EDITORIAL: Corporate governance through a prism of multi-disciplinary research

Dear readers!

We are pleased to present the second issue of the journal in 2020. This volume of the journal "Corporate Ownership and Control" is focused on corporate governance, corporate social responsibility, earnings and performance management, ownership concentration, institutional ownership, audit fees, audit quality and independence, cross-cultural management and cultural dimensions, financial instruments risk disclosure, equity incentives, firm performance, shareholder composition and monitoring effects, etc.

The topics addressed in this issue highlight the continuing need for knowledge present in academic and non-academic research. The papers published in this issue offer an additional point of view with regard to the most important corporate governance issues. We are pleased to have been able to put together a number of insightful and thought-provoking contributions from internationally renowned scholars in the field.

A literature review paper of *Patrick Velte* aims to determine whether Corporate Social Responsibility (CSR) and earnings management are connected. It is focused on the CSR-earnings management relationship; and the earnings management-CSR link. The review discusses both a stakeholder-agency and stewardship theoretical framework. It is the first literature review that examines the link between CSR and earnings management and vice versa, it provides a detailed literature analysis of existing literature on the topic, identifies variables that are commonly used in empirical research, explains the limitations of the studies discussed in the paper and provides recommendations for future research. *Alessandra Allini, Luca Ferri, Marco Maffei, and Annamaria Zampella* investigate the effect of firm and country factors on Financial Instruments Risk Disclosure (FIRD) in the European banking sector based on IFRS7 requirements and data. Results show that both firm and country factors affect FIRD. *Ahmed Imran Hunjra, Uzma Perveen, Leon Li, Muhammad Irfan Chani, and Rashid Mehmood* document a significant positive impact of ownership concentration and institutional ownership on the stock market liquidity in developing countries whereas it highlights an inverse relationship in respect to earnings management. This research contributed to the previous research by Boubaker (2007), Carvalhal da Silva and Câmara Leal (2006). *Muneer Al Mubarak* fills the literature gap by assessing the impact of corporate governance characteristics on stock prices in the Gulf Cooperation Council (GCC) financial markets and provides results that the increased levels of corporate governance across the Gulf companies analysed was associated with increased returns on their shares. The paper of *Yasser Barghathi, Esinath Ndiweni, and Alhashmi Aboubaker Lasyoud* investigates the perception of auditors and stakeholders in respect to joint audits and searches for the answers on whether joint audits could improve audit quality and can reduce market concentration. *Ahmed Hassanein and Mohsen Younis* analyse the impact of the financial crisis on the cost stickiness behavior of the UK chemical industry. The analysis is divided into three time periods: pre, during and post the period of the financial crisis. The results indicate that some of the cost categories examined changed their behavior (from sticky to anti-sticky) during or after the financial crisis. However, there are examples of the firm costs which showed no variation in the cost stickiness behavior. *Giorgia Nigri, Mara Del Baldo, and Armando Agulini* explore how Italian certified Benefit Corporations integrate sustainability practices into their performance management system and internal decision-making. *Domenico Campa, Mariateresa Torchia, Chiara Rachele Caterina Marcheselli, and Patrice Sargenti* explain that the succession and performance of luxury firms are directly linked to the customer-founder bond and the common values that they share rather than to the quality of the goods produced. *Herman Karamoy and Joy Elly Tulung* analyse the impact of financial performance and corporate governance on stock prices of Indonesian listed non-bank financial industry firms. The results highlight that independently and/or simultaneously no influence was found when managerial ownership, financial performance, institutional ownership, and independent commissioners were assessed in relation to stock prices. *Mohamed A. Shabeeb Ali, Hazem Ramadan Ismael, and Ahmed H. Ahmed* analysed the relationship between CEO and CFO equity incentives and earnings management. Results show that CEO equity incentives are related to higher absolute and income increasing earnings management, whereas no significant relationship has been found for CFO equity incentives. *Rahman Yakubu and Tracey Williams* provide a comprehensive review of existing literature with the aim to examine the relationship between auditor independence and audit quality. The study concludes that independent auditing without fees pressure enhances audit quality. The authors made a contribution to the previous research by Benjamin and Karrahemi (2013), Boolaky and O'Leary (2011). *Walid ElGammal and Marwa Gharzeddine* discuss the determinant of audit fees in Egypt. *Rabeb Riahi, Foued Hamouda, and Jamel Eddine Henchiri* propose a conceptual model for identifying cultural dimensions such as individualism (IND), masculinity (MASC) and long-term orientation (LTO) based on cultural ecology theory. The methodology is based on structural equation modelling (SEM) under Linear Structural Relationship (LISREL) approach. The research of *Guido Max Mantovani and Gregory Moscato* searches for the answers on whether the shareholder composition must be considered as a part of the corporate governance framework or as a monitoring factor, only.

