EDITORIAL: Traditional and innovative methods for understanding corporate governance

Dear readers!

The latest issue of the journal is composed of papers which are mostly empirical and contribute new ideas to the major issues of corporate governance, such as the appointment of directors, cultural diversity, emerging technologies, managing default risk, managerial discretion, institutional investors and the policy of proxy voting rights, strategic personalities of firms, ownership structure, etc. The empirical method is used by making use of software that is traditionally used to analyse and extrapolate econometric data and, in one case, use is made of a generative artificial intelligence (AI) platform, something which, to the best of our knowledge, is the first empirical study of corporate governance to use this new technology that is destined to find wide use in the future.

In particular, the papers analyse works published all around the world and data from numerous countries such as the United States, Canada, Italy, Australia, India, Lebanon, Saudi Arabia, the United Arab Emirates, etc. For example, AI is used to analyse the content of annual reports and to classify strategic personalities from Australian Stock Exchange (ASX) listed companies.

Neeraj Gupta, Nazia Ansari, Ravinath Dammalapati, Jai Kotecha, Bhagwan Jagwani, and Priti Bakhshi perform a study with the aim of investigating the impact of the nominee directors on the audit committee (AC) and the performance of Indian listed banks. They find that the chief executive officer (CEO) chairman duality, the presence of a chartered accountant director, AC chairman, and AC bear a positive correlation with bank performance.

Dory N. Daw, Charles J. Tawk, and Kiran Nair carry out research aimed at exploring the intricate connection between culture and corporate governance within Lebanon's banking sector. This study uncovers the complexities of Lebanon's cultural landscape, revealing that a uniform corporate governance model is unsuitable for the protection of stakeholders' interests due to the cultural diversity of the personnel in the organisations studied.

Ali Alajmi and Marcus Rodrigs review and analyse the soft skills required by accountants with a key focus on the impact of emerging technologies on the role, skills and performance of accounting professionals in Gulf Cooperation Council (GCC) countries. This study shows that the most valuable skills among employers in GCC countries in terms of rank are: 1) interpersonal skills, 2) organizational skills, and 3) personal skills. The study concludes that interpersonal skills are the most in demand in the accounting profession, followed by organisational skills and personal skills.

Federico Colantoni, through the analysis of diverse empirical studies, attempts to understand how corporate governance practices influence default probability. The study underscores the importance of effective governance mechanisms — board attributes, ownership structures, executive compensation, shareholder rights and disclosure practices — in moulding default probabilities.

Carlotta D'Este, Ilaria Galavotti, and Marina Carabelli explore the impact of IFRS 3 (International Financial Reporting Standard 3) on management discretion in goodwill reporting. From a methodological standpoint, the hypotheses are tested on a sample of 68 acquisitions executed in Italy. Results confirm the potential for managerial opportunistic behaviour in light of the signalling role of goodwill for investors.

Sebastian Lobe and Gerhard Halbritter assess the characteristics and financial performance of a comprehensive set of passive sustainable and responsible investments around the world.
Karim Hegazy, H. Gin Chong, and Noha Mahmoud Kamareldawla investigate the criteria audit partners use to select prospective clients in an emerging market.

Kannadas Sendilvelu examines the case study of a large hostile takeover/acquisition in India and attempts to assess how successful the merger is by using technical analysis and Altman's Z-score.

Dirk Schiereck, Joachim Vogt, and Nikolas Lethaus carry out a literature review and synthesise the most recent findings regarding activist investors. The analysis reveals new trends activist investors have regarding their investment strategies, such as targeting women-led firms.

Michel Coulmont and Sylvie Berthelot explain how more and more institutional investors are developing policies governing their proxy voting rights at annual general meetings to clearly express shareholders' interests in environmental, social and corporate governance issues. There are also increasingly numerous institutional investors promoting responsible investment practices through these policies. This study examines the extent to which votes cast by a big Canadian institutional investor at the annual general meetings of firms in which it invests comply with its proxy voting rights policy and its public commitment to the social responsibility of these firms.

Anil Chandrakumara, Rohan Wickramasuriya, Anura De Zoysa, and Grace McCarthy use 820 CEO statements published in the annual reports of the ASX listed companies and analyse them by using the personality insights service which is made available by the IBM Watson AI platform. The use of this platform allows the strategic personalities of firms to be inferred. These personalities show significant correlations with the indicators of firms’ performance and industry categories.

Suzan Abed and Ravi Chinta look at how the choice of ownership structure significantly influences various aspects of hospital operations and healthcare services in the United States, including the pricing of services. A regression analysis on the 12,845 heart failure cases sampled in the National Inpatient Sample (NIS) 2019 database is used to empirically test whether hospital ownership is a crucial determinant of hospital charges.

Durga Prasad Samontaray, Swagatika Panda, Mousa Rabah, and R. Sathyra Rani aim to investigate the impact of compensation on job satisfaction among public sector employees and, particularly, to pinpoint the effect of financial compensation (salary, incentives, and perks) on job satisfaction. The findings of this study demonstrate that salary has a big impact on job satisfaction in public/government sector organisations in Saudi Arabia.

These papers contribute to the wide spectrum of previous research by Karger and Kostyuk (2023), Tutino et al. (2023), Al-Matari (2022), Hayek et al. (2022), Sharaf-Addin and Al-Dhubaibi (2022), Turshan and Karim (2022), Duarte and Leal (2021), Gigante and Venezia (2021), Hogan and Olson (2021), and Kostyuk et al. (2013).

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REFERENCES