Corporate Governance in the Era of Artificial Intelligence (AI), ESG and Sustainability Across Africa: A Critical Appraisal

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Abstract

This paper critically appraises how the ideal of good corporate governance can be achieved in Africa. The paper notes that Africa faces challenges in establishing and implementing good corporate governance frameworks undermining the ideal of sustainability. It examines the state of corporate governance in Africa and discusses challenges undermining the pursuit of good corporate governance in the continent. In light of current challenges, the paper posits that it is imperative to strengthen corporate governance in Africa in order to promote sustainability. In particular, the paper notes that the emergence of modern and innovative technologies such as Artificial Intelligence (AI) and sustainable business models including Environmental, Social and Governance (ESG) provide solutions that can strengthen corporate governance in Africa for sustainability. Consequently, the paper discusses how corporate governance can be effectively embraced in the era of AI and ESG towards promoting sustainability in Africa.

1.0 Introduction

Corporate governance is a framework that guides how corporations are directed and managed including their relationships with shareholders and stakeholders[1]. In addition, corporate governance has also been defined as set of processes, principles and policies through which a company is run[2]. It has been observed that corporate governance encompasses every sphere of management within an organization ranging from action plans and internal controls to performance measurement and corporate disclosures[3]. Corporate governance can therefore be understood as the processes and systems through which companies are directed and controlled. Corporate governance in general governs

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[1] Organisation for Economic Co-operation and Development., 'Corporate Governance' Available at https://www.oecd.org/en/topics/policy-issues/corporate-governance.html (Accessed on 03/09/2026)

[2] Corporate Governance Institute., 'What is Corporate Governance?' Available at https://www.thecorporategovernanceinstitute.com/insights/guides/what-is-corporate-governance/?srsltid=AfmBOooo27C4IZYg5GxAdZWMOyeM7WARwFcwEaLyTZ1k7iPJWOrepKAS (Accessed on 03/09/2026)

[3] Chen. J., 'Corporate Governance Definition: How it Works, Principles, and Examples.' Available at https://www.investopedia.com/terms/c/corporategovernance.asp (Accessed on 03/09/2026)

who makes decisions in companies, how those decisions are monitored, and how a company remains accountable to its shareholders and other stakeholders[4].

Sound and effective corporate governance plays a key role in promoting Sustainable Development across all its dimensions. For example, it has been observed that since corporations possess vast powers in the modern global economy, good corporate governance is key towards building an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive and prosperous societies[5]. Through good corporate governance, corporations can support economic growth, social equity and environmental protection towards sustainability[6]. By embracing the tenets of good corporate governance, corporations can promote ethical behaviour, manage both internal and external risks effectively and enhance their reputation towards long-term success and sustainability[7].

In particular, corporate governance seeks to promote fundamental principles of good governance including transparency, accountability, fairness, responsibility, risk management, community welfare and environmental protection in order to ensure that the affairs of organisations are ethical and sustainable[8]. It has been observed that corporate governance expands beyond traditional business goals which focus on profitability by embracing current concerns such as ethical behaviour, sustainable business strategy, risk management, environmental awareness, community welfare and stakeholder relations in order to ensure that corporations support the global pursuit of sustainability[9]. Embracing good corporate governance is therefore necessary towards harnessing the role of corporations in the Sustainable Development discourse.

This paper critically appraises how the ideal of good corporate governance can be achieved in Africa. The paper notes that Africa faces challenges in establishing and implementing good corporate governance frameworks undermining the ideal of

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[4] Ibid

[5] Organisation for Economic Co-operation and Development., 'OECD Principles of Corporate Governance.' Available at https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf (Accessed on 03/09/2026)

[6] Ibid

[7] What is corporate governance? The 2025 guideline., Available at https://www.imd.org/blog/governance/what-is-corporate-governance/ (Accessed on 03/09/2026)

[8] What is Corporate Governance: Principles, Models, and Best Practices., Available at https://www.mpeslearning.com/blog/corporate-governance (Accessed on 03/09/2026)

[9] Corporate Governance Institute., 'What is Corporate Governance?' Op Cit

sustainability. It examines the state of corporate governance in Africa and discusses challenges undermining the pursuit of good corporate governance in the continent. In light of current challenges, the paper posits that it is imperative to strengthen corporate governance in Africa in order to promote sustainability. In particular, the paper notes that the emergence of modern and innovative technologies such as Artificial Intelligence (AI) and sustainable business models including Environmental, Social and Governance (ESG) provide solutions that can strengthen corporate governance in Africa for sustainability. Consequently, the paper discusses how corporate governance can be effectively embraced in the era of AI and ESG towards promoting sustainability in Africa.

