenges in directing and advancing corporate governance within organisations. However, with the right strategies and tactics, the board can effectively steer businesses in the right direction, ensuring smooth and efficient operations. | What factors impede corporate governance? In response to this research question, the finding is a significant revelation that highlights the fast-paced and constantly evolving business world. This rapid transformation poses a challenge for the board of directors to adapt to the changes and fulfil their prescribed corporate governance responsibilities effectively. This assertion implies that the rapid transformation in the business world impedes corporate governance. |
| Conflicts of interest sabotages and undermines corporate governance precepts. | This finding implies that conflicts of interest significantly threaten corporate governance principles. They occur when an individual's interests interfere with their ability to act in the best interests of the organisation they serve. Such conflicts can create a grave impropriety risk and undermine the integrity and transparency of the decision-making process. Effective corporate governance requires the proactive and transparent identification and management of potential conflicts of interest and the communication of these risks to all stakeholders. This approach may help organisations maintain the trust and confidence of their stakeholders and uphold the highest standards of ethical conduct. | What factors impede corporate governance? In response to this research question, the finding signifies that conflicts of interest impede corporate governance. |

In addition, WeWork is a clear example of corporate governance inadequacies stemming from conflicts of interest (Reinhold, 2023). In light of these findings, the Spanish Articles 18 to 23 were developed and implemented to guide and strengthen corporate governance policies and to mitigate conflicts of interest (Repsol, 2021). These

articles outline a comprehensive framework that ensures ethical and transparent business practices that prioritise stakeholders' interests.

This study reinforces the impact of corporate governance on managing and preventing conflicts of interest. It validates the findings of previous research and contributes to the knowledge base by providing new insights. This study has taken a step further by offering more evidence-based insights into similar findings. Such research is of significant value in the business and academic worlds as it highlights the significance of corporate governance and its impact on managing conflicts of interest. Therefore, this study contributes meaningfully to the field and offers beneficial understandings that can be used to improve corporate governance practices. This research can help organisations avoid potential problems and ensure that they operate fairly and transparently by highlighting the crucial role of corporate governance in managing conflicts of interest.

## 8. Discussion

The implementation of corporate governance practices has emerged as a critical element in the transformation of organisations (Shah & Paliwal, 2022). This assertion signals that corporate governance practices are pivotal for organisations aiming to improve their processes and achieve success. However, the successful implementation of these practices is impeded by leaders who prioritise their interests over those of shareholders and other stakeholders. Such leadership, characterised by a self-centred and egocentric approach, undermines the fundamental principles of corporate governance, developed to ensure transparency, accountability, and ethical behaviour in the organisation. Regrettably, leaders focusing solely on their goals and objectives can create a toxic corporate culture that can damage the organisational stature and hamper its long-term sustainability. Therefore, organisations must identify and address these issues before they become a grave problem. In this regard, promoting a culture of ethical behaviour and accountability throughout the organisation is essential to preventing a negative impact on the organisation's prominence and long-term viability. Thus, organisations should consider implementing robust governance frameworks designed to promote transparency, accountability, and ethical behaviour at all levels of the organisation to achieve this initiative.

Moreover, although the principles of corporate governance are sound, the board of directors often fails to effectively drive their implementation for the benefit of shareholders and other stakeholders. Corporate governance principles are the foundation of ethical and transparent operations in a company, aimed at creating value for shareholders and other stakeholders. However, implementing these principles is often hindered by the board's lack of expertise and commitment, leading to oversight of company operations and decision-making processes. In addition, the complexity of corporate governance frameworks and regulations can pose challenges for boards with limited resources (Abrahams et al., 2024; Flammer et al., 2019; Oguejiofor et al., 2023). Therefore, the continuous development of knowledge and skills in corporate governance is essential for boards to efficiently implement and inculcate these principles to ensure that all stakeholders benefit. Regardless, the boards will need the support of shareholders to attain this endeavour (Jensen & Meckling, 2019).

The efficacy of corporate governance initiatives primarily depends on the board's ability to implement them with precision. This measure requires a proactive approach to governance, with the board setting clear goals and objectives. Meanwhile, effective communication and collaboration with all stakeholders are critical measures the board must undertake to guarantee successful execution of corporate governance initiatives. Additionally, the board should ensure that corporate governance principles are deeply nurtured and embedded in the organisation's culture and values. This drive necessitates a concerted effort to incorporate these principles at every level of the organisation and ensure frequent reviews and updates to stay relevant in the ever-changing business and regulatory environments. This action will ensure the organisation remains fully compliant while enhancing its prestige and credibility in the marketplace. Figure 2 below displays the study's Transform and Defend Conceptual Framework.

