Embedded Governance, ESG Integration, and Firm Profitability in Emerging Markets: Evidence from Zambia's Agri-Food Sector

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Abstract

This paper focuses on the role of embedded corporate governance in the integration of environmental, social and governance (ESG) and firm profitability in emerging markets. The study adopts an explanatory sequential mixed-methods design comprising panel regression analysis of governance and financial indicators for the period 2014-2024, and qualitative analysis of ESG disclosures based on ISO IWA 48:2024, based on evidence from the listed agri-food sector in Zambia. Baseline governance models showed weak relationships with profitability across the panel estimators. Although governance did not demonstrate a statistically significant direct association with short-term accounting profitability, the qualitative findings consistently showed that governance strengthens accountability, stakeholder trust, organisational resilience and ESG integration. These findings support an embedded governance perspective in which governance contributes to sustainable competitiveness primarily through organisational capability rather than immediate financial gains. The results have managerial and policy implications for improving sustainable competitiveness in resource constrained and institutionally fragile settings.

Keywords: Embedded Governance, ESG Integration, Emerging Markets, Corporate Governance, Sustainable Competitiveness, Agri-Food Sector.

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1. Introduction

Traditionally, corporate governance has been viewed as an important mechanism for aligning managerial actions with stakeholder interests, enhancing transparency, and supporting long-term profitability. Extant empirical studies have found evidence from developed markets to suggest that firm level governance structures – such as board independence, ethical guidance and disclosure transparency–are expected to have positive influence on firm value and financial performance (Lu et al., 2021; Aydoğmuş et al., 2022). As much as it remains central to firm survival and regional competitiveness, arguably, the corporate governance debate remains largely skewed in favour of large multinational corporations and regulated markets where governance mechanisms are simultaneously facilitated and enforced by both individual firms and the institutional environment which in many ways, are seen to be guided by a set of codified transferable principles and practices (El-Deeb et al., 2022).

Emerging markets, on the other hand, are typically characterised by institutional voids, uneven enforcement of regulations and socio-economic fragility, which all shape the implementation and experience of governance in practice. In this environment, many of the assumptions underlying governance models developed in mature institutional settings are not as easily transferable, given that firms operate in essentially different regulatory and organisational realities (Khanna & Palepu, 1997; Peng et al., 2008; Christensen et al., 2021). Governance in such contexts is not simply a compliance issue, but a means by which organisations respond to institutional uncertainty, build stakeholder confidence and align strategic decision-making with changing sustainability expectations. Nevertheless, empirical studies on governance in sector-specific contexts of fragile economies are still scarce, and these issues are vital for sustainable development.

The agri-food sector in Zambia provides an appropriate context in which to study this governance–profitability nexus. It is strategic to national development and plays an important role in GDP, employment and food security (Phiri et al., 2020). At the same time, food firms grapple with climate shocks, operational inefficiencies and regulatory uncertainty—all issues that make governance an increasingly important relative source of resilience and legitimacy. Equally important is the fact that listed firms in this sector are subject to high levels of scrutiny from investors, regulators and communities, given the socio-environmental footprint of their operations. They therefore provide a natural laboratory to examine how governance reforms co-evolve with ESG imperatives to shape financial performance in contexts of resource constraint.

Despite a growing body of work on governance and firm outcomes, three research gaps are still apparent. First, much of the literature available is situated within developed economies or large multinational firms with little focus on firms operating in domestic industries within institutionally fragile contexts (Gillan et al., 2021; Christensen et al., 2021; Vitale et al., 2025). Second, although the agri-food sector faces particular challenges for governance, including complex supply chains, sustainability pressures and climate-related risks (Ludwig & Sassen, 2022; Vitale et al., 2025), there is a lack of sector-specific studies. Third, quantitative studies tend to depend on governance indices and financial ratios, providing scant understanding of how governance is understood, implemented and embedded in organisational practices (Gillan et al., 2021; Christensen et al., 2021). This study addresses these gaps by examining Zambia's listed agri-food sector over the period 2014–2024. An explanatory sequential mixed-methods design combines panel regression analysis of governance and financial indicators with qualitative thematic analysis of corporate governance and ESG disclosures benchmarked against the ISO IWA 48:2024 framework. This approach enables the study to examine both the statistical association between governance quality and firm profitability and the organisational processes through which governance is embedded within strategy, decision-making, and ESG implementation. Embedded governance is proposed here as a context-sensitive governance perspective explaining how firms operating under institutional fragility integrate governance into organisational routines, strategic decision-making, and ESG implementation to sustain long-term competitiveness.

This study offers three primary contributions. Theoretically, this study constructs an embedded governance perspective that highlights that governance in emerging markets is not merely a compliance mechanism but also an adaptive arrangement in response to institutional voids and the changing demands of ESG imperatives. Methodologically, this study explores how the ISO IWA 48:2024 governance standard can be used in an emerging market context and shows the value-added of mixing quantitative regression with qualitative thematic analysis to capture both the statistical and contextual dimensions of governance. Empirically, this study provides rare, sector-specific insights into a Zambian agri-food sector – an under-researched, yet socio-economically important, sector that is faced with unique challenges in reconciling profitability with sustainability. Altogether the study’s new insights recast governance as both a structural base and dynamic capability, which can enrich ongoing discussions on how firms in fragile economies balance the twin goals of accountability, resilience, and long-term profitability.

2. Corporate Governance, ESG Integration, and Emerging Market Contexts

2.1 Corporate Governance and Financial Performance: A Global to Local Lens

Corporate governance has long been a key part of organisational management, giving firms the tools to handle risk, increase accountability and match managerial behaviour to the interests of shareholders and other stakeholders. International evidence associates governance attributes such as board independence, board diversity, transparency, and ethical leadership with stronger financial performance and more effective ESG implementation, an association that seems strongest where governance is embedded in a firm’s broader strategy and sustainability practices (Gillan et al., 2021; Ludwig & Sassen, 2022; Vitale et al., 2025).

Governance in developed markets is disproportionately influenced by regulation, standardised through governance codes, and embedded in formal institutions. As such, the role of governance in these environments is largely direct and readily measurable in terms of financial performance (Lu et al., 2021). However, the environment in which governance in emerging markets takes place is fundamentally different from that of developed markets and presents distinct challenges to the assumptions that underpin classical governance theory, particularly in terms of the institutional context (Aguilera et al., 2007). Given the lack of regulatory enforcement, resource dependency, and reliance on informal institutions that characterise governance in these contexts, governance mechanisms are not simply means of compliance but are adaptive to institutional complexity, uncertainty, and voids.

Recent governance research has highlighted the strategic function of governance in promoting long-term enterprise value beyond traditional agency relationships, suggesting that governance regimes enable sustainable competitiveness through promoting stakeholder engagement, strategic adaptation, and organisational resilience under uncertainty (Eccles et al., 2014). This view is aligned with emergent ESG research positioning governance not merely as a monitoring mechanism but also as an essential capability determining organisations' approach to environmental, social, and institutional challenges.