2.0 Appraising the State of Corporate Governance in Africa

Promoting good corporate governance in Africa is a vital agenda in the quest towards Sustainable Development. According to the African Union (AU), by promoting good corporate governance in Africa, it is possible to boost domestic investments and attract greater flows of Foreign Direct Investment (FDI) towards development and prosperity for the nations and people of Africa[10]. The pursuit of effective and sound corporate governance in Africa reflects the continent's aspirations for Sustainable Development, inclusive growth, and regional integration[11]. It has been observed that in the African context, the definition of corporate governance has evolved from the narrow perspective of systems and processes through which corporations are managed and controlled for the exclusive benefit of shareholders to a wide concept that also covers the interests of stakeholders and where the business organization is considered as a good corporate citizen especially due to the global and continental pursuit of sustainability[12].

Good corporate governance is a key Agenda towards Africa's growth and development since it helps companies operate more efficiently, improve access to capital, mitigate risk and safeguard against mismanagement[13]. Due to the vital role that both local and multinational corporations play in Africa's economies, good corporate governance contributes to development through increased access to capital, unlocking new

[10] African Union., 'African Principles and Guidelines on Corporate Governance: a Framework for a Competitive, Resilient and Inclusive Private Sector' Available at https://aprm.au.int/sites/default/files/files/2025-02/guidelines-corporate-governance.pdf (Accessed on 04/09/2026)

[11] Ibid

[12] Ibid

[13] World Bank Group., 'Corporate Governance: Sub-Saharan Africa' Available at https://documents1.worldbank.org/curated/en/099352412022223681/pdf/IDU-dc5f8b29-8986-4131-9594-cf70c2191de8.pdf (Accessed on 04/09/2026)

investments, boosting economic growth, enhancing community welfare, providing employment opportunities and promoting environmental protection and conservation[14]. In particular, it has been argued that corporate governance in Africa plays a key role in harnessing the contribution of firms for economic growth and overcoming the development challenges faced by the continent[15]. Good corporate governance in Africa is guided by the principles of transparency, independence, accountability, equity, fairness, human rights and social responsibility which ensure that companies are effectively and ethically directed and managed towards sustainability[16]. It has been observed that by complying with the tenets of good corporate governance in Africa, it is possible to improve the way business organisations and enterprises are governed, and ensure that corporations espouse African values including *Ubuntu* which can enable them to play a meaningful role in the socio-economic development of the continent[17].

There has been progress towards promoting good corporate governance in Africa. For instance, it has been observed that many African countries are creating enabling environments for good corporate governance through effective legal, policy and regulatory frameworks[18]. For example, the *King Report on Corporate Governance*[19] for South Africa sets standards for ethical leadership, transparency, accountability, *Ubuntu*, stakeholder inclusivity and sustainability towards promoting good corporate governance[20]. In addition, the *Companies Act*[21] of Kenya is a comprehensive legislation that seeks to promote the tenets of good corporate governance by ensuring effective regulation and management of both public and private companies[22]. In addition the *Code of Governance for State Corporations (Mwongozo)*[23] was introduced in order to promote good

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[14] Ibid

[15] African Union., 'Drivers of Corporate Governance Performance in Africa: A Cross-Country Analysis' Available at https://africanlii.org/akn/aa-au/doc/report/2022-01-31/drivers-of-corporate-governance-in-africa/eng@2022-01-31/source (Accessed on 04/09/2026)

