

CORPORATE GOVERNANCE AS A MULTIDIMENSIONAL FRAMEWORK: A COMPARATIVE ANALYSIS OF ACADEMIC LITERATURE AND INSTITUTIONAL APPROACHES

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Abstract

Corporate governance is currently described as a multidimensional field central to corporate accountability, strategic direction, and long-term value creation. This article examines the concept of corporate governance through a review of institutional and academic definitions, to identify the evolution and principal convergences. Across both institutional and scholarly perspectives, recurring themes include board oversight, shareholder rights, strategic alignment, and, more recently, sustainability and stakeholder inclusion. At the same time, there is an important focus on formal structures, the predominance of board-centered and shareholder-oriented perspectives, the underrepresentation of non-financial stakeholders, and limited applicability to small and medium-sized enterprises. The study concludes that corporate governance should be understood as a dynamic and evolving system that balances financial and non-financial objectives while responding to organizational, societal, and environmental expectations. By synthesizing institutional and theoretical perspectives, the article contributes to a more comprehensive understanding of corporate governance from different yet complementary perspectives.

Keywords

corporate governance, board of directors, shareholders, stakeholders, accountability, sustainability, Environmental, Social, Governance, ESG, corporate sustainability frameworks

JEL Classification

G34, M14

Introduction

Corporate governance was initially treated as a subset of corporate law and finance, but the concept has expanded significantly over the past decades, incorporating broader considerations related to ethics, transparency, risk management, and stakeholder engagement.

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Despite the growing importance of the topic, there is no single, universally accepted definition. Instead, the literature presents a diverse range of perspectives, each emphasizing different dimensions, such as control mechanisms, organizational performance, power distribution, or stakeholder relationships. This conceptual plurality reflects the multidimensional nature of governance, with inherent fragmentation in both theory and practice.

In this context, the present article aims to provide a structured and critical examination of the main theoretical and institutional approaches to corporate governance. By analysing definitions from several regional and international key institutions, the paper seeks to clarify their underlying assumptions, identify their strengths and limitations, and explore the extent to which they converge towards common coherent concepts. Particular attention is given to the distinction between shareholder-oriented and stakeholder-oriented perspectives, as well as to the emergence of integrated models that incorporate sustainability and long-term value creation. Two key hypotheses guide the analysis developed in this article. First, corporate governance definitions are expected to vary across institutional and theoretical contexts and also across time, reflecting different assumptions regarding control, performance, and given the increasing roles of stakeholders. Second, despite this diversity, it is assumed that more recent, existing models can be reconciled towards a framework that integrates both shareholder and stakeholder perspectives.

1. Review of the scientific literature

Corporate governance is a relatively recent concept. Corporate governance emerged as a central and global concern in the 1990s, alongside several major developments: the structural market-building reforms undertaken in the former Soviet countries; the 1997 Asian financial crisis; and the European Union's ongoing efforts to integrate capital markets. Corporate governance is a concept widely discussed in both the academic and professional literature, with diverse definitions reflecting different perspectives, priorities, and contexts. Authors distinguish between internal mechanisms—such as board structure, executive compensation, and internal controls—and external mechanisms—such as regulatory oversight, market discipline, and shareholder activism—that influence governance outcomes.

In an earlier definition, governance is seen as a comprehensive system determining organizational success. Keasey and Wright (1993) define corporate governance as the structure, process, culture, and systems that are closely associated with the successful functioning of an organization. Later on, governance is seen as the protection of investor interests and finance. Shleifer and Vishny (1997) define corporate governance in terms of the mechanisms through which investors are protected and assured adequate returns on the capital they provide to companies. Zingales (1997) states that the concept of corporate governance is intrinsically related to the definition of the firm. In the definition of the firm, Jensen and Meckling (1976) highlight the “separation of ownership and control,” the “social responsibility” of business, the definition of a “corporate objective function,” the determination of an optimal capital structure, the specification of the content of credit agreements, the theory of organizations, and the supply side of the completeness of markets problems. Zingales (1997) defines corporate

governance as „the complex set of constraints that shape the ex-post bargaining over the quasi-rents generated by a firm”. Aoki (2001) links corporate governance to rights and responsibilities among the parties that have a stake in the firm. Corporate governance is also seen as shareholder-led democracy: according to Colley et al. (2004), governance involves the election of directors by shareholders, strategic oversight by boards, and operational accountability through the CEO, thereby forming a system of democratic management. However, this definition is somewhat idealised, as it assumes a form of corporate “democracy” that is not always present in reality, particularly where controlling shareholders dominate the decision-making process.

