

Corporate Governance and Ethical Management Practices: Building Trust in Modern Enterprises

Praveendas K^{1*}, Dr. Gaurav Sehgal², Dr. Umakant Mahadev Padwal³, Dr. Disha Shah⁴, Dr Dheeraj Tewari⁵, Dr. Sheetalba Rana⁶

^{1*} Assistant Professor, Central University of Karnataka, Kalburagi,

Email Id: praveendask2@gmail.com

² Assistant Professor (Level-12), Department of Management Studies, Baba Ghulam Shah Badshah University, Rajouri,

Email Id: sehgal.jammu@gmail.com

³ Assistant Professor, Rajarambapu Institute of Technology, Islampur,

Email Id: umakant.padwal@ritindia.edu

⁴ Assistant Professor, Shri Jaysukhlal Institute of Management Studies, Jamnagar,

Email Id: shah.disha10@gmail.com

⁵ Professor, Department of Training & Placement, BBD University, BBD City, Ayodhya Road, Lucknow, UP,

Email Id: tewaridheeraj@gmail.com

⁶ Associate Professor, Shri Jaysukhlal Institute of Management Studies, Jamnagar,

Email Id: sheetalranamba@gmail.com,

Received: 04/08/2025

Revised: 19/08/2025

Accepted: 09/09/2025

Published:

26/09/2025

ABSTRACT

Erosion of trust in enterprises has intensified the focus on corporate governance and ethical management as foundations of legitimacy. Governance structures are designed to provide accountability and oversight, yet when treated solely as procedural mechanisms, they often fail to foster genuine confidence among stakeholders. This study advances the argument that governance must be reframed as a trust-building mechanism, where ethics serves as the essential bridge between formal structures and authentic legitimacy. The Ethical Governance Trust Continuum is proposed as a conceptual framework that unites governance, ethics, and trust into a coherent model. Governance provides the architecture of accountability, ethical practices deliver substance through values and fairness, and trust emerges as the outcome that legitimizes the enterprise. A feedback loop is also highlighted, demonstrating how levels of stakeholder trust influence subsequent governance reforms. Illustrative examples of corporate misconduct and ethics-driven success underscore how governance without ethical grounding collapses, while values-based leadership fosters loyalty and resilience. Contributions of this study span theoretical, practical, and policy domains. Theoretically, it integrates trust theory into governance scholarship, positioning legitimacy as the ultimate measure of effective governance. Practically, it emphasizes the responsibility of boards and managers to embed ethics into strategic and operational systems. At the policy level, it calls for governance evaluations that incorporate trust indices to move beyond symbolic compliance.

Keywords: Corporate governance, Ethical management, Stakeholder trust, Organizational legitimacy, Ethical leadership, Governance reform



© 2025 by the authors; licensee Advances in Consumer Research. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC-BY-NC-ND) license(<http://creativecommons.org/licenses/by/4.0/>).

1. INTRODUCTION

The twenty-first century has witnessed an unprecedented crisis of trust in corporations, largely triggered by repeated scandals that have exposed weaknesses in governance structures and ethical management practices. Despite decades of progress in corporate governance reform, from codified principles to regulatory tightening, stakeholders remain skeptical about whether modern enterprises can operate with transparency, fairness, and accountability. This skepticism stems not only from the failures of governance mechanisms in preventing misconduct but also from the recognition that governance codes by themselves, when devoid of ethical substance, fail to secure stakeholder trust (Tricker, 2020).

Corporate governance, as traditionally conceptualized, provides the structures, processes, and rules by which corporations are directed and controlled. Its evolution has been driven by a desire to balance managerial discretion with shareholder interests, particularly after major corporate collapses such as Enron, Parmalat, and, more recently, Wirecard. These events demonstrate that formal compliance frameworks can exist alongside unethical behaviors that ultimately erode legitimacy and destroy value (Sancak & Loew, 2022). The governance crisis thus extends beyond procedural inadequacies, highlighting the absence of embedded ethical practices that animate governance frameworks with integrity and responsibility.

The interaction of governance and ethics has become even more important in the era of growing stakeholder activism, global regulatory focus, and pressure to meet environmental, social, and governance (ESG) standards. Researchers emphasize that regulations and ethical business operations are to be considered complementary forces rather than dissimilar spheres (Hodges and Steinholtz, 2018). Whereas regulatory compliance provides a platform of responsibility, ethical business practice ensures that ethical decision-making is anchored on fairness, honesty and long-term responsibility. Without this aspect of ethics, corporate governance is likely to appear as a box-ticking process that will not aid in avoiding misconduct, but rather facilitate the creation of sustainable trust.