2.2 Governance in African and Zambian Contexts: A Missing Piece in the Puzzle

Much attention has been paid to the link between corporate governance and firm performance in developed economies, but evidence from Africa remains relatively scarce. In international studies, it is generally found that effective governance mechanisms such as board effectiveness, transparency and stakeholder-oriented oversight have a strengthening effect on the ESG performance and the resilience of the organisation. However, most of this evidence is derived from multinational corporations or corporations in mature institutional environments and little attention has been given to sector-specific contexts like agribusiness and food production in emerging economies (Gillan et al., 2021; Ludwig & Sassen, 2022; Vitale et al., 2025). To date, therefore, little is known about the effects of governance on firm performance in domestic industries characterised by institutional fragility, climate-related risks, fragmented supply chains and limited access to finance. Phiri et al. (2020) do not investigate the influence of governance structures on firm performance in the agri-food sector which is critical to employment and national economic growth in Zambia. This study, therefore, fills this gap by exploring governance, ESG integration and profitability in Zambia's listed agri-food sector.

This study is therefore positioned at the intersection of governance, ESG integration, and profitability within Zambia's listed agri-food sector. In forming this linkage, the study responds to recent literature that considers how firms re-orientate themselves within institutional fragility and environmental uncertainty to embed governance as a core aspect of strategy, as opposed to view of seeking regulatory legitimacy (Christensen et al., 2021; Vitale et al., 2025).

2.3 ESG Integration as a Governance Imperative

Recent evidence also shows that governance mechanisms become effective drivers of ESG performance when supported by institutional sustainability demands. Based on a global sample of 840 firms, Vitale et al. (2025) show that mandatory sustainability reporting reinforces the governance–ESG performance link, particularly via board gender diversity and active board oversight. Their results imply that governance plays a role in sustainability not only through formal mechanisms but also through institutional mechanisms motivating higher levels of accountability and integration of ESG matters in the firm's strategy.

The use of Environmental, Social, and Governance (ESG) standards within modern corporate governance practice has changed the paradigm for sustainable and profitable corporate behaviour. Of these three ESG factors, governance is the enabling layer providing the structural means through which environmental and social pursuits are effectively integrated into the firm's long-term vision. Key governance structures enable firms to oversee, institutionalise, report, and sustain transparent ESG disclosures. This inevitably has a bearing on the long-term ability of a firm to obtain market capital and assert brand credibility (Giannopoulos et al., 2022; Aydoğmuş et al., 2022).

The ESG landscape is still evolving in Zambia. Firms that opt to adhere to widely accepted global standards such as the Global Reporting Initiative (GRI), or more recently, the ISO IWA 48:2024 international standard express stronger capabilities to institutionalise ESG objectives and maintain credibility within their marketplaces. Nonetheless, the transition is not as seamless, many firms continue to struggle with regulatory uncertainties as well as the socioeconomic tension of doing business within an unstable macroeconomic environment. Thus, we contribute to the discussion by exploring the role of governance within ESG implementation in Zambia as both a structural stronghold and dynamic source of capabilities to overcome the institutional constraints of an emerging market. Such limitations suggest the importance of a governance perspective that captures how firms entrenched in institutional fragility embed governance in their strategic and operational frameworks. Accordingly, this study develops the notion of embedded governance as a frame through which adaptations in governance within emerging-market environments can be understood.

2.4 Theoretical Framing: Toward an Embedded Governance Perspective

Embedded governance refers to the integration of governance mechanisms within a firm's strategy, operational routines, ethical decision making, and stakeholder engagement. Embedded governance allows firms to address institutional fragility, ESG pressures, and resource constraints. Compliance-based governance views governance as a static state that is either fulfilled or not fulfilled against codified rules and regulatory checklists. Embedded governance is a different matter. It is a continuously reconstituted process that a firm uses to respond to institutional voids and stakeholder pressure and it functions as a dynamic capability that develops resilience, legitimacy, accountability and long-term strategic alignment under uncertainty (Teece, 2007; Suchman, 1995; Mayer, 2021). The distinction is most visible in emerging markets where regulatory enforcement is patchy and institutional voids exist and governance is less a static control and more a continuing process through which firms manage uncertainty, retain stakeholder trust and align profitability with wider sustainability goals (Khanna & Palepu, 1997; Peng et al., 2008; Aguilera et al., 2007).

Embedded governance must also be distinguished from the dynamic capabilities perspective, which refers to a firm's ability to sense, seize and reconfigure resources according to changing market and competitive conditions (Teece et al., 1997; Teece, 2007). Dynamic capabilities theory focuses on renewal of competitive advantage and reconfiguration of resources. Embedded governance is about something narrower — how oversight, ethical and accountability structures get internalised into organisational routines when external enforcement is weak. Its normative basis is legitimacy and stakeholder trust, not competitive advantage (Freeman, 1984; Suchman, 1995; Aguilera et al., 2007). It follows the general idea of adaptive capacity from dynamic capabilities theory but its object of analysis is governance legitimacy and institutional voids rather than reconfiguration of resources and market positioning, and its theoretical roots lie in Agency, Stakeholder and Institutional Theory rather than the Resource-Based View.

The analysis presented here draws on three complementary theoretical perspectives. The traditional explanation of corporate governance is Agency Theory. It posits that performance incentives and monitoring mechanisms reduce agency conflicts by aligning the interests of managers with those of shareholders (Jensen & Meckling, 1976; Fama & Jensen, 1983). However, these governance mechanisms may be less effective in institutional environments characterised by weak regulatory enforcement, limited market-supporting institutions and institutional voids, where formal monitoring is often constrained and firms have to rely more heavily on internally embedded governance practices (Khanna & Palepu, 1997; Peng et al., 2008).

Stakeholder Theory extends governance to include employees, suppliers, communities and regulators in the food sector where public accountability and profitability are inseparable (El-Deeb et al., 2022; Aydoğmuş et al., 2022). Institutional Theory offers insights into how organisations adapt their governance to address institutional voids, soft regulatory enforcement and convoluted political and economic environments to acknowledge that the behaviour of organisations is influenced by formal and informal institutional pressures (DiMaggio & Powell, 1983; North, 1990; Scott, 1995; Peng et al., 2008). Collectively, the theories suggest that governance in a context such as Zambia is a process of construction and reconstruction over time rather than something that is provided. The legitimacy of governance will depend on the ability to respond to external contingency.

Where institutional voids, weak regulatory enforcement, climate vulnerability, macroeconomic instability and stakeholder distrust are most prevalent, it is in these spaces that embedded governance should matter most, for governance here does more than provide procedural oversight, it becomes how firms are able to secure legitimacy and hold strategic coherence together. Such an adaptive role will probably matter less in more institutionalised settings with stronger regulatory enforcement and macroeconomic stability, where formal institutions are already providing the stabilising function (North, 1990; Scott, 1995).

2.5 Addressing the Research Gap

Although the linkage between governance and financial performance has received extensive research coverage, such studies tend to focus on either developed economies or large multinational firms. Thus, limited research is conducted on governance-financial performance linkages in emerging markets such as in specific sectors, i.e., the agri-food sector in Zambia. This is justifiable because of the distinct socio-economic and regulatory factors within which governance in these firms is enacted.

Recent evidence indicates that the effects of governance are not always immediate. Governance reforms may generate short-run benefits in the form of improved transparency, accountability and stakeholder confidence but governance is also a force that generates financial benefits over the long-run as governance becomes embedded in organizational routines and organizational decision making (Eccles et al., 2014). At the same time, the increasing reliance on voluntary governance and sustainability frameworks is an indication of the important substitute role that voluntary frameworks can play in environments where regulatory agency and regulatory enforcement remain weak.