Linked to the idea of control, governance is seen as the management of power and resource control. Davis (2005) considers governance to be the organizational and institutional structure through which authority and control over resources are distributed within and around the corporation. This definition reflects a structuralist approach focused on “who controls what”. Clarke and Rama (2006) argue that the way companies are governed—in terms of ownership, control, pursued objectives, rights respected, responsibilities assumed, and the distribution of created value—is essential not only to managers and shareholders but also to the wider society they affect.

A different perspective, the efficient and effective management is introduced by Strange et al. (2009), who argue that, in a broad sense, corporate governance refers to the efficient management of firms so that they use resources rationally, reduce costs when necessary, and maintain the support of involved parties, regardless of the economic context. Governance is seen as a set of tools for decision-making and relationship management by Aguilera (2010), who argues that corporate governance represents the influence and power exercised in corporate decision-making processes. Governance also focuses on the exercise of power, management, and culture: Tricker (2019) describes corporate governance as the manner in which power is exercised over corporate entities, with particular attention to the activities and responsibilities of the board in managing and overseeing the enterprise. Governance extends beyond compliance with regulations and codes and places increasing emphasis on the role of organizational culture. Effective governance involves not merely adherence to formal frameworks, but also the promotion of a culture of ethical behaviour and responsible decision-making throughout the organization.

More recent literature incorporates environmental, social, and governance concerns, recognizing that modern corporate governance must also address sustainability, stakeholder inclusion, and corporate social responsibility. This development reflects a shift from a purely shareholder-centered model toward a broader stakeholder-oriented approach. As described by Morris (2020), corporate governance extends beyond the internal dynamics of corporations to encompass their broader social roles and obligations. It includes networks of laws, policies, and voluntary practices that ensure corporations behave ethically, meet legal and social expectations, and create sustainable value. Strong governance structures form the backbone of trust between business and society, guiding transparent operations, ethical leadership, and sound financial practices that ultimately support long-term corporate success. Governance aligns financial objectives with broader stakeholder objectives in Schoenmaker and Schramade’s (2023) perspective, who present corporate governance as fundamentally linked to defining the

company's objectives. In the shareholder model, maximizing financial value predominates, whereas stakeholder and integrated models seek to balance financial, social, and environmental objectives. Governance systems should effectively balance the diverse interests of stakeholders by drawing on broader informational foundations to ensure sustainable value creation and long-term accountability. Sheehy & Diaz (2024) offer a perspective of corporate governance across multiple disciplinary lenses: ownership (who are the owners and what rights do they have?); control (who has control rights?); law (what laws apply? and, what model of law is used?); finance (what choices are preferred and to be considered optimal?); growth (what is the best way to grow the business?); orientation (should the corporation be governed to generate short-term profits or long-term growth?); business strategy (should the business be focused on competitive strategies to drive share price?); stakeholders (are stakeholder interests important?).

Institutions worldwide have played an essential role in shaping and promoting effective corporate governance. These bodies not only define the principles and frameworks that guide corporate conduct, but also provide training, research, and standards that influence how governance is practised across industries. Each contributes a distinctive regional and professional perspective to the global understanding of corporate governance.

The Cadbury Report (1992) established the foundational definition of corporate governance by emphasizing the structures and processes through which companies are directed and controlled. Boards of directors are responsible for setting strategic objectives, overseeing management, and ensuring proper stewardship on behalf of shareholders. Shareholders, in turn, are expected to hold directors accountable through informed voting and engagement. The Report underscores that an effective governance framework supports trust and transparency by clearly delineating responsibilities among management, boards, and auditors, all under the supervision of legal and regulatory bodies.