Business ethics are not a dream but a reality. According to Trevino and Nelson (2021), ethical management involves conscious systems of guidance, obedience, and support to make sure the workers and the managers behave in a manner appropriate for the company values and expectations of the stakeholders. This has been of specific critical importance in the modern business world where the supply chain and the internet platforms have made things more complex, and global operation enhances the likelihood of ethical blind spots. The complement of governance mechanisms should then be through leadership commitment, ethical culture, and transparency to ensure an environment where integrity is not enforced on an individual but showcased.

It is not just the scandals that are resulting in stakeholder trust loss, but it is the expression of a broader loss of touch with the social context in which corporations exist. The relationship asset trust keeps the stakeholders aligned to the firms and increases legitimacy and survival in the long run. As Crane (2020) explains, trust is the main element of connectedness between stakeholders and influences how and why stakeholders engage in corporations. This relational trust is killed by the lack of governance being translated into ethical behavior, the corporate image and loyalty of the stakeholders. Thus, companies must re-brand governance as a trust-generating mechanism, rather than compliance protection.

The growing debate on corporate purpose provides a convenient reorganization. According to Gulati and Wohlgezogen (2023), the purpose-driven organizations are more likely to develop the trust of the stakeholders, because they align the corporate activities with the values of the society. The addition of purpose to governance and ethics alters the debate on short-term financial returns to sustainable value creation. Governance codes are therefore not only to be contextualized as a form of accountability but should be institutionalizing corporate purpose and ethical practices. This reframing is essential in restoring trust and building legitimacy in modern enterprises.

The implications of weak ethical governance are not abstract but concrete. Davies and Olmedo-Cifuentes

(2016) highlight how corporate misconduct directly translates into the loss of consumer trust, diminished investor confidence, and reputational damage that can take years to recover from. Misconduct signals to stakeholders that governance structures are fragile, ethical safeguards are absent, and managerial opportunism is unchecked. Similarly, Peters (2016) situates governance within a broader context of political and institutional trust deficits, arguing that private enterprises cannot hope to secure legitimacy in societies where ethical failures are normalized. Governance reform must thus transcend compliance and actively cultivate ethical practices that resonate with wider societal expectations.

Contemporary scholarship increasingly recognizes the reciprocal relationship between governance, ethics, and trust. Zhu and Wang (2024) provide evidence that higher levels of social trust positively influence firms' ESG performance, suggesting that enterprises embedded in trust-rich environments are better positioned to deliver sustainable outcomes. Likewise, Pong and Man (2024) show that investor trust and brand relationship quality are significantly shaped by how firms are perceived in terms of ESG responsibility. These insights reinforce the view that trust is both an outcome and a driver of ethical governance, operating as a self-reinforcing cycle where governance structures and ethical practices converge to sustain legitimacy.

The inability of governance to avert scandals like those of Wirecard depicts the need to incorporate ethics in the governance reformation. According to Sancak and Loew (2022), post-Enron and post-Wirecard reforms have failed since they concentrate more on technical compliance without enough measures to instill ethical responsibility. Mechanisms of board oversight, codes of conduct, and independent audits are not sufficient but rather necessary when decision-making does not include ethical reasoning and the consideration of stakeholders. Businesses need to shift their perspective on governance as a procedural tool and understand ethics as the breath of life.

This paper can help promote the thesis that corporate governance and ethical management practices should be considered dependent variables that mutually contribute to creating trust among stakeholders. Governance offers the structural backing, ethics offers the substantive direction, and trust comes out as the legitimizing result. This paper changes the perspective of compliance-centric governance to the trust-centric paradigm by presenting an integrative conceptual framework and hence provides both theoretical and practical perspectives on sustainable management of enterprises.

Objectives of the Study:

1. To examine the role of the integration of corporate governance and the ethics of management in the development of trust in the stakeholders of contemporary enterprises.

2. To suggest a conceptual framework that places governance as the structural base, ethics as the operational substance, and trust as the legitimizing outcome of sustainable enterprise performance.

2. THEORETICAL FOUNDATIONS

Corporate governance, ethical management, and trust are intertwined and must have a solid theoretical foundation that must be comprehended. The governance scholarship has, over the years, developed away from the close views of control to more inclusive views that encompass ethics and the inclusion of stakeholders. However, in spite of this development, governance and ethics research tends to be compartmentalized, and thus, there is no literature on the interaction between the two areas to create stakeholder trust. The section will describe the main theoretical foundations of corporate governance, ethical management, and the theory of trust, in addition to pointing to the limitations and integration areas.

2.1 Corporate Governance

Agency Theory

One of the oldest and most successful models of corporate governance is the agency theory. It focuses on the principal/agent (shareholders/managers) relationship in which the information asymmetry and self-interest pose threats of opportunism. Monitors, reporting, and board oversight are governance mechanisms that are meant to ensure the managerial behavior is aligned with the interests of the shareholders (Panda & Leepsa, 2017). Although the view has useful information concerning control and accountability, it tends to assume that actors are driven by economic incentives, thus ignoring the impact of moral values in decision-making.