These dynamics are relevant to firms in Zambia's agri-food sector, which need to remain profitable by integrating ESG-related practices in a rapidly changing operational environment. Given the strategic importance of these dynamics, there is limited research that provides empirical evidence of how governance practices improve financial performance and simultaneously enable ESG integration. This study therefore, views governance not as a compliance function, but as an embedded set of integrative responsibilities that build resilience, legitimacy and competitiveness into a firm’s operations in the context of an emerging market.

3. Methods

3.1 Research Design

This study uses an explanatory sequential mixed-methods design to analyse the relationship between corporate governance and profitability in the Zambian agri-food sector in the firms listed on the Lusaka Stock Exchange. The study first used a quantitative panel regression analysis followed by a qualitative thematic analysis to allow further exploration of the contextual mechanisms underpinning the statistically established associations. Such a mixed-methods approach is well-suited to emerging market contexts where quantitative indicators may fail to capture how governance practices are embedded within the firms' operational and institutional contexts.

3.2 Sampling Strategy and Justification

The study targeted the entire population of listed agri-food firms on the Lusaka Securities Exchange (LuSE) for the period 2014–2024. Currently, this sector hosts only five firms on the stock exchange. In total, this translated into 55 firm-year observations. While this absolute number of firms may appear low, in a methodological sense, this sample is highly useful for two reasons. First, it was a census of the sector rather than a selected sample, which guarantees that no listed agri-food firm was left out of analysis. Second, Zambia's agri-food sector is a strategic sector—sustaining GDP, employment and food supplies and its governance–profitability nexus is important enough to warrant investigation despite the limited number of listed entities. This whole-sector design lends results to being interpreted to a representative of the listed agri-food industry in Zambia, while drawing more generalisable lessons that apply to comparable emerging market environments.

3.3 Data Sources and Collection

The quantitative phase of the study focused on financial and governance data elicited from listed agri-food firms in Zambia over the period 2014–2024. The data was sourced from the audited financial statements, ESG disclosures and governance reports of the listed agri-food firms. The dependent variable is the financial performance of the firm (proxied by Return on Assets) and the independent variables include governance score, while firm size was included as a control variable during robustness testing. Return on Assets (ROA) was initially measured in its original ratio form, net income divided by total assets. To improve the distributional properties of the dependent variable and to keep observations with small and negative values, ROA was transformed by the inverse hyperbolic sine (IHS) transformation before estimating the final model.

Governance scores were constructed using ISO IWA 48:2024 framework which assesses the governance quality based on three dimensions: transparency, boardroom diversity and ethical leadership. Regression models were applied to examine the relationship between governance and profitability. Firm size was included in the model as a control variable to eliminate the bias of a lurking variable. Several diagnostic tests were performed to examine the validity and robustness of the models, such as multicollinearity and autocorrelation tests.

The qualitative stage contextualized the statistical results. It involved narrative evidence from firms annual and sustainability reports. It covered evidence of governance practices such as board composition, ethics and transparency, and ESG initiatives. Through ISO IWA 48:2024 governance framework-aligned deductive thematic coding, the descriptive textual evidence was assessed to ensure that common patterns were observed and themes emerged across the sectors. The analysis illuminated how firms operationalized governance as an overarching strategic and adaptive process linking transparency, ethical conduct, and stakeholder engagement to long-term resilience rather than a mere compliance mechanism to be enacted in isolation. The mixing of qualitative insights into the quantitative results provided a nuanced and holistic picture of governance as an architectural mechanism and a dynamic capability enabling and propelling profitability in emerging-market contexts.

In order to preserve organizational confidentiality and respect the ethical considerations related to qualitative disclosure analysis, firm identities in narrative excerpts were anonymized throughout the reporting of the findings. Despite the fact that the firms used in the analysis are all publicly listed companies, anonymization was deemed appropriate to prevent any potentially sensitive governance interpretations or strategic disclosures from being attributable to specific organisations. As such, qualitative excerpts are presented without direct firm identifiers, whilst ensuring analytical consistency across the study.

3.3.1 Construction of the Governance Score Using ISO IWA 48:2024

The governance score used in this study was formulated based on indicators adapted from ISO IWA 48:2024 framework. The framework provides guidance on the application of environmental, social and governance (ESG) principles in organisations. It is important to note that ISO IWA 48:2024 is a recently published International Workshop Agreement rather than a fully certified ISO standard, and as such it has not yet been subject to extensive independent academic validation or widespread empirical testing as a governance measurement instrument. We therefore adopt it in this study in an exploratory capacity as a structured, internationally referenced starting point for operationalizing governance quality in the Zambian context. This choice was made because ISO IWA 48:2024 offers a more contemporary and ESG-integrated set of governance indicators than older compliance-oriented governance codes, and because its dimensional structure (transparency, board oversight, ethical leadership) maps onto constructs already well established in the governance literature, which provides a degree of face and content validity even in the absence of formal psychometric validation.

We acknowledge this as a limitation of the study's measurement approach and encourage future research to subject the framework, or the adapted scoring protocol used here, to more rigorous psychometric testing (e.g., inter-rater reliability, convergent validity against established governance indices) before it is treated as a fully validated instrument. The scoring framework considered three governance dimensions that were considered to be particularly relevant in the context of the

Zambian agri-food sector. That is, transparency and disclosure practices; board diversity and oversight structures; and ethical leadership mechanisms.

In this study, we identified key disclosure indicators for each dimension and assessed these indicators based on firm-level disclosure in annual reports, governance reports and sustainability disclosures. Transparency was operationalized based on the extent of disclosure relating to structures of governance, audit-related structures, engagement with key stakeholders and extent of disclosure of ESG policies and practices within organisations. Board diversity indicators were operationalized based on the extent of representation of independent directors, gender diversity and structure of governance committees. Ethical leadership was operationalized based on disclosure of anti-corruption policies, whistleblowing policies within organisations, operational code of ethical conduct and board-level oversight over ethics and compliance.

We adopted a deductive coding approach wherein the governance disclosures were assessed against set criteria informed by the predefined indicators that were developed based on the ISO IWA 48:2024 guidance. Given the largely textual format of the governance disclosures, we adopted a structured codification approach assessing each indicator on an ordinal score scale of 0–3 where: 0 = no evidence on disclosure and/or implementation; 1 = limited disclosure or partial implementation; 2 = moderate implementation and disclosure; 3 = comprehensively disclosed and evidence of institutionalized governance practice. The scores across indicators were aggregated to create one composite governance score for each firm year observation. Specifically, the three indicator-level scores within each governance dimension (each scored 0-3) were averaged to produce a dimension-level sub-score ranging from 0 to 3. The three dimension-level sub-scores (transparency, board diversity, and ethical leadership) were then summed, without differential weighting, to produce a composite governance score ranging from a theoretical minimum of 0 to a theoretical maximum of 9 for each firm-year observation. We clarify this aggregation procedure explicitly because, although Appendix A lists nine individual indicators each scored on a 0-3 scale (implying a raw indicator-level maximum of 27 if summed directly), the composite governance score reported in this study is constructed at the dimension level rather than by summing all nine raw indicator scores. This is why the governance score reported in Table 1 (mean = 8.2, range = 7-9) falls on a 0-9 scale rather than a 0-27 scale. An equal weighting scheme was applied across governance dimensions. This aggregation approach was chosen because there are no widely used weighting standards for an ESG governance construct in the context of emerging markets.