The Organisation for Economic Co-operation and Development (OECD) is one of the most influential international bodies in shaping the global understanding and practice of corporate governance. Unlike national or professional institutes, the OECD offers a broad, trans-jurisdictional perspective aimed at harmonizing governance standards across both developed and emerging markets. According to the OECD, corporate governance fosters trust and stability, improving companies' access to capital, innovation, and long-term value creation for shareholders and stakeholders alike. The OECD defines corporate governance by reference to the structures that guide how companies are directed, emphasizing the importance of building trust, transparency, and accountability in order to promote long-term economic stability. It recognizes that governance influences firms' financing costs and supports sustainable economic dynamism across markets. "Corporate governance guides how a company is directed and its relationships with its shareholders and stakeholders. With the right structure and systems in place, good corporate governance allows companies to create an environment of trust, transparency and accountability, which in turn promotes long-term patient capital and supports economic growth and financial stability." (OECD, 2025).

The Institute of Chartered Accountants in England and Wales explains corporate governance as the system by which companies are directed, primarily concerned with the activities of the board of directors rather than operational management. Boards must articulate a company's values, oversee strategy, and ensure effective leadership distinct from day-to-day executive tasks. Governance is essential for maintaining a company's reputation, performance, and alignment with shareholders' interests. "Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship." (The Institute of Chartered Accountants in England and Wales, 2025).

Governance is seen through the sustainability lenses in the Swiss Code of Best Practice, which frames corporate governance around principles designed to safeguard the company's long-term interests, with an emphasis on transparency, effective decision-making, and a sound balance between management and oversight functions. Good governance is essential for building long-term corporate value, aligning the objectives of shareholders and other stakeholders, and embedding sustainability within corporate strategies. Governance thus integrates economic, social, and environmental concerns to promote sustainable growth. "Corporate governance encompasses all principles aimed at safeguarding the sustainable interests of the company. By maintaining decision-making capacity and efficiency at the top level of a company, these principles are intended to guarantee transparency and a healthy balance between management and supervision. Business activity is sustainable when the interests of the company's various stakeholders are taken into account, and economic, social and environmental objectives are pursued holistically." In Europe, the EU company law rules address corporate governance topics, focusing on relationships between a company's management, board, shareholders and other stakeholders, and therefore, on the ways the company is managed and controlled.

The Governance Institute of Australia defines governance as the broader system of control, ethics, risk management, compliance, and organizational accountability. "Governance encompasses the system by which an organization is controlled and operates, and the mechanisms by which it, and the people within it, are held to account. Ethics, risk management, compliance and administration are all elements of governance." (The Governance Institute of Australia, 2025). According to the Australian Securities and Investments Commission, corporate governance is a critical determinant of corporate performance and entails a framework for decision-making, accountability, and stakeholder relationships.

Governance shapes long-term value delivered to investors and their confidence. The Singapore Institute of Directors considers governance to be the orchestration of people, processes, and structures that enhance long-term shareholder value while respecting the broader interests of stakeholders. Companies with strong governance are better positioned for sustainable success, transparency, and investor confidence. "Corporate governance refers to having the appropriate people, processes and structures to direct

and manage the business and affairs of the company to enhance long-term shareholder value, while taking into account the interests of other stakeholders.” (The Singapore Institute of Directors, 2025).

2. Research methodology

This study adopts a qualitative research design based on a combination of literature review and institutional analysis. The literature review component examines academic contributions to corporate governance in order to identify different theoretical perspectives, evolutions, and areas of convergence and divergence.

In addition to the academic literature, the research incorporates an institutional-level analysis of corporate governance. This involves the examination of definitions, principles, and frameworks developed by regional or international professional bodies. These institutions were selected due to their significant role in shaping governance practices globally or regionally, and their influence on policy and corporate behaviour, internationally or in various regions across the globe. The analysis focuses on how these organizations conceptualize governance, the mechanisms they emphasize, and the extent to which they integrate emerging dimensions such as ethics, risk management, and sustainability.

The methodological approach is primarily comparative and interpretative. Institutional definitions and frameworks are analyzed to identify common themes, underlying assumptions, and key differences. This dual approach allows for a more comprehensive understanding of corporate governance, closing the gap between theoretical constructs and practical applications. By integrating insights from both domains, the study aims to capture the multidimensional nature of governance and its variation across regulatory, cultural, and organizational contexts.