Stewardship Theory

Stewardship theory does not show managers as self-interested actors but as stewards whose interests are

equivalent to those of the organization. Instead of control, governance is pegged on trust. Boards are perceived as enablers of managerial discretion and not monitors (Keay, 2017). This theory emphasizes the significance of intrinsic motivation, organizational identification, and group responsibility. Nevertheless, its idealistic beliefs regarding managerial integrity are not always substantiated by the empirical facts, particularly in situations where institutional protection is low.

Stakeholder Theory

The stakeholder theory is an extension of the governance spectacles past shareholders to encompass various constituencies like employees, customers, communities, and regulators. This inclusiveness changes the mechanism of governance to the legitimacy-building process (Stoelhorst and Vishwanathan, 2024). According to Moriarty (2016), the stakeholder theory requires corporations to show a moral obligation to ensure that competing interests are balanced fairly. Nevertheless, there is still a problem in operationalizing inclusiveness, with most firms focusing much on some stakeholders (in most cases, investors) at the expense of others.

Board Independence and Accountability

Mechanisms of governance, like independence of boards, are essential. According to Anand and Sossin (2018), independence enhances accountability in both the governmental and commercial aspects of governance, whereas Fuzi *et al.* (2016) demonstrate that independent boards contribute to better performance of companies. Nevertheless, independence devoid of ethical culture can result in procedural checks and balances as opposed to accountability. The three major governance theories, their focus, and limitations are summarized in Table 1.

Table 1. Key Corporate Governance Theories

Theory	Focus	Key Mechanism	Limitation
Agency Theory	Control, accountability	Monitoring & incentives	Overlooks ethics and intrinsic trust
Stewardship Theory	Trust, alignment	Managerial discretion	Overly optimistic about integrity
Stakeholder Theory	Inclusiveness, legitimacy	Stakeholder engagement	Difficult to balance competing claims

This theoretical foundation suggests that while governance frameworks are crucial, they often remain procedural and risk reducing trust in compliance metrics rather than fostering genuine stakeholder confidence.

2.2 Ethical Management

Ethical management introduces values, culture, and integrity in the governance structures. Xu *et al.* (2016) show the influences of ethical leadership on the perceptions of employee justice, mediated by trust in the organization. On the same note, Javed *et al.* (2018) demonstrate that ethical leadership fosters creativity with trust in leaders, where trust is a result and facilitator of ethics.

To have sustainable governance, it is important to build an ethical culture. Nelson *et al.* (2020) emphasize the need to develop an ethical organizational culture to direct the behavior of managers and employees, and Roy *et al.* (2024) review the literature on ethics in an organization, providing an insight into the future of organizational trust and governance.

Ethics is presented in many forms in different situations. ElGammal *et al.* (2018) conclude that corporate governance, ethics, and social responsibility in MENA countries are closely connected and thus ethics is not an abstract notion but an organizational practice. Whistleblowing policies are important operating tools because they are integrity systems. Al-Absy *et al.* (2019)

associate the quality of governance with whistleblowing policies, whereas Lee and Liu (2025) claim that the internal whistleblowing strategies enhance corporate governance by exposing ethical violations prior to their growth.

Ethical management is therefore the substantive essence of governance in such a way that compliance is given life through fairness, integrity, and accountability. Governance is also likely to be superficial without an ethical culture.

2.3 Trust Theory

The last pillar between ethics and governance is the trust theory. There are various dimensions of trust: competence trust (belief in the organizational ability), integrity trust (belief in honesty and fairness), and benevolence trust (belief in goodwill to the

stakeholders). Schnackenberg and Tomlinson (2016) emphasize the role of transparency as a source of trust in stakeholder relationships, whereas Vanhala *et al.* (2016) demonstrate that the dimensions of trust are the basis of organizational commitment.

Trust of the investors is also imperative. Strauß (2018) suggests a conceptual model illustrating how trust can influence investor relations, whereas Alfano and Huijts (2020) provide the continuation of this idea to institutional trust, which correlates governance effectiveness with the rest of society's trust. This implies that trust exists at various levels, employee relationships to credibility at markets, and institutional legitimacy. Figure 1 illustrates how governance structures, ethical practices, and trust dimensions interact to generate organizational legitimacy.