Some of the aspects of the topics studied in the mentioned papers were explored in the academic literature previously. For instance, a recent strand of research has highlighted the role of national culture in finance, its impact on financial decision-making and financial outcomes (Aggarwal & Goodell, 2009; Aggarwal & Goodell, 2011; Aggarwal & Goodell, 2013; Beugelsdijk & Frijns, 2010; Frijns, Gilbert, Lehnert, & Tourani-Rad, 2013; Anderson, Fedenia, Hirschey, & Skiba, 2011; Zheng, El Ghoul, Guedhami, & Kwok, 2012; and Aggarwal, Kearney, & Lucey, 2012; Frijns, Dodd, & Cimerova, 2016; Griffin, Guedhami, Kwok, Li, & Shao, 2017; and

Belghitar, Mateus, & Moro, 2017). The main studies have been conducted based on cultural dimensions of either Hofstede (Hofstede, 2001; Hofstede, G., Hofstede, G. J., & Minkov, 2010), Schwartz (Schwartz, 1994; Licht, Goldschmidt, & Schwartz, 2007), or GLOBE (House, Hanges, Javidan, Dorfman, & Gupta, 2004) in finance. However, the research presented in this issue of the journal proposes a new methodology for identifying cultural dimensions based on cultural ecology theory. The topic of financial instruments risk disclosure and transparency in the banking sector has been massively discussed in academic research since the financial crisis. Studies investigating firm and/or country factors that may affect FIRD has been mainly focused on emerging markets (e.g., Agyei-Mensah, 2017a, 2017b; Tahat, Dunne, Fifield, & Power, 2016; El-Masry, Abdelfattah, & Elbahar, 2016). The FIRD research included in this issue of the journal is the first empirical investigation on the determinants of FIRD, using IFRS 7, in the European banking sector that adopts firm and country factors in a combined effort. Rather limited research has been done on the relationship of corporate governance characteristics on stock prices in the GCC financial markets. Mainly those are a single-country analysis (Al-Shammari & Al-Sultan, 2010; Alfaraih, Alanezi, & Almujamed, 2012; Al-Tamimi, 2012; Buallay, Hamdan, & Zureigat, 2017) The study presented in this volume of the journal contributes to this literature and provides a more complete outcomes as it covers the financial markets of four GCC countries. The main research on corporate governance and performance is conducted for financial institutions (e.g., Fernandes, Farinha, Martins, & Mateus, 2018, 2017, 2016; and Salma & Mateus, 2016), the evidence related to non-bank financial institutions is scarce (Sufian, 2009; Kirsh, Mateus, & Terra, 2012; Sakyi, Ofoeda, Kyereboah-Coleman, & Abor, 2014; Mateus, C., Hall, & Mateus, I. B., 2015; Ofoeda, 2017; Sufian, 2020). The research included in the current issue of the journal contributes to this literature by presenting the evidence from Indonesian firms. The effects of CEO succession planning on firm performance have been widely discussed in the literature (Charan, 2005; Marcel, Cowen, & Ballinger, 2017; Tao & Zhao, 2019), other studies looked at the performance of luxurious brands (So, Parsons, & Yap, 2013; Kim, Park, Lee, & Choi, 2016; Ko, Phau, & Aiello, 2016). The research devoted to this issue of the journal contributes to both strands of academic literature and discusses founder succession and firm performance in the luxury industry. It is only a brief note regarding the contribution and novelty of the papers included in this issue. We believe that the readers will be excited to explore more details related to the studies not mentioned above literature.

We would like to thank all authors that publish their research papers in this issue that allow to increase the standards, quality, and the wideness of research topics to which the journal aspires. After this recognition, it is important to thank also all reviewers for their thoughtful comments and invaluable contributions towards improving this Journal's issue.

We hope that you will enjoy reading this issue of our journal!

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