EDITORIAL: Corporate governance research

Dear readers!

We are pleased to present the recent issue of the journal Corporate Ownership and Control. This issue of the journal Corporate Ownership and Control is composed of papers that contribute new ideas to the major issues of corporate governance such as board of directors, CEO practices, firm performance, ownership, auditing, ESG, and other related issues. Scholars from many countries of the world are authors of these papers. They represent the USA, Italy, India, Egypt, Canada, China, etc. Some of the aspects of the topics studied in mentioned papers were explored in the academic literature previously; for example, there are many studies on ESG practices (Kalyani & Mondal, 2024; De Silva et al., 2024; Lobe & Halbritter, 2023; Veltri et al., 2023; Tenuta & Cambrea, 2022; Sriravastava & Anand, 2023; Tenuta et al., 2022).

In particular, Srividya Raghavan aims to bring forth the importance of goal setting specific to family business owners who straddle family and business. This conceptual paper based on a narrative literature review aims to present the agency-stewardship framework as a relevant and important lens in the two most important decision contexts of family businesses: governance and succession. The paper exemplifies how the agency-stewardship continuum can be used for goal setting to nurture next-generation family business leaders and manage family business operations through goal setting in governance policies and succession processes.

Ramzi Belkacemi, Sophie Veilleux, Marie-Josée Roy, and Maripier Tremblay identify configurations in terms of original board-related processes (i.e., establishment, integration, centralization, and bureaucracy) in their article, which can stimulate innovation. The results show that innovation can result from complex combined effects between four board-related processes that occur at different times and evolve according to SMEs’ bi-dimensional level of growth (size and age).

Morris G. Danielson, Karen M. Hogan, and Gerard T. Olson construct a capital budgeting framework in their paper within which shareholder theory and stakeholder theory are complements, not substitutes. The authors present a more fully specified version of the NPV equation. The new model encourages managers making capital budgeting decisions to consider explicitly the risks, defined as events that, while unlikely, could have a significant impact on a firm’s operations and valuation.

Yunita Anwar and Martin Mulyadi examined the complex dynamics of foreign board membership in corporate governance within 266 family-owned corporations in Indonesia and Malaysia. The findings indicate that although foreign expertise might be advantageous, relying too much on it can have negative consequences.

Melissa Georgiou, Robyn Cameron, and Stephanie Schleimer investigated the perceptions of the image of the accountant of university students in first-, second-, and third-year courses across both accounting and non-accounting majors. Their findings reveal that a group’s distance from the accounting profession does affect perceptions of the attractiveness of the image of the accountant and the further the group is away from the profession, the less attractive the image. Furthermore, this study finds that different sources of influence create different images where the influence of teachers creates a more attractive image than when the media is included as a source of influence.

Glen M. Young provides evidence on the strategic role of media coverage in influencing shareholder activism campaigns. Analyzing a comprehensive dataset of activist interventions from 2000–2014, finds activists strategically target firms with high levels of recent business press coverage, especially negative coverage. The results highlight the important interplay between media coverage, shareholder activists, and capital markets.

Francesco Paolo Ricapito analyzed a relationship between environmental, social and governance (ESG) performance, both in its totality and its three pillars (environmental, social, and governance), and earnings management. The sample used includes companies listed on the Italian Stock Exchange market (FTSE Italia All-Share index) during business years 2014–2019. The author found that ESG performance has a negative effect on accrual-based (AEM) but not on real based (REM) earnings management, and the governance pillar has the strongest impact compared to those of environmental and social ones.

Mohamed Abdel Aziz Hegazy and Noha Mahmoud Kamareldawla investigated the role of accountability in audit review over auditors’ performance in an emerging setting that suffers from the ineffective implementation of the regulatory framework. The results show that anticipation of audit review and related accountability feeling has no significant impact on auditors’ performance involving either risk assessment or reporting decisions. The findings suggest that less regulatory environments do not introduce sufficient pressure or