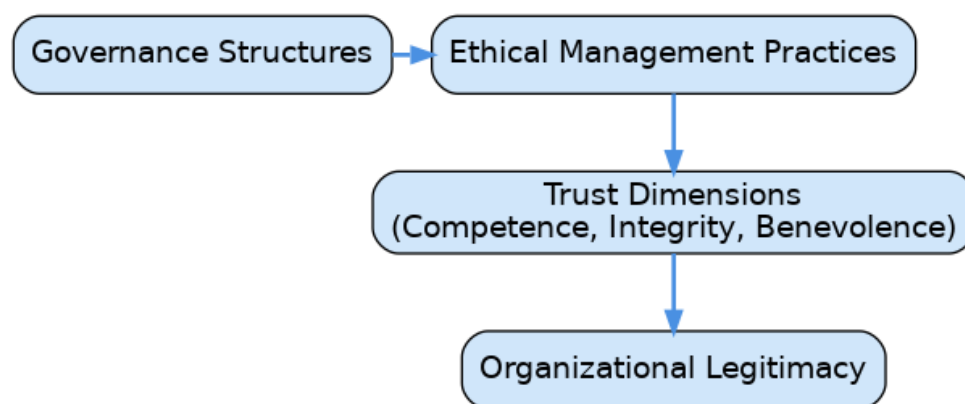


Figure 1. Interaction of Governance, Ethics, and Trust

- The governance systems (agency, stewardship, and stakeholder models) → Ethical management practices (leadership, culture, whistleblowing) → Trust outcomes (competence, integrity, benevolence).
- Trust then feeds back into legitimacy, reinforcing governance reforms.

This integrated view highlights that trust functions both as a mediator explaining how governance and ethics lead to positive outcomes and as a legitimizing outcome in itself.

2.4 Identified Gap

Agency, stewardship, and stakeholder theories have significantly shaped governance scholarship; they often treat governance as a technical mechanism, leaving ethical practices underexplored. Similarly, ethics studies focus on leadership and culture but rarely integrate structural governance elements. Trust research, meanwhile, highlights dimensions of relational credibility but often remains detached from governance debates. As a result, governance and ethics are studied in parallel rather than in tandem, with limited attention to trust as the unifying mechanism. Bridging this gap is essential for reimagining governance as not only a compliance framework but also an ethical and trust-building system.

3. Conceptual Framework: The Ethical Governance Trust Continuum

The conceptual model proposed in this study, the *Ethical Governance Trust Continuum*, seeks to integrate governance structures, ethical management practices, and trust outcomes into a unified framework. Governance provides the formal foundation through rules, accountability, and transparency, while ethics supplies the substantive content by embedding values, fairness, and integrity into decision-making. When these two domains converge, trust emerges as the legitimizing outcome, generating stakeholder loyalty, organizational legitimacy, and a social license to operate (Ahmed, 2023).

3.1 Core Proposition

The framework positions corporate governance structures as necessary at their core, but insufficient on their own. Formal boards, audits, and regulatory compliance create accountability, yet without ethical leadership and value-driven management, such structures fail to inspire confidence. Ethical practices transform governance from a compliance mechanism into a trust-building system. In this sense, ethics operates as the *mediator* between governance and trust, converting formal mechanisms into stakeholder confidence (Ghorbel & Boujelben, 2025). Table 2

provides a summary of the core elements of the Ethical Governance–Trust Continuum.

Table 2. Core Elements of the Ethical Governance–Trust Continuum

Element	Role in Framework	Expected Outcome
Governance Structures	Formal rules, accountability, transparency	Structural foundation
Ethical Practices	Values, leadership, fairness, integrity	Mediation between governance and outcomes
Trust Outcomes	Legitimacy, loyalty, social license to operate	Sustainable stakeholder relationships

This structured view demonstrates how governance alone remains procedural, while ethics animates it with substance, ultimately producing durable trust outcomes.

3.2 Innovative Mechanisms

There are three creative mechanisms incorporated in the model. First, as a mediator, ethics implies that governance mechanisms can only bring about trust when converted into fair and transparent acts. Second, moderators of the effect of governance on trust are transparency and accountability, which either increase or reduce the effect of governance on trust. An example is that disclosure and open communication enhance the connection, whereas, on the contrary, the lack of transparency harms the connection. Third, the model involves a dynamic feedback mechanism in which the trust of the stakeholders will impact the next reforms, and this process will result in a cycle of reforms in governance practices (Nicolescu *et al.*, 2020).

Such a dynamic nature is essential in modern situations. According to Gulati and Wohlgezogen (2023), purpose-driven governance promotes trust because it aligns corporate values with the expectations of the stakeholders. Likewise, Gollagari *et al.* (2022) demonstrate that ethical leadership enhances the effectiveness of governance by introducing commitment and fairness into daily activities. These processes indicate that governance should not be perceived as a system of compliance but a system that is in a state of constant change due to ethics and trust by the stakeholders. The Ethical Governance Trust Continuum is a multi-level model, as shown in Figure 2.