[16] Ibid

[17] African Union., 'African Principles and Guidelines on Corporate Governance: a Framework for a Competitive, Resilient and Inclusive Private Sector' Op Cit

[18] Ibid

[19] Institute of Directors South Africa., 'King V Report on Corporate Governance for South Africa' Available at https://www.iodsa.co.za/page/king-v (Accessed on 04/09/2026)

[20] Ibid

[21] The Companies Act., Cap 486 Laws of Kenya., Government Printer, Nairobi

[22] Ibid

[23] Mwongozo: The Code of Governance for State Corporations., Available at https://www.scac.go.ke/sites/default/files/2023-11/MWONGOZOCODEOFGOVERNANCE.pdf (Accessed on 04/09/2026)

governance, transparency, accountability, ethical leadership and sustainability in government-owned entities in Kenya[24].

Despite the progress made, the ideal of good corporate governance is yet to be fully attained in Africa. For instance, the African Union notes that although African countries have made significant progress towards building effective corporate governance policies and frameworks, overreliance on imported models has often left a gap between governance standards and the lived realities of companies operating in the continent[25]. In addition, failure to comply with the tenets of good corporate governance fuels sustainability concerns in Africa. For instance, some corporations have been blamed of failing to adhere to the principles of sustainability reporting and the disclosure of ethical, social, and environmental risk in their business activities[26]. This has often resulted in social concerns such as human rights abuses and land injustices and environment challenges including pollution, biodiversity loss and environmental degradation[27].

In light of the foregoing, it is imperative to promote good corporate governance both globally and in Africa in order to foster sustainability for the benefit of present and future generations.

3.0 Utilising Artificial Intelligence (AI) and ESG Tenets to Improve Corporate Governance across Africa for Sustainability

Due to the vital role that corporations play in socio-economic growth both globally and in Africa, strengthening corporate governance is necessary towards sustainability. Through good corporate governance, it is possible to ensure that organisations are run more effectively, efficiently and sustainably[28]. In particular, in light of governance challenges facing corporations in Africa, there is need to embrace innovative tools and practices towards bolstering corporate governance for sustainability.

AI has emerged as a powerful tool that can strengthen corporate governance both globally and in Africa. For instance, it has been observed that AI tools and systems can

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[24] Ibid

[25] African Union., 'African Principles and Guidelines on Corporate Governance: a Framework for a Competitive, Resilient and Inclusive Private Sector' Op Cit

[26] Adams, C., 'Understanding integrated reporting: The concise guide to integrated thinking and the future of corporate reporting.' Available at https://doi.org/10.4324/9781351275002 (Accessed on 04/09/2026)

[27] Onweazu. O., 'Multinational Oil Corporations Corporate Integrity Ethics and Sustainable Development in Niger Delta, Nigeria.' *Journal of Sustainable Development*; Vol. 5, No. 10; 2012

[28] Corporate Governance Institute., 'What is Corporate Governance?' Op Cit

shape corporate governance by improving board oversight, ensuring automatic compliance with policies and regulatory frameworks and fostering effective risk analysis[29]. By analyzing vast amounts of both internal and external data, AI can give boards a real-time, multidimensional picture of the company and its environment thus informing sound governance practices[30]. In addition, AI tools can monitor stakeholder views and needs and highlight when corporate behavior drifts from core values and principles thus enabling corporations to align their affairs in accordance with sustainable and ethical business practices[31]. Consequently, it has been correctly observed that AI is bolstering corporate governance by promoting transparency, efficiency, accountability and sustainability. The predictive capabilities of AI provide solutions that can analyze vast amounts of corporate data, identify internal and external risks, streamline compliance processes, and improve board functioning[32].