In order to ensure consistency of interpretation, the coding was carried out systematically across all firms in the sample and across all reporting periods. Coding decisions were cross-checked and revisited as annual reports and governance disclosures were coded, recoded and reviewed with a view to enhancing dependability. While this coding exercise was unavoidably reliant on a single-coder approach due to resource constraints, the use of pre-specified coding criteria and the structured application of a scoring protocol nonetheless served to enhance methodological consistency and transparency. A summary of the governance scoring framework used in this study is provided in Appendix A. The appendix outlines the governance dimensions, disclosure indicators, scoring criteria, and weighting procedures adapted from the ISO IWA 48:2024 framework. Including this appendix improves methodological transparency and provides greater clarity regarding how governance quality was operationalized and assessed across firm-year observations.

3.4 Analytical Strategy

Panel regression models (OLS, Fixed Effects, and Random Effects) were utilized to evaluate the effects of governance on profitability. The model specification was determined through the Hausman Test. Beyond this, refinements were made to improve explanatory power and robustness (e.g., applying an inverse hyperbolic sine (IHS) transformation to ROA, GLS corrections for autocorrelation, etc.). In parallel, a qualitative thematic analysis of contextualized statistical outputs by illustrating how governance reforms were told and practiced in fact. In doing so, this combination strategy enabled the study to triangulate the findings, and conclude that governance was both a statistically associated correlate of profitability and a lived institutional process.

Although the panel consisted of only five listed agri-food firms, the study captured the entire population of firms operating within Zambia's listed agri-food sector over the 2014–2024 period. Consequently, the study employed a census-based sectoral design rather than a sampled panel. While the relatively small cross-sectional dimension limits broad statistical generalizability, the design remains analytically valuable because it provides complete sectoral coverage within a strategically important industry. Furthermore, robustness checks incorporating Random Effects estimation, GLS corrections, and sensitivity analysis were performed to improve estimation reliability. Given the small number of firms, findings are interpreted cautiously as evidence of statistically meaningful associations rather than definitive causal relationships.

4. Results

4.1 Descriptive Statistics of Governance Quality

Table 1 provides descriptive statistics of governance scores of sampled firms for the period 2014-2024. The mean governance score of **8.2** (on the 0-9 composite scale described in Section 3.3.1, derived from averaging indicator scores within each of the three governance dimensions and summing the resulting dimension-level sub-scores) appears to be relatively high suggesting that governance structures and modes of oversight were generally prevalent in the Zambia listed agri-food sector. Further, the findings in Table 1 reveal a low standard deviation (**0.7**) which means that little variation existed among the firms and across the years. Thus, this is reflective of a fairly consistent approach to the implementation of governance structures during the study period.

Governance scores varied between 7 and 9 for all firms, suggesting that all firms achieved at least moderate levels of governance quality. The tight clustering of these scores might reflect the influence of governance requirements from regulators and corporate governance codes, as well as rising stakeholder expectations for accountability and transparency. Overall, the descriptive results showed that governance practices were implemented across the sector, with relatively little variation over time. This provided a useful basis to examine their relationships with firm profitability.

Table 1: *Descriptive Statistics of Governance Scores (2014–2024)*

Variable	Obs.	Mean	Std. Dev.	Minimum	Maximum
Governance Score (G)	55	8.2	0.7	7.0	9.0

4.2 Initial Analysis: Establishing a Baseline Relationship

To begin, the study applied a simple Ordinary Least Squares (OLS) to derive a baseline model between Governance Score (G Score) and ROA. The baseline model aimed to test whether governance was associated with profitability. As expected, the baseline model revealed a weak and statistically insignificant relationship between governance quality and profitability, explaining only 1% of the variation in ROA (**R^2 = 0.01**). The p value was **0.465**, indicating the relation is not significant (see Table 2**).** This suggested that governance, when measured in isolation, may not seem to be a strong driver of profitability. However, the annual reports had already pointed towards its significance. One firm reported that "*the Board continued to exercise close oversight of risk management and audit functions, ensuring compliance with statutory requirements and international best practices*". These disclosures showed that governance mechanisms were not simply box-ticking exercises but at the core of sustaining investor confidence. Therefore, the insignificance of the baseline models reflected more the limitation of the basic model than the insignificance of governance in practice.

4.3 Panel Data Regression: Comparing Fixed and Random Effects

To account for firm-specific characteristics that vary over time, both Fixed Effects and Random Effects models were estimated to determine the most appropriate panel-data specification. The Fixed Effects model, which was estimated because it accounts for entity-specific heterogeneity across firms, had R-squared value of **0.0024** (0.24%) with the insignificant estimated p-value of **0.7312**. The cross – section Random Effect Model assumes that the firm specific heterogeneity is random, did show R^2 value **0.0004** (0.04%) with insignificant estimated p-value of **0.8851**. To determine the better model, a Hausman Test was conducted, which resulted in a p-value of

0.5846, confirming that the Random Effects Model was the more appropriate approach for this study (see Table 2). The qualitative evidence abounds in explanations for why governance may not be associated with financial performance in the short term. "*Transparent reporting is not just compliance but a means to build trust with our shareholders, regulators, and customers*" noted one firm. Such statements suggest that governance investments often generate value gradually through enhanced stakeholder confidence, organizational legitimacy, and stronger accountability systems. As a result, the financial benefits associated with governance reforms may take time to materialize and may not be fully reflected in short-term profitability measures.

Table 2: *Comparison of Panel Regression Models*

Model	R-squared	Adjusted R-squared	F-statistic	P-value	Interpretation
Ordinary Least Squares (OLS)	0.0100	-	0.5428	0.4650	Not significant
Fixed Effects (FE)	0.0024	-	-	0.7312	Not significant
Random Effects (RE)	0.0004	-	-	0.8851	Not significant
Random Effects (IHS-Transformed ROA)	≈0.0000	-	-	0.9899	Not significant
Hausman Test	-	-	χ^2	0.5846	Random Effects Preferred

Note: The IHS transformation improved the distributional properties of ROA but did not alter the substantive conclusion. The governance coefficient remained statistically insignificant under the Random Effects specification ($\beta = -0.0052$, $p = 0.9899$), indicating that the weak association was not primarily attributable to the distributional characteristics of ROA

4.4 Model Refinements and Robustness Checks

4.4.1 Addressing Autocorrelation with Generalized Least Squares (GLS)

Auto-correlation is one of the common problems that might arise in the analysis of panel data. This means that current observations are correlated with previous observations. Autocorrelation may be diagnosed using the Durbin Watson statistic.

The relevant DW statistic was calculated. The statistic was **1.116** indicating potential positive autocorrelation in the baseline model (see Table 4).

A Generalized Least Squares (GLS) model with firm-level clustered standard errors was estimated to account for potential heteroskedasticity and within-firm serial correlation in the panel data. The GLS correction led to only modest changes in model performance (Table 3). The governance coefficient remained insignificant (**p = 0.2041**) and the explanatory power of the model improved only marginally **(R^2 = 0.0101**), suggesting that the weak performance of the baseline specification was not principally due to autocorrelation.