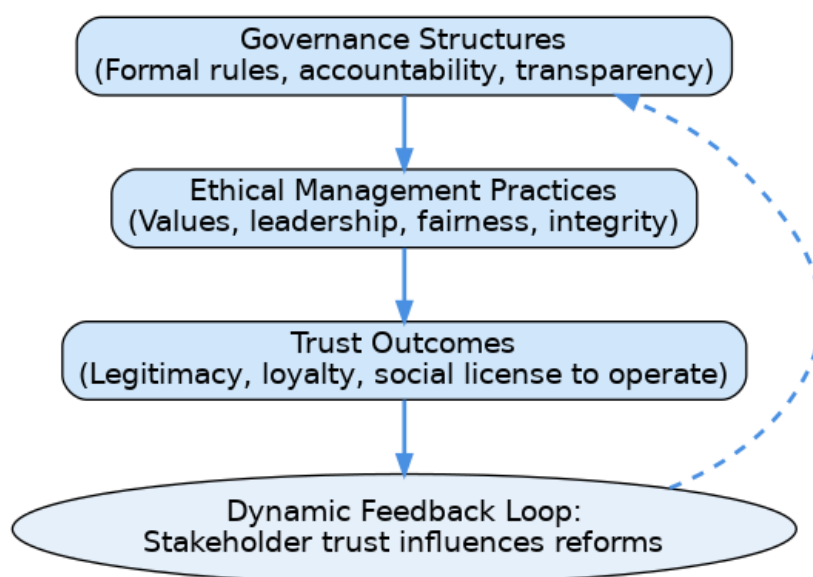


Figure 2. The Ethical Governance–Trust Continuum

- At the macro-level, governance structures (rules, accountability, transparency) establish the foundation.
 - At the meso-level, ethical management practices (leadership, fairness, integrity) mediate the relationship.
 - At the micro and macro-level outcomes, trust manifests as stakeholder legitimacy, loyalty, and the social license to operate (Demuijnck & Fasterling, 2016).
 - A feedback loop ensures that the level of trust achieved influences future governance reforms.
- This multi-level interaction underscores the recursive nature of governance, ethics, and trust, making the continuum both robust and adaptable.

3.3 Illustrative Cases

The legitimacy of this continuum can be explained by presenting the comparison cases of corporations. Wells Fargo was an example of a situation where there were good governance structures in the paperwork, but a lack of ethics, such as the establishment of fake accounts, resulted in a loss of trust. This shows us that no governance without ethics is effective, even counterproductive, since it undermines the authenticity of the stakeholders. On the other hand, companies such as Unilever and Tata have shown that ethics-based governance can lead to the loyalty of long-term stakeholders and sustainable development. Their systems of governance are driven by values, purpose,

and fairness, and thus strengthen trust and social license to operate.

3.4 Integrative View

The whole issue of corporate accountability is addressed in a more comprehensive way by Ethical Governance Trust Continuum. Governance and ethics are the key to building trust, and Ahmed (2023) dwells on it, but Nicolescu et al. (2020) think that governance, ethics, and corporate responsibility should be arranged in one system. Demuijnck and Fasterling (2016) also remark that the outcomes of trust grant legitimacy, which assures the businesses with the capacity to operate with a viable social license.

The resultant combination of these opinions is that the proposed continuum ceases to be compliance-based but a trust-based paradigm in which governance structures, ethical practices, and trust are in self-enforcement loop. This model not only contributes to the theoretical level of uniting parallel streams of research but also provides practical ways to enterprises that want to rebuild and maintain the confidence of stakeholders.

4. DISCUSSION

This paper contributes to the thesis that corporate governance has to be redefined as a trust-building process and not as a compliance practice. Classical forms of governance have been seen to be narrowed down to box-ticking procedures, whereby the structures are present but do not evoke legitimacy from the stakeholders. This study contributes to the integrated sustainability view, in which governance, ethics, and transparency intersect to generate long-term legitimacy by incorporating the trust theory into the corporate governance academic community (Rezaee, 2016). Ethical Governance Trust Continuum, as proposed, therefore redefines a process of governance as a dynamic process energized by ethics and aimed at stakeholder trust and shifts scholarship out of compliance into a relational accountability domain.

One of the major theoretical contributions has been made in the combination of corporate governance and sustainability. The former has shown the interconnection between corporate social responsibility and sustainability (Ashrafi et al., 2018), but this paradigm takes their argument a step further, making trust the final indicator of governance success. The comparative studies in the field of governance in emerging markets outline the role of institutional differences in defining norms and accountability of governance (Aguilera and Haxhi, 2019). Through the introduction of trust in these comparative arguments, the continuum presents a singular construct that can be used in various regulatory and cultural settings.