With corporations both globally and in Africa struggling to establish and comply with good corporate governance practices, harnessing the transformative power of AI is therefore key towards strengthening corporate governance for sustainability. AI can boost efficiency in corporate activities, minimize human error, automate routine and repetitive tasks, improve corporate decision-making, and strengthen stakeholder engagement towards promoting good corporate governance[33]. Consequently, corporations in Africa have been urged to leverage on AI and technology in order to improve corporate governance for sustainability[34]. In particular, management teams and board of directors have been urged to build requisite expertise and innovative mindsets that can enable corporations in Africa to successfully navigate corporate governance in the era of AI[35]. However, while harnessing AI to improve corporate governance, corporations have been urged to carefully navigate risks and challenges such as data privacy and confidentiality, algorithmic biases that can undermine good governance and

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[29] Evgeniou. T et al., 'AI and Corporate Governance: An Opportunity to Get It Right' Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5738345 (Accessed on 04/09/2026)
[30] Ibid
[31] Ibid
[32] AI in Addressing Challenges in Corporate Governance., Available at https://wyneandassociates.com/ai-in-corporate-governance/ (Accessed on 04/09/2026)
[33] How AI can strengthen corporate governance., Available at https://www.diligent.com/resources/blog/how-ai-can-strengthen-corporate-governance (Accessed on 04/09/2026)
[34] African Union., 'African Principles and Guidelines on Corporate Governance: a Framework for a Competitive, Resilient and Inclusive Private Sector' Op Cit
[35] Ibid

overreliance on AI in corporate decision-making[36]. In particular, it has been observed that AI should not replace boards but should not be adopted as an assistive tool to enable them perform their duties in a transparent, accountable, responsible, ethical, independent and informed manner[37].

In addition to AI, ESG provides a set of key principles that can promote good corporate governance in Africa. In the context of corporate governance, ESG is a model of sustainable business practice that is based on responsible and positive attitude towards the environment, high social responsibility, and good governance[38]. ESG seeks to integrate Environmental, Social and Governance tenets in both public and private decision-making processes in order to foster sustainability[39]. It has been observed that ESG can foster sustainable, responsible and ethical corporate activities by incorporating Environmental, Social and Governance concerns in decision-making processes for both public and private companies[40]. ESG can enable corporations in Africa achieve sound corporate governance through effective compliance, monitoring and reporting of environmental concerns such as carbon emissions, water consumption and waste generation; social concerns such as human rights implications of corporate affairs, and employee, product and customer related data; and governance concerns such as political lobbying, anticorruption initiatives and board diversity[41].

ESG is a pertinent concern in corporate governance since investors are now increasingly relying on Environmental, Social and Governance tenets to determine investment decisions. In particular, it has been observed that companies that are responsible stewards of the environment[42]; are socially conscious through effective management of relationships with employees, suppliers, customers, and the communities where they operate[43]; and embrace good governance practices including transparency, accountability and diversity are considered ideal investment destinations while also enhancing their

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[36] Evgeniou. T et al., 'AI and Corporate Governance: An Opportunity to Get It Right' Op Cit

[37] Ibid

[38] United Nations Development Programme., 'ESG: From Challenges to Opportunities' Available at https://www.undp.org/belarus/stories/esg-challenges-opportunities (Accessed on 04/09/2026)

[39] Ibid

[40] Stuart. L.G et al., 'Firms and social responsibility: A review of ESG and CSR research in corporate finance.' *Journal of Corporate Finance* 66 (2021): 101889.

[41] Ibid

[42] Corporate Governance Institute., 'What is ESG and why is it important?' Available at https://www.thecorporategovernanceinstitute.com/insights/guides/what-is-esg-and-why-is-it-important/ (Accessed on 04/09/2026)

[43] Ibid

corporate compliance, reputation and profitability[44]. Consequently, it has been observed that ESG provides an effective framework that integrates Environmental, Social and Governance factors in corporate activities in order to enhance the sustainability and social impact of businesses towards good corporate governance[45].

4.0 Conclusion

Promoting good corporate governance in Africa is necessary towards development, prosperity and regional integration. With corporations in Africa facing challenges in establishing and complying with good corporate governance practices, it is imperative to harness modern technologies and principles towards improving corporate governance for sustainability. In particular, embracing AI and ESG is necessary towards empowering both public and private companies in Africa in order to foster good corporate governance for sustainability.

[44] Ibid

[45] Li. T.T et al., 'ESG: Research Progress and Future Prospects.' *Sustainability*, No. 13 of 2021.

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