The qualitative evidence provides further insight into this result. One anonymized disclosure indicated that "*our code of conduct was reviewed and updated to reinforce ethical decision-making and integrity across all business units*." Such governance reforms may strengthen organizational credibility, accountability, and risk management, but their financial benefits are unlikely to materialize immediately. Instead, governance appears to generate value gradually through long-term improvements in organizational resilience and stakeholder confidence.

Table 3: *Robustness Checks and Model Refinements*

Model	R^2	Coefficient (G Score)	p-value	Diagnostic Purpose
Baseline OLS	0.0100	0.1278	0.4650	Initial model
GLS (Clustered SE)	0.0101	0.1785	0.2041	Correcting autocorrelation
Random Effects	0.0004	0.0321	0.8851	Panel estimation
Random Effects (IHS-ROA)	≈0.0000	−0.0052	0.9899	Distributional robustness assessment

Table 4: *Model Diagnostic Tests and Estimation Decisions*

Diagnostic Test	Statistic	Interpretation	Action Taken
Durbin–Watson	1.116	Evidence of possible positive serial correlation	Estimated GLS and panel regression models with robust covariance estimators
Hausman Test	p = 0.5846	Random effects assumptions not rejected	Random Effects estimator selected
IHS Transformation	Applied	Reduced skewness in ROA distribution	Robustness analysis using transformed profitability

4.4.2 Improving Model Fit with Inverse Hyperbolic Sine (IHS) Transformation of Return on Assets

The inverse hyperbolic sine (IHS) transformation was applied to improve the distributional properties of the profitability variable and to reduce the influence of skewness and extreme observations. Although the transformation improved the statistical properties of the dependent variable, the governance coefficient remained statistically insignificant under the Random Effects specification. This suggests that the weak governance–profitability relationship is not primarily attributable to the distributional characteristics of ROA but instead reflects the complex and multifaceted nature of firm profitability within the sampled firms. Consequently, governance appears to contribute indirectly through organisational capability and resilience rather than through immediate accounting performance.

Qualitative evidence further contextualized these findings. One firm reported that "*we continued to uphold our zero-tolerance approach to corruption and enhanced our whistleblowing procedures, where all whistleblowing cases are reviewed independently by the Audit Committee*." Another emphasized that "female representation in our Board has reached 35%, and their expertise and perspectives continue to strengthen strategic oversight." Such governance practices reinforce accountability, stakeholder confidence, and organizational resilience, which may gradually translate into improved profitability trajectories over time.

4.4.3 Testing Interaction Effects (Board Diversity, Transparency)

The study also investigated whether governance interacts with other corporate factors such as board diversity and transparency. Despite examining the interaction of governance, these interaction terms did not show the improvement in model fit, suggesting that governance is associated with the profitability as a main effect, and not in interaction with these corporate variables. Interaction terms for governance with board diversity and transparency did not enhance model fit. Nonetheless, annual reports indicated explicitly that firms considered these two aspects as essential components of their governance system. For instance, "*our governance charter includes a requirement to have independent directors on the board to make fair decisions at the largest possible level and protects the rights of minority shareholders*". Although not as statistically significant interaction terms, these practices may nevertheless continue to represent important strategic priorities for credibility and legitimacy in line with stakeholder perspective.

4.4.4 Adding Control Variables (Firm Size)

To test the robustness of the governance–profitability relationship, we included firm size, measured as the natural logarithm of revenue, in the Random Effects model. The results showed that governance remained statistically insignificant after controlling for firm size ($\beta = 0.0952$, $p = 0.8153$). Conversely, firm size had a positive and significant relationship with profitability ($\beta = 0.8017$, $p = 0.0008$), implying that large firms were more profitable during the study period. These results imply that the variation in profitability is more size-related than governance quality per se (Table 5). Nevertheless, governance alone did not demonstrate a statistically significant direct association with short-term accounting profitability, suggesting that its contribution may be realised through broader organisational and institutional mechanisms rather than immediate financial outcomes. As one firm articulated, "*our Board committees meet quarterly to review the Company´s ethical conduct, internal* *control and disclosure practices, ensuring that management decisions align with the interests of shareholders and other stakeholders*".

Table 5: *Robustness Specification Including Firm Size*

Variable	Coefficient	Std. Error	Test Statistic	p-value
Intercept	-17.1965	5.7718	-2.9794	0.0044
Governance Score	0.0952	0.4053	0.2348	0.8153
Firm Size (ln Revenue)	0.8017	0.2258	3.5507	0.0008

4.5 Final Model Selection

Consistent with the Hausman test, the Random Effects estimator was retained as the preferred panel specification because the null hypothesis of no systematic difference between the Random Effects and Fixed Effects estimators was not rejected. Although the IHS transformation improved the statistical properties of the dependent variable, governance did not exhibit a statistically significant direct association with short-term accounting profitability. The findings therefore indicate that governance alone explains only a limited proportion of the observed variation in profitability within the sampled firms. Nevertheless, the qualitative evidence demonstrates that governance contributes to accountability, transparency, ethical leadership, stakeholder confidence, and organisational resilience, thereby supporting the *embedded governance* perspective developed in this study.

Table 6:. *Parameter Estimates for the Final Governance Random Effects Model*

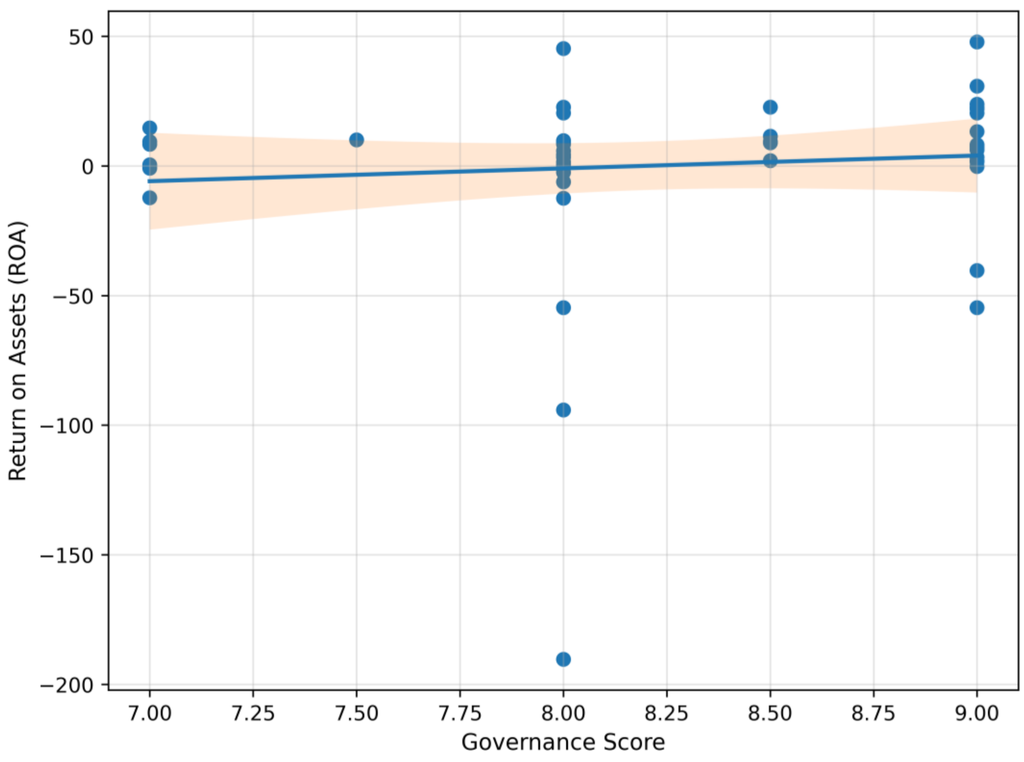
Variable	Coefficient	Standard Error	Test Statistic	p-value	95% Confidence Interval
Intercept	1.3578	3.4662	0.3917	0.6968	−5.5946 to 8.3102
Governance Score	−0.0052	0.4072	−0.0127	0.9899	−0.8218 to 0.8115