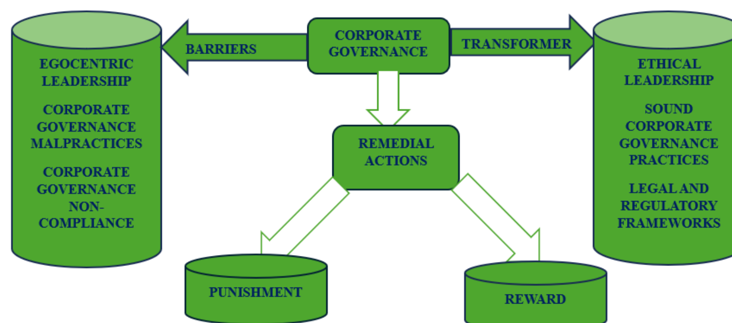


**Figure 2.** Transform and defend conceptual framework
Source: Author

This study conducted a comprehensive analysis of the impact of corporate governance on organisational transformation. The study has developed a robust model, as depicted in Figure 2, highlighting the key factors contributing to effective corporate governance. These factors include ethical leadership, sound corporate governance practices, and legal and regulatory frameworks. The model also identifies the potential barriers to good corporate governance, such as egocentric leadership, corporate governance malpractices, and non-compliance with governance regulations. The study further suggests several remedies organisations can employ to promote good governance, including rewards and severe punishment.

The study suggests that organisations must adopt a two-pronged approach towards corporate governance to maintain and strengthen it. Firstly, they should reward stakeholders for their contributions towards good governance. Secondly, they must take severe action against wrongdoers who violate corporate governance rules. This approach will help prevent immoral actors from undermining the efforts of organisations to promote good governance. Good governance is crucial in attracting investors to an organisation, which, in turn, benefits the entire country (Alregab, 2023). Therefore, organisations must prioritise corporate governance to enhance their reputation, build trust with stakeholders, and contribute to the country's development and the business world. The board should implement effective policies, provide regular training to employees, enhance monitoring mechanisms, and harshly deal with perpetrators to attain this massive task. However, the board will need unwavering support and resources to accomplish this mission.

## 9. Recommendations

The recommendations presented below stem from the findings of the study's thorough analysis of the data and information gathered during a comprehensive study. They aim to provide guidance and potential solutions for corporate governance, enabling and supporting decision-makers to make informed choices and take necessary actions.

- The study recommends that organisations proactively identify, address, and prevent egocentric leadership practices. This measure will help them align their practices with corporate governance principles and promote a culture of ethical leadership. Organisations may consider enhancing the training and education of their leaders, implementing robust systems of checks and balances, and building a transparent and accountable organisational culture to achieve this goal. In this regard, they can create an environment that cultivates ethical leadership while also mitigating the risks associated with egocentric leadership practices by implementing these measures.
- It is recommended to consider the challenges that boards of directors are facing and provide them with the necessary tools and resources to navigate through these complex challenges effectively. The rationale is to address the issue of 'lack of spare wheel'. These resources should be designed to help directors identify and mitigate potential risks, implement best practices, and ensure that all stakeholders' interests are considered. For instance, boards should receive training and support on governance standards and regulations, as well as have access to expert advice and guidance to help them make informed decisions. Additionally, they should be provided with the necessary resources to conduct thorough risk assessments and establish robust contingency plans. Following this approach, organisations can help their boards of directors overcome the challenges they are facing effectively, ultimately leading to better governance practices and improved outcomes for all stakeholders by providing the necessary support, resources, and guidance.
- This study asserts that current sanctions imposed on corporate governance perpetrators are insufficient for deter future misconduct. As a result, the study recommends that a board of directors that fails to take appropriate action against corporate governance failures during its term must be dissolved to address this issue. This approach will ensure that boards take proactive measures in address corporate governance failures, promote a culture of compliance and transparency, and uphold the highest standards of corporate governance. This measure will ensure organisations maintain stakeholders' trust and achieve long-term success while holding boards accountable for their actions. However, it is imperative to note that this recommendation must be implemented based on specific circumstances, as varied situations require distinct measures.
- This study recommends that organisations appoint a strong and effective board of directors that prioritises corporate governance. When appointing a board of directors, caution should be exercised to ensure the board is potent, assertive, and compelling. A board with these attributes can offer numerous benefits to an organisation by playing a pivotal role in ensuring proper organisational management, thus reducing risks and maximising opportunities. Additionally, a board with the right experience, expertise, and moral integrity can help establish trust with stakeholders, enhance the organisation's reputation, and ultimately contribute to its long-term success. Therefore, organisations must prioritise the appointment of a board of directors that possesses the necessary technical expertise and moral integrity for effective corporate governance.
- The ever-changing corporate landscape poses numerous challenges for boards of directors to effectively execute and enhance their corporate governance practices. As a result, the study recommends that boards must continually adapt and refine their governance strategies in response to changing regulatory frameworks and increasing stakeholder expectations to maintain compliance, mitigate risks, and drive business growth to cope with