Another aspect of digital governance, which is discussed, is the roles that arise during the period. Flyverbom et al. (2019) claimed that the concept of big data and digital technologies redefine the corporate duties, and it is necessary that the firms manage

financial, ethical, and informational transparency. In this regard, the governance systems will have to change so as to handle the algorithmic accountability, privacy, and online trust. This aspect also fortifies the continuum by extending its area of influence to new realms of stakeholder trust.

Practically, the research brings out three implications. In the case of boards of directors, the continuum is focused on integrating ethics with strategy and not confining the latter to the fringes of CSR programs. Conventionally, codes of governance are criticized because of their generic and compliance-based nature (Cuomo et al., 2016), and the results here indicate that this category of codes should transform into having specific trust-based indicators. To managers, it implies the system design that would institutionalize fairness, such as whistleblowing systems, open HR procedures, and accountability portals. Such practices are in line with the requirements of stakeholder engagement, particularly in a sensitive sector like oil and gas, where governance, social concerns, and community relations are closely connected (Doni et al., 2022).

To regulators, the paradigm shift is indicated by the continuum. Regulators must foster ethical disclosures that emphasize fairness, integrity, and long-term sustainability rather than implementing strict compliance checklists. Kuzey et al. (2023) warn that the excessive focus on ESG may lead to “excessive governance”, which puts more emphasis on form than substance. Regulatory regimes can go beyond merely symbolic efforts to comply with rules and regulations by making the inculcation of trust into governance structures explicit in their efforts to achieve substantive ethical accountability. Such a reframing can reinstate legitimacy within markets where corporate malpractices have largely shaken trust among people.

The Wirecard scandal shows the shortcomings of compliance-based governance. Although the paper-based governance structures were strong, the lack of trust and fraudulent schemes undermined them and showed the weakness of formal regulations (Jo et al., 2021). The existence of such failures confirms the main thesis of this paper that governance that is not associated with ethics cannot be sustained and is eventually delegitimized. Conversely, the positive examples like Tata and Infosys demonstrate how governance models based on ethics can create long-term legitimacy. MC and RENTAL (2018) note that the management of Tata focused on building trust and values, whereas Infosys proved that accountability and transparency could be combined with profitability. Aithal (2024) also highlights the role of the ethical business model developed by Tata in copying the template of business excellence that is achievable through the combination of governance and ethics. These illustrations affirm the fact that the continuum is not just a hypothetical proposal but a phenomenon that does exist in real life and can be observed in thriving business.

At the policy level, the findings suggest introduction of trust indices in the ratings of governance. The current models take the best at their face value and that is through procedural reasons, but the actual impacts of good governance are legitimacy and credibility to its stakeholders. The quantifiable measure of trust would be added to ensure that the rating of governance is in line with the actual stakeholder perceptions and performances. Furthermore, the global ESG models should officially introduce the element of trust-building that is a dimension and extend beyond the environmental indicators and recognize the ethical and relational foundation of the governance. Such integration would not only align the expectations of the different markets but it would also restore trust on the governance ecosystem.

All in all, this discussion proves that Ethical Governance Trust Continuum is a theoretical and practical roadmap. The continuum re-defines the corporate accountability and includes the governance, ethics, and trust, identifies the failures of the compliance-based strategies, and provides the path to the paradigm of trust that is one of the keys to the new business.

5. Limitations and Avenues for Future Exploration

Any conceptual offering is narrow in nature and the proposed Ethical Governance Trust Continuum is no exception. The first weakness is that it is conceptually oriented. Despite the fact that the framework presents a highly fascinating synthesis of governance, ethics, and trust, it is conceptual and requires to be empirically tested in order to determine its robustness. Its propositions may be normative, non evidence based unless it is tested systematically. The contextual dependency is the second constraint. There are too many differences in the ways in which the relationship between governance and ethics can result in the establishment of trust, varying depending on the cultural, institutional, and industry context. To illustrate such instances, more highly controlled industries are able to increase the compliance management process, and the value-driven firms can rely on ethical operations to a higher level. These contextual implications imply that the continuum as a general idea might not be manifested in a similar manner in different organizational or even national contexts.

Conscious of these limitations, there are several avenues that the future research can pursue. One of the channels through which the continuum can be addressed, either assisted by surveys or indices that are the sum of ESG practices and trust measures, is the empirical testing of the continuum. This would yield objective data on the hypotheses of the relationships in this framework. The second channel is the cross-country comparative studies, which contrast the developed and emerging markets. Types of government are likely to vary based on the level of institutional maturity and understanding of how ethics intermediates trust in such an environment will be beneficial to theory and practice. The third

option is longitudinal research whereby the researcher studies the process of establishing trust within the governance reform context over a period. Such studies would be capable of capturing the dynamic feedback loop as observed in the continuum and if trust lost could be recovered in the event of persistent ethical practices. The Ethical Governance Trust Continuum can be extended as a conceptual contribution that can be developed as an empirically grounded model in future research. In doing so, it would not only enhance the theoretical precision but also provide practitioners and policymakers with a practical insight into the interplay of governance, ethics, and trust in sustaining legitimacy in modern businesses.