Table 6 shows the parameter estimates for the governance Random Effects model using the inverse hyperbolic sine (IHS) transformation of profitability. The governance coefficient was negative and statistically insignificant (β = −0.0052, SE

= 0.4072, p = 0.9899) and thus there was no evidence of a direct association between governance quality and short-term accounting profitability in the sampled firms. The model had little explanatory power (R2 ≈ 0.0000), indicating that governance alone explains little of the observed variation in profitability. Thus, the significance of governance for organisational resilience, transparency, and accountability remains pertinent at the theoretical level, but its effect on finances was not directly evident in the governance panel specification.

Figure 1 presents the relationship between governance scores and observed return on assets (ROA) for all firm-year observations in the study. The fitted linear trend line and its 95% confidence band summarise the overall relationship between governance quality and profitability. The wide dispersion of observations around the fitted trend indicates that there is considerable variation in profitability not accounted for by governance scores alone. This visual evidence is consistent with the results from the governance panel regression model where we did not find a statistically significant direct association between governance quality and short-term accounting profitability.

Figure 1: *Relationship between Governance Scores and Actual Return on Assets (ROA).*



4.6. Study Limitations

The study also acknowledges the possibility of endogeneity between governance quality and profitability. Firms that are better performers financially may have more resources to dedicate toward governance reform, ESG systems, disclosure infrastructure and board development programs. Although robustness procedures and panel estimation approaches were used to help mitigate estimation bias, this study cannot completely disentangle causal directionality between governance and profitability. Future research could better identify causal pathways through dynamic panel models, instrumental variable techniques or comparative longitudinal research designs across multiple emerging-market sectors. Although panel estimation and robustness procedures were employed, future studies may benefit from dynamic panel estimators such as System GMM to further address reverse causality. While anonymization strengthened ethical handling of qualitative disclosures, it limits traceability of firm-level governance narratives for external verification.

5. Discussion

In order to enhance the integration between the quantitative and qualitative strands of the study, the findings were interpreted through a joint display approach (see Table 7), which enabled the statistical results to be viewed against supportive narrative from annual reports and governance disclosures. In this way, the analysis provided richer insights into the experience and operationalization of firms' governance practices in emerging-market contexts.

The findings from this study demonstrate the centrality of governance in shaping profitability within the listed agri-food sector of Zambia. Over a ten-year period, Governance quality was consistently implemented across firms, although the quantitative analysis indicated only weak direct associations with short-term accounting profitability. Taken both independently and together, insights gleaned from descriptive statistics, regression analysis, and qualitative disclosures all point to the same conclusion: governance is a potent enabler of transparency, accountability, and sustainable growth. Simultaneously, the evidence also corroborates the difficulty of extracting concrete financial benefits from governance reforms in the short term, confirming the need for further, more granular, investigation of these relationships.

5.1 Robustness of Governance Frameworks and Long-Term Payoffs

The mean governance score of 8.2, as well as low variation in governance scores, demonstrates that the governance structures of the sampled firms are relatively homogeneous compared to the firm-year sample. These results align with the broader governance literature which suggests that good governance appears to support greater oversight over organisational processes, is linked to accountable leadership and enables organisations to sustain the support of key stakeholders. Governance in this sense is not only a mechanism of control, but can also lay the foundation for strategic guidance, organisational succession and the maintenance of long-term value (Donaldson & Davis, 1991; Suchman, 1995; Daily et al., 2003). In the regression analysis however, the effect of governance on profitability was less clear. The coefficient of **0.1278** implied a positive association, though with a p-value above 0.05 (**p = 0.4650**), suggests that the effect might not be statistically significant in the short term (see Table 3). This might indicate that the benefits of governance accrue more gradually in the form of legitimacy, stronger stakeholder relationships and enhanced organisational decision making than through immediate financial gains.

Table 7: *Joint Display Integrating Quantitative and Qualitative Findings*

Quantitative Finding	Supporting Qualitative Evidence	Theoretical Interpretation
Weak baseline governance–profitability relationship	Firms consistently described governance as a long-term process of oversight, transparency and accountability	Governance benefits may materialise gradually rather than immediately through accounting returns
Governance remained statistically insignificant after IHS transformation	Firms emphasised ethics, whistleblowing systems, board oversight and stakeholder engagement	Embedded governance enhances organisational resilience even where immediate financial effects are weak
Robustness checks produced consistent conclusions	Firms consistently linked transparency and governance reforms to stakeholder confidence	Governance functions as an organisational capability rather than a short-term profit driver
Governance aligned closely with ESG implementation in qualitative disclosures	Governance structures were repeatedly associated with ethical leadership, transparency and strategic integration	Governance acts as the enabling capability supporting long-term sustainability and resilience

5.2 Governance and Organisational Stability

The findings indicate that governance supports organizational resilience, in terms of strengthening accountability, transparency and oversight processes. The refined quantitative models suggest that governance's contribution is unlikely to be captured fully through short-term accounting indicators. Instead, the qualitative evidence indicates that governance strengthens accountability, transparency, stakeholder confidence and organisational resilience, all of which represent plausible mechanisms through which financial value may emerge over longer time horizons. Overall, these results suggest that governance may not always be visible in short-term financial outcomes. Instead, governance appears to create value gradually through stronger accountability, improved decision-making, stakeholder trust, and organizational resilience. Previous studies equally observed that governance generates long-run value through enhanced stakeholder relationships, robustness in decision making and organizational resilience, as much as through direct financial returns (Eccles et al., 2014; Gillan et al., 2021; Velte, 2021).

The qualitative evidence supports this argument. Firms repeatedly indicated that transparent reporting, ethical conduct, and stakeholder engagement are the fundamentals of sustainability in organizational performance. For example, as one disclosure notes, transparent reporting is not merely about compliance instead it serves to build trust of our shareholders, regulators and customers. Together, these activities increase the credibility and resilience of organisations, and thus may facilitate the conditions under which they can be profitable in the long-term. This finding aligns with stakeholder-oriented perspectives of governance, which posit that governance mechanisms contribute value through the enhancement of relationships with important stakeholders, and increase organizational resilience through increased adaptability when operating under uncertainty (Aguilera et al., 2007).