The methodological approach adopted in this study is also subject to several limitations. First, the qualitative and interpretative nature of the analysis implies a degree of subjectivity in the selection, interpretation, and comparison of both academic and institutional sources. While efforts were made to include widely recognized and influential contributions, the selection of literature and institutions cannot be considered exhaustive.

Second, the institutional analysis focuses predominantly on major international and regional bodies, which tend to reflect governance models designed for large, listed corporations. Consequently, the applicability of the findings to small and medium-sized enterprises, non-profit organizations, or organizations operating in less formal governance environments may be limited. Finally, the comparative approach emphasizes conceptual integration, which may lead to a certain level of abstraction. While this facilitates the development of a coherent framework, it may also obscure context-specific differences related to legal systems, cultural factors, and economic environments that shape specific governance practices. Future research could address these limitations by expanding the range of institutional contexts and examining how corporate governance principles are operationalized across different types of organizations and regulatory settings.

3. Results and discussion

Most definitions in the literature converge on several essential elements: the roles and responsibilities of the board of directors, the rights and responsibilities of shareholders, and the mechanisms that ensure transparency, ethical conduct, and effective decision-making.

Initially centred on internal efficiency and the protection of investor interests, governance was largely understood through formal mechanisms such as board oversight, control structures, and shareholder rights, or separation of control. Over time, the concept has expanded to incorporate the distribution and exercise of power within organizations, emphasizing decision-making processes, authority, and the relationships among key actors. This shift reflects a growing recognition that governance is not only about formal rules, but also about how influence is exercised in practice.

Overall, the literature converges on several key points: corporate governance is inherently multidimensional; it has moved from a shareholder-centered approach toward more inclusive stakeholder-oriented models; it encompasses both formal structures and informal elements such as culture and ethics.

The institutional definitions of corporate governance outlined above exhibit several strengths: governance is presented as a coherent system encompassing structures, processes, ethics, accountability, transparency, and control. It is linked to other essential areas, including sustainability, reputation, strategy, and organizational culture. Governance is described not merely as a formal regulatory framework, but as a driver of organizational performance. The board of directors is seen as the principal body responsible for accountability and oversight, while shareholders are regarded as guarantors of accountability through voting and engagement. The importance of transparency and the clear allocation of responsibilities is strongly emphasized. Governance is understood as serving the creation of sustainable value, rather than merely profit maximization, as illustrated in the Singaporean and Swiss approaches. These definitions integrate ethical values, stakeholder interests, and social and environmental objectives.

At the same time, these rely significantly on formal structures. Many definitions focus heavily on boards, rules, and reporting requirements. Predominantly board-centered, executive management and employees appear more rarely at the centre of these definitions. Governance is presented as a board responsibility, although in practice it is far more distributed. Many governance frameworks and concepts are designed for large listed corporations and are less easily applicable to SMEs or non-profit organizations. However, its complexity risks being reduced to formal structures, while non-financial stakeholders may be marginalized. Governance that seeks to align financial and social objectives presupposes the reconciliation of highly diverse goals—financial, social, and environmental.

In examples of two large multinationals, Unilever and PepsiCo, reputed for their transparency principles, corporate governance disclosures from companies demonstrate that governance structures are typically organized around a layered system combining board oversight, executive management, and specialized committees (e.g., audit, remuneration, nomination).