the rapid changes. Organisations may take a proactive approach to governance by conducting regular assessments of board effectiveness, reviewing policies and procedures, and promoting effective communication and collaboration between board members and senior management. Additionally, boards must stay abreast of global governance frameworks and apply best practices to ensure that their organisations' reputations are strengthened, stakeholders' confidence is boosted, and sustainable growth is achieved over the long term by prioritising governance excellence.

- It is recommended that organisations manage conflicts of interest by creating policies and procedures that promote robust transparency and accountability across the board. These policies must explicitly define what constitutes a conflict of interest, require employees to disclose potential conflicts, and establish a process for reviewing and approving potential conflicts. Additionally, companies should provide regular training to employees on identifying and managing conflicts of interest and hold them accountable for any violations. Therefore, companies should establish and enforce policies and procedures to prevent conflicts of interest from occurring and ensure that all employees and stakeholders are aware of these policies. Additionally, companies should consider engaging independent third-party experts to evaluate and provide guidance on potential conflicts and implement controls to mitigate the risk of such conflicts. Ultimately, managing conflicts of interest is critical to maintaining a healthy corporate culture and ensuring that a company operates in the best interests of all stakeholders. In this respect, it is necessary to implement robust governance structures, policies, and procedures that promote transparency, accountability, and ethical conduct. These measures can help companies identify potential conflicts of interest and take steps to prevent them from arising in the first place.

## 10. Conclusion

According to Rizani et al. (2022), corporate governance is a set of principles, policies, and procedures defining how organisations are directed, governed, and controlled. It encompasses the relationships among stakeholders such as shareholders, management, customers, employees, suppliers, and the community (Benvenuto et al., 2021). The goal of corporate governance is to promote transparency, accountability, fairness, and responsibility in corporate decision-making and to ensure that the interests of all stakeholders are protected (Zahoor & Yang, 2023). Recently, corporate governance has gained significant importance in the business world as it helps create a transparent and ethical business environment. It also aids in building trust among stakeholders and enhances organisational reputation. Corporate governance has become a boon to the business world, as it promotes long-term sustainable growth and permits mitigating risks (Kashani & Mousavi Shiri, 2022). However, this study argues that corporate governance appears to rival egocentric leaders who prioritise their interests over those of the organisation and its stakeholders. Such leaders resist implementing corporate governance practices and may even attempt to manipulate the system to their advantage. Hence, it is crucial to have a firm and independent board of directors that provides oversight to ensure that the organisation adheres to the best corporate governance practices (Al-Saidi, 2021). Nevertheless, this study provides a framework for fostering corporate governance. In conclusion, organisations can transform and defend good governance by taking strict action against violators and rewarding stakeholders. This measure will promote sustainable practices that benefit society and attract investors, ultimately leading to the overall development of the country.

Moreover, the present study's findings corroborate and contradict prior studies within the corporate governance fraternity. This phenomenon serves as a testament to the balanced contribution that this study provides to the field. Furthermore, this study's findings have been linked to the primary and secondary research questions. This measure implies that all the research questions have been adequately addressed, and consequently, the study's objectives have been successfully achieved. Thus, it is concluded that the study achieved its aims and objectives.

## Data Availability

The data used to support the research findings are available from the corresponding author upon request.


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## Conflicts of Interest

The authors declare no conflict of interest.

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