5.3 Governance Challenges in Emerging Markets

Although the quantitative analysis did not identify a statistically significant direct association between governance and short-term profitability, the qualitative findings demonstrate that governance enhances organisational resilience, accountability, transparency, and stakeholder confidence, all of which represent mechanisms through which financial value may emerge over longer time horizons. Regulation enforcement is inconsistent across industrial categories, creating unevenness in how governance regulation in interpreted, executed, and monitored. Resource limitations and lack of access to specialized governance expertise can also limit firms' capacity to institutionalize higher level of governance systems. Overall, these challenges are broadly consistent with other evidence from emerging markets where governance outcomes are not only shaped by organizational practices but also the quality of the external institutional environment (Velte, 2021; Christensen et al., 2021; Gillan et al., 2021). This interpretation is reinforced by the qualitative findings. The annual reports collectively suggest that firms continue to operate within a regulatory environment where governance expectations are evolving and implementation remains uneven across the sector. Such views indicate that firms cannot exclusively rely on exogenous regulatory mechanisms to sustain effective governance. Rather, governance becomes increasingly reliant on endogenous accountability frameworks, ethical leadership and organizational commitment to transparency. This finding reiterates the embedded governance account advanced in this study, which recasts governance as an adaptive capability that helps firms maintain legitimacy and operational continuity in conditions of institutional fragility.

These results are consistent with the embedded governance view of governance proposed in this study. Thus, although governance does not appear to merely act as a compliance mechanism, the comparative evidence suggests that governance provides an adaptive organizational capability that enables firms to manage uncertainty, respond to institutional weaknesses and sustain operational continuity. This interpretation is in line with broader governance research indicating that organisations operating under conditions of institutional fragility generate value from governance when governance principles become embedded in organizational processes, decision-making routines and stakeholder engagement practices (Eccles et al., 2014; Christensen et al., 2021; Gillan et al., 2021).

5.4 Governance–Strategy Interaction and ESG Alignment

The results suggest that governance is associated with strategic organisational processes in ways broader than those reflected in financial indicators. Governance may be more than a compliance tool in the sense that it is associated with how firms integrate environmental, social, and operational priorities into their overall strategy. Such a conclusion broadly aligns with findings in the literature that good governance enhances organizational coordination with wider stakeholders and corresponds with quality of long-term decisions (Aydoğmuş et al., 2022; Giannopoulos et al., 2022).

The quantitative interaction effects of governance on E and S were not statistically significant, but there is overwhelming qualitative evidence of a close connection between governance reforms and sustainability initiatives. In the qualitative disclosures, the G is consistently related to ethical leadership, transparency, inclusiveness and accountability of stakeholders. For example, one firm reported that it had strengthened its whistleblowing mechanisms, another firm noted the strategic merit of board diversity in improving the quality of oversight and decisions.

These qualitative patterns are consistent with a growing body of recent evidence on how specific board characteristics shape ESG outcomes. Studies of European banking and utilities firms find that board independence, gender diversity, board diligence, and the presence of a dedicated CSR or sustainability committee are each positively associated with ESG performance, with CSR committees in particular functioning as an oversight mechanism that translates board-level commitments into disclosed ESG practice (Basile et al., 2026; Menicucci & Paolucci, 2026). Read alongside the present findings, this literature suggests that the embedded governance mechanisms observed qualitatively in Zambia's agri-food sector, board oversight, diversity, and ethical committees, mirror structural features that have been shown elsewhere to strengthen the link between governance and ESG integration, even where, as in this study, the statistical interaction between governance and ESG dimensions does not reach significance given the small sample.

The findings of this study suggest that governance contributes indirectly to profitability by facilitating organizational resilience. In particular, good governance mechanisms articulate an institutional context that facilitates transparency, integrity, resilient risk management practices and stakeholder confidence, which together are likely to augment a firm's capability to absorb uncertainty and adapt in such ways that ensure its operational stability and sustain performance in a sustainable manner. This resonates with the conceptualization of governance within this study's embedded governance framework and where good governance is considered an enabling, organizational capability that enables both ESG integration and longer-term competitiveness. Although the interaction terms were not statistically significant, the qualitative findings suggest that governance provides the organisational architecture through which environmental and social initiatives become strategically coordinated as illustrated in Figure 2.

Figure 2: *Embedded Governance, ESG Integration, and Profitability in Emerging Markets*

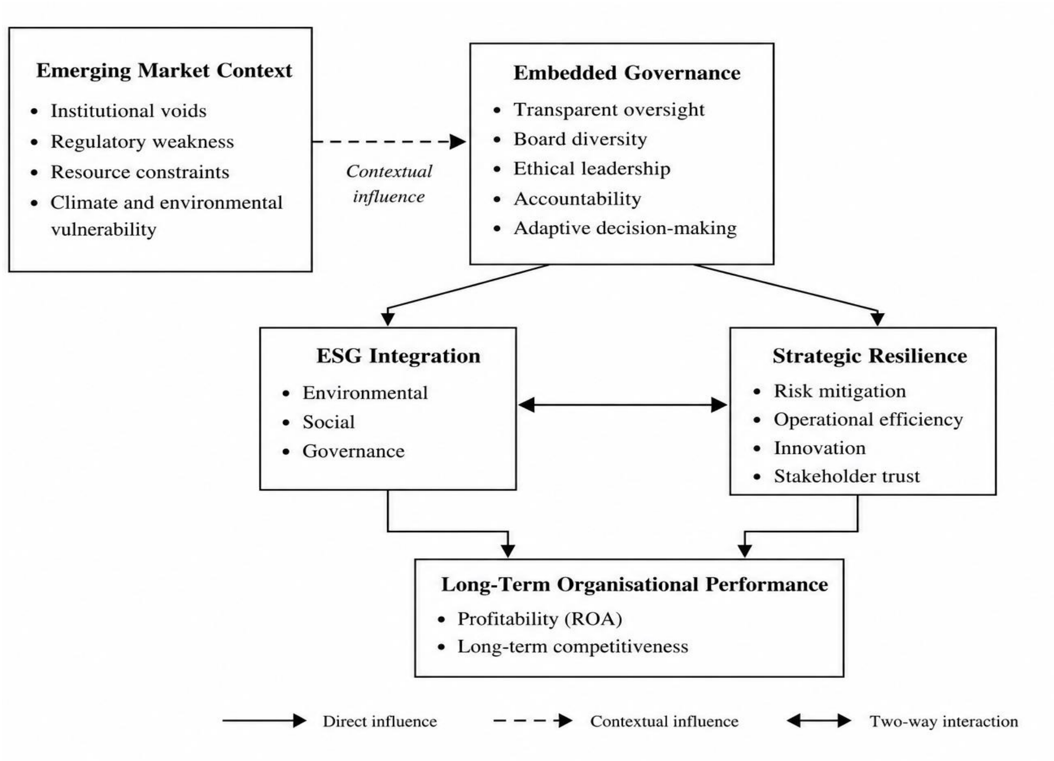


Figure 2 summarizes the study's findings by illustrating how embedded governance manifests in an emerging-market setting. In the model, the framework proposes that embedded governance may be associated with profitability through oversight mechanisms, ESG integration and strategic resilience. These pathways are conceptual and should not be interpreted as causal relationships established by the quantitative analysis.

5.5 Governance as a Strategic Lever

The qualitative findings show that there are increasing strategic applications of governance as a resource that exceeds regulatory requirements. Governance was consistently related to values of ethical leadership, accountability and organizational stewardship over the long term by firms in the sample. These values strengthen decision making and help organisations to sustain trustworthiness with investors, regulators, employees and other stakeholders. This finding is consistent with studies that argue governance as one of a number of drivers that enables organisations to deliver purpose, accountability and sustainable value creation as opposed to being a mechanism for compliance with formal regulation (Aguilera et al., 2007, Mayer, 2021, Naciti, 2019).

