

INTEGRATING ESG CRITERIA INTO CORPORATE GOVERNANCE: A PREREQUISITE FOR ROMANIA'S CONVERGENCE WITH OECD STANDARDS

Ibolya-Mercedesz Török*

University of Oradea, Oradea, Romania

Abstract

The 2023 revision of the Corporate Governance Principles of the Organisation for Economic Co-operation and Development (OECD) emphasises transparency, sustainability, and long-term value creation. In the context of Romania's OECD accession process, aligning corporate governance practices with these standards represents a key factor in strengthening the financial market and increasing investor confidence. This paper evaluates the degree of alignment of Romanian companies listed on the capital market with the G20/OECD Principles and analyzes the role of integrating ESG (Environmental, Social, and Governance) criteria in this process. The research employs a content analysis applied to a sample of 47 Romanian listed companies, based on publicly available reports for the year 2024 (annual reports, corporate governance statements, and sustainability reports). The level of compliance is measured using the OECD Governance Alignment Index (OCGAI), constructed based on the six chapters of the G20/OECD Principles, each evaluated on a scale from 1 to 4. The results indicate an aggregated OCGAI score of 2.8 out of 4, corresponding to a moderate level of alignment. The highest scores are observed in the areas of the corporate governance framework and transparency/disclosure, while sustainability and resilience record the lowest levels, suggesting an early stage of ESG integration and predominantly descriptive reporting. The findings support the need to strengthen sustainability-oriented governance mechanisms and to standardize ESG reporting in order to accelerate convergence with international standards and enhance the credibility of the capital market.

Keywords

corporate governance; ESG integration; OECD Principles 2023; transparency; OCGAI; sustainability reporting; emerging markets; Romania.

JEL Classification

G30, G32, G38, M14, O16.

* Corresponding author, **Ibolya-Mercedesz Török**– imercedesz.torok@gmail.com