For example, Unilever's corporate governance structure reflects a comprehensive and highly formalized system designed to ensure effective oversight, accountability, and long-term value creation. At the core of this system is the Board of Directors, which holds ultimate responsibility for the company's overall management, strategic direction, performance, and sustainable success. The governance structure is further strengthened through a system of committees that support the Board: four principal Board Committees—Audit, Remuneration, Corporate Responsibility, and Nominating and Corporate Governance Committees—each focusing on specialized areas such as financial integrity, executive compensation, sustainability, and board composition. In addition, management-level committees, including the Disclosure Committee and the Global Code and Policy Committee, contribute to the operational implementation of governance principles. This layered committee structure illustrates a clear distribution of responsibilities and enhances the effectiveness of oversight by allowing for more focused and expert evaluation of key governance domains. A defining feature of Unilever's governance model is the structured delegation of authority. While the Board retains ultimate accountability, it delegates specific powers and responsibilities to the Chief Executive Officer, the Chief Financial Officer, and various committees. This delegation is accompanied by strong supervisory mechanisms, ensuring that all delegated activities remain aligned with the Board's strategic objectives and governance standards (Unilever, 2026). PepsiCo's corporate governance framework reflects a structured and board-centric model: the company is governed by a Board of Directors composed predominantly of independent members, with only one executive director and a strong majority of independent directors. This composition reinforces objectivity in decision-making and emphasizes independence as a key mechanism for effective oversight. The Board is responsible for overseeing the company's strategy, operations, and overall direction, ensuring that management actions are consistent with shareholder interests and broader stakeholder expectations. To support its governance responsibilities, PepsiCo has established four specialized Board committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Sustainability and Public Policy Committee. These committees are composed exclusively of independent directors, which further strengthens their capacity to provide impartial oversight. Each committee focuses on a specific governance domain, including financial integrity and reporting, executive remuneration, board composition and governance standards, and sustainability-related policies. This committee structure enables a more detailed and expert evaluation of complex governance issues. PepsiCo's governance model integrates sustainability and environmental, social, and governance (ESG) considerations into its governance architecture. The Sustainability and Public Policy Committee plays a central role in overseeing sustainability strategies and ensuring alignment with the company's broader objectives, including its "PepsiCo Positive" agenda. Governance is therefore not limited to financial performance but extends to managing environmental impacts, promoting responsible sourcing, ensuring product quality and nutrition, and upholding ethical business practices. PepsiCo's governance framework illustrates a contemporary approach to corporate governance, characterized by a strong emphasis on board independence, specialized oversight mechanisms, and the integration of sustainability

and ethical considerations into strategic decision-making (PepsiCo, 2026). Although current models increasingly incorporate stakeholder considerations and ethical dimensions, they remain predominantly centered on board-level structures. This suggests that, while significant progress has been made toward more integrated and multidimensional governance models, further conceptual and practical development is needed to fully capture the distributed and participatory nature of governance across all organizational levels. Future research and practice should therefore aim to broaden the scope of governance frameworks to better reflect the roles of diverse organizational actors, enhance the applicability of governance principles across different types of organizations, and address the challenges associated with balancing financial performance with social and environmental objectives.

Conclusions

It may therefore be concluded that corporate governance integrates the processes, structures, values, and practices that guide decisions and behavior at all levels of an organization. It is a complex, multidimensional system essential to the effective, responsible, and sustainable management of companies. Corporate governance functions as a mechanism for balancing financial and non-financial objectives, taking into account the legal framework, social norms, and ethical expectations. At the same time, corporate governance is a dynamic and context-dependent process constrained by such factors as power imbalances among actors, information asymmetry, short-term pressure for profits, the difficulty of quantifying organizational culture, and the complexity of integrating social, environmental, and economic objectives.

A key contribution of the paper lies in bridging the gap between theory and practice. While academic literature offers conceptual depth—emphasizing governance as a system of power, decision-making, and organizational effectiveness—institutional frameworks translate these ideas into actionable principles, standards, and guidelines for companies. The literature highlights a clear evolution of corporate governance from a narrowly defined system of control and organizational structuring toward a complex, multidimensional framework that integrates performance, accountability, and broader societal considerations. The analysis demonstrates that, despite differences in emphasis, both domains converge on core elements such as transparency, accountability, board oversight, and the growing importance of stakeholder inclusion and long-term value creation.

Through this approach, the article contributes to a more nuanced understanding of corporate governance as a dynamic system. Future research could extend this work by exploring how environmental, social, and governance (ESG) factors are operationalized within governance systems and how firms navigate the inherent trade-offs between financial performance and sustainability objectives. Further exploration of these dimensions would enhance both the theoretical development and practical relevance of corporate governance in addressing emerging global trends of sustainability. Effective governance requires a balanced and adaptive approach capable of aligning financial objectives with broader organizational and societal expectations.

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