One anonymized disclosure highlighted the organization's commitment to ethical conduct through strengthened whistleblowing mechanisms and more independent oversight processes. Such initiatives illustrate how governance structures help reduce information asymmetries, increase transparency and improve stakeholder confidence. Other studies similarly found that strong governance mechanisms and sustainability informed oversight structures in particular, improve stakeholder trust and credibility, thus legitimizing organizational activities (Khan et al., 2016; Husted & Sousa-Filho, 2019). Rather than producing immediate financial benefit, these practices were perceived to foster scaffolding for organizational performance and resilience in the long run. Governance may indirectly contribute to value creation by enabling organizations' stability, adaptability and long-term strategic positioning (Friede et al., 2015; Mayer, 2021).

These results further substantiate the broader argument that governance should be understood as a strategic organizational capability rather than as a compliance-oriented necessity. Governance enables responsible decision-making, effective risk management and appropriate stakeholder engagement in institutionally weak and unpredictable emerging-market contexts, and its value is not only in regulatory compliance, but also in organizational resilience, the advancement of sustainability objectives and increased long-term competitiveness. The argument is consistent with increasing evidence that good governance is more than simply oversight and compliance; it helps organisations to embed sustainability considerations in strategic decision-making and adapt to the changing expectations of investors, regulators, employees and other stakeholders (Naciti, 2019; Mayer, 2021; Friede et al., 2015).

The findings imply that the value of governance is not merely that it enhances compliance with formal guidelines. Governance appears to shape the manner in which organisations judge and respond to the expectations of their stakeholders and the ways in which they manage risk or sustain their legitimacy within complex operating environments. In this way governance emerges as a strategic organizational resource that facilitates responsible leadership and long-term stewardship of organizational interests (Donaldson & Davis, 1991; Suchman, 1995; Daily et al., 2003). This interpretation is consistent with recent evidence showing that governance mechanisms become more effective when embedded within broader organisational sustainability practices. Vitale et al. (2025) demonstrated that governance characteristics such as board diversity and active board engagement strengthen ESG performance when combined with mandatory sustainability reporting, reinforcing the view that governance may contribute to value through strategic integration rather than compliance alone.

5.6 Comparative Analysis and Global Insights

The findings from Zambia are generally in line with evidence from other emerging-market regions that indicated that governance provides long-term organisational stability whilst dealing with institutional constraints. Evidence from these contexts suggests that governance systems are most effective when they are tailored to local realities rather than implemented as uniform compliance structures (Gillan et al., 2021; Natto & Mokoaleli-Mokoteli, 2025). The qualitative evidence from this study supports this perspective. One firm noted that "*our code of conduct was reviewed and updated in order to inspire ethical decision-making and integrity behaviour across all business units*". In this sense, governance in emerging markets pertains to trust, accountability and organisational resilience, in addition to responding to regulatory compliance. Thus, effective governance appears to stem not only from formal structures, but also from the extent to which these governance principles embed themselves within organisational culture and decision-making (Christensen et al., 2021; Eccles et al., 2014; Aydoğmuş et al., 2022).

5.7 Limitations of the Study

While this study provides rare insights into the governance–profitability link in Zambia's agri-food sector, we felt there are a few unavoidable limitations. First, the study was limited to the five listed agri-food firms on the Lusaka Securities Exchange. While this is the entire population of the listed agri-food firms in Zambia, assuring completeness in terms of the methodology's coverage, it cannot allow for statistical generalizability beyond Zambia, and to unlisted agri-food firms as well. Nevertheless, this same limitation becomes the strength of the study: it allowed an in-depth, sectorally limited reflection into the governance dynamics in a socio-economically important industry that remains underexposed in global literature and debates. Secondly, although the study draws from secondary data, such as annual reports, financial statements, and ESG/sustainability disclosures, this data is not immune to reporting bias that could arise in the corporate reporting process, whereby organisations could potentially 'talk-up' their good-governance narratives. In this regard, qualitative insights were triangulated with quantitative balanced governance scores consistent with the balanced governance indicators and metrics of ISO IWA 48:2024, thus improving the findings' dependability. Third, the study captures governance and profitability over a ten-year period (2014–2024), a considerable period but still limited in the capacity to track longer-term institutional and regulatory development. Ultimately, the study demonstrates that governance in emerging markets cannot be understood solely as a compliance-driven mechanism. Rather, governance becomes embedded within organisational strategy, ethical systems, and stakeholder relationships in ways that shape resilience, legitimacy, and long-term competitiveness under conditions of institutional fragility. Future studies may stretch the time horizon further, take cross-country comparisons to other Sub-Saharan

African economies, and/or employ multi-sectoral samples to test replicability of results across sectors.

6. Conclusion

This study contributes to an emerging discourse by repositioning corporate governance in emerging markets as not simply a regulative requirement but a dynamic organizing mechanism fostering adaptability, legitimacy, and strategic alignment. While the governance-only quantitative models did not identify a statistically significant direct association with short-term accounting profitability, the qualitative evidence consistently demonstrated that governance functions as an embedded organisational capability supporting transparency, accountability, strategic resilience and ESG integration. The findings therefore suggest that governance contributes to sustainable competitiveness primarily through organisational processes rather than immediate accounting returns. The qualitative evidence suggests that the organisational benefits of governance may emerge gradually through strengthened accountability, stakeholder confidence and organisational resilience rather than through immediate accounting returns. Theoretically, the study posits that governance frameworks in these contexts must be understood through an "embedded" lens, that is., they must be responsive to institutional voids, stakeholder multiplicity, and systemic volatility. This form of embedded governance appears to enable firms to navigate institutional uncertainty, strengthen stakeholder confidence, and sustain competitiveness in increasingly complex operating environments. In practical terms, embedding governance within a firm's overarching ESG commitments and in its operational strategy appears to be associated with stronger organisational performance.

The study has pedagogical value for scholars of management and management researchers as it provides a case study of reorientating a classical governance theory as an explanatory framework for organisational behaviour in an emerging market. It also holds insights for policy-makers and organisational actors, suggesting a need for governance reforms to shift from ceremonial compliance to deep structural integration with firm strategy and identity. Ultimately, the value of corporate governance is not to be found in any single measure but in the way it shapes behaviour, allocates responsibility and integrates ethics into the lived experiences of business. For firms operating in institutionally fragile environments, governance is most valuable not when it satisfies regulatory requirements, but when it becomes embedded within organisational strategy, decision-making, and stakeholder relationships, thereby supporting resilient and sustainable competitive performance.

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Appendix A: *Governance Scoring Framework Based on ISO IWA 48:2024*

Governance Dimension	**Indicator**	**Description**	**Score Range**
Transparency	ESG Disclosure Completeness	Extent of governance and ESG reporting	0–3
Transparency	Audit Oversight	Disclosure of audit committee functions	0–3
Transparency	Stakeholder Communication	Evidence of transparent stakeholder engagement	0–3
Board Diversity	Gender Diversity	Female board representation and inclusiveness	0–3
Board Diversity	Independent Directors	Presence of independent oversight structures	0–3
Board Diversity	Governance Committees	Functionality of governance committees	0–3
Ethical Leadership	Code of Conduct	Ethical policies and integrity frameworks	0–3
Ethical Leadership	Whistleblowing Systems	Existence and monitoring of reporting systems	0–3
Ethical Leadership	Anti-Corruption Measures	Evidence of anti-corruption enforcement	0–3