6. CONCLUSION

Corporate governance has ever been regarded as the foundation of organizational accountability, yet, when boiled down to compliance and box-ticking processes, it is hollow and worthless. Standalone governance can perhaps never generate legitimacy, but it must be saturated with ethics to provide meaningful rules that generate confidence. Values, fairness, and integrity are ethical management practices that provide the needed space between stakeholder trust and governance processes. Without it, governance is fragile and susceptible to trust violations, and incapable of sustaining the long-term legitimacy that a contemporary business requires. The Continuum of Ethical Governance Trust put forward in this paper redesigns the pattern of interaction between ethics, governance, and trust so as to develop organizational legitimacy. In this continuum, governance offers the structure, ethics the substance and trust is the outcome of the legitimization. This model stresses the reality that trust is not a product but a by-product of good governance. It also introduces the dynamism feedback loop in which trust of the stakeholders will lead to eventual governance reforms, and this will ensure that the process is a cyclical process and not a linear one. This way, the continuum will bridge gaps in theory, providing a common prism on which the study of governance and ethics can be bonded as being dependent upon each other. Apart from the theoretical development, the continuum has a sneaky practical implication. Firms that incorporate the concerns of ethics in their policy of governance not only move beyond the window dressing compliance, but also construct long term stakeholder loyalty. Business firms ought to restore the lost trust and strengthen the current trust by being conscious of ethical leadership, transparency, and fairness. This will make governance not only preventative but also enabling of actual and trustworthy relations that will make markets be more stable. Finally, there is the Ethical Governance Trust Continuum that provides a mechanism whereby businesses can rebuild their credibility and remain relevant in the contemporary economies. By replacing the compliance model with the trust model, organizations can potentially gain their social license to operate and retain the relationships with the stakeholders, and secure their survival in the increasingly uncertain global environment.

REFERENCES:

1. Aguilera, R. V., & Haxhi, I. (2019). Comparative corporate governance in emerging markets. *The Oxford handbook of management in emerging markets*, 185-218.
2. Ahmed, A. (2023). Corporate Governance and Ethics: Building Trust in Organizations. *Journal of Management & Social Science*, 1(1), 65-71.
3. Aithal, P. S. (2024). Achieving business excellence through ethical business model: A success story of Tata Group, India. *Poornaprajna International Journal of Management, Education & Social Science (PIJMESS)*, 1(1), 375-408.
4. Al-Absy, M. S. M., Ismail, K. N. I. K., & Chandren, S. (2019). Corporate governance mechanisms, whistle-blowing policy and real earnings management. *International Journal of Financial Research*, 10(6), 265-282.
5. Alfano, M., & Huijts, N. (2020). Trust in institutions and governance. In *The Routledge handbook of trust and philosophy* (pp. 256-270). Routledge.
6. Anand, A., & Sossin, L. (2018). Independence and accountability in public and private governance. *Canadian Public Administration*, 61, 15-35.
7. Ashrafi, M., Adams, M., Walker, T. R., & Magnan, G. (2018). How corporate social responsibility can be integrated into corporate sustainability: A theoretical review of their relationships. *International Journal of Sustainable Development & World Ecology*, 25(8), 672-682.
8. Crane, B. (2020). Revisiting who, when, and why stakeholders matter: Trust and stakeholder connectedness. *Business & Society*, 59(2), 263-286.
9. Cuomo, F., Mallin, C., & Zattoni, A. (2016). Corporate governance codes: A review and research agenda. *Corporate governance: an international review*, 24(3), 222-241.
10. Davies, G., & Olmedo-Cifuentes, I. (2016). Corporate misconduct and the loss of trust. *European Journal of Marketing*, 50(7/8), 1426-1447.
11. Demuijnck, G., & Fasterling, B. (2016). The social license to operate. *Journal of business ethics*, 136(4), 675-685.
12. Doni, F., Corvino, A., & Bianchi Martini, S. (2022). Corporate governance model, stakeholder engagement and social issues evidence from European oil and gas industry. *Social Responsibility Journal*, 18(3), 636-662.
13. ElGammal, W., El-Kassar, A. N., & Canaan Messarra, L. (2018). Corporate ethics, governance and social responsibility in MENA countries. *Management Decision*, 56(1), 273-291.
14. Flyverbom, M., Deibert, R., & Matten, D. (2019). The governance of digital technology, big data, and the internet: New roles and responsibilities for business. *Business & Society*, 58(1), 3-19.
15. Fuzi, S. F. S., Halim, S. A. A., & Julizaerma, M. K. (2016). Board independence and firm performance. *Procedia Economics and Finance*, 37(16), 460-465.
16. Ghorbel, I., & Boujelben, S. (2025). Corporate ethics and tax avoidance: the mediating role of good corporate governance. *International Journal of Ethics and Systems*.
17. Gollagari, R., Beyene, B. B., & Mishra, S. S. (2022). Ethical leadership, good governance and employee commitment: Testing a moderated mediation model in public universities of Ethiopia. *Journal of Public Affairs*, 22, e2742.
18. Gulati, R., & Wohlgezogen, F. (2023). Can purpose foster stakeholder trust in corporations?. *Strategy Science*, 8(2), 270-287.
19. Hodges, C., & Steinholtz, R. (2018). Ethical Business Practice and Regulation.
20. Javed, B., Rawwas, M. Y., Khandai, S., Shahid, K., & Tayyeb, H. H. (2018). Ethical leadership, trust in leader and creativity: The mediated mechanism and an interacting effect. *Journal of Management & Organization*, 24(3), 388-405.
21. Jo, H., Hsu, A., Llanos-Popolizio, R., & Vergara-Vega, J. (2021). Corporate governance and financial fraud of Wirecard. *European Journal of Business and Management Research*, 6(2), 96-106.
22. Keay, A. (2017). Stewardship theory: is board accountability necessary?. *International Journal of Law and Management*, 59(6), 1292-1314.
23. Kuzey, C., Al-Shaer, H., Karaman, A. S., & Uyar, A. (2023). Public governance, corporate governance and excessive ESG. *Corporate Governance: The International Journal of Business in Society*, 23(7), 1748-1777.
24. Lee, C. W., & Liu, P. T. (2025). Employee Ethics and Corporate Governance: Evaluating Internal Whistleblowing Mechanisms. *Journal of Applied Finance & Banking*, 15(2), 35-55.
25. MC, A. B., & Rentala, S. (2018). Role of leadership and corporate governance: The case of Tata group and Infosys. *FIIIB Business Review*, 7(4), 252-272.
26. Moriarty, J. (2016). The demands of stakeholder theory for corporate governance. *Business Ethics Journal Review*, 4(8), 47-52.
27. Nelson, W. A., Taylor, E., & Walsh, T. (2020). Building an ethical organizational culture. *The health care manager*, 39(4), 168-174.
28. Nicolescu, M. M., Bocean, C. G., & Vărzaru, A. A. (2020). Integrative Approaches of Business Ethics, Corporate Governance and Social Responsibility. *New Trends in Sustainable Business and Consumption*, 65.
29. Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian journal of corporate governance*, 10(1), 74-95.
30. Peters, M. D. (2016). Governing in a trust deficit. *Business and Politics*, 18(3), 199-223.
31. Pong, H. K., & Man, F. L. C. (2024). The influence of environmental, social, and governance (ESG) perception on investor trust and brand relationship quality: A study among retail investors in Hong

- Kong. *Journal of Risk and Financial Management*, 17(10), 455.
32. Rezaee, Z. (2016). Business sustainability research: A theoretical and integrated perspective. *Journal of Accounting literature*, 36(1), 48-64.
33. Roy, A., Newman, A., Round, H., & Bhattacharya, S. (2024). Ethical culture in organizations: A review and agenda for future research. *Business Ethics Quarterly*, 34(1), 97-138.
34. Sancak, I. E., & Loew, E. (2022). Revisiting corporate governance with wirecard in the post-Enron era. *Available at SSRN 4313820*.
35. Schnackenberg, A. K., & Tomlinson, E. C. (2016). Organizational transparency: A new perspective on managing trust in organization-stakeholder relationships. *Journal of management*, 42(7), 1784-1810.
36. Stoelhorst, J. W., & Vishwanathan, P. (2024). Beyond primacy: A stakeholder theory of corporate governance. *Academy of Management Review*, 49(1), 107-134.
37. Strauß, N. (2018). The role of trust in investor relations: a conceptual framework. *Corporate Communications: An International Journal*, 23(1), 2-16.
38. Trevino, L. K., & Nelson, K. A. (2021). *Managing business ethics: Straight talk about how to do it right*. John Wiley & Sons.
39. Tricker, B. (2020). *The evolution of corporate governance*. Cambridge University Press.
40. Vanhala, M., Heilmann, P., & Salminen, H. (2016). Organizational trust dimensions as antecedents of organizational commitment. *Knowledge and Process Management*, 23(1), 46-61.
41. Xu, A. J., Loi, R., & Ngo, H. Y. (2016). Ethical leadership behavior and employee justice perceptions: The mediating role of trust in organization. *Journal of Business Ethics*, 134(3), 493-504.
42. Zhu, B., & Wang, Y. (2024). Does social trust affect firms' ESG performance?. *International Review of Financial Analysis*, 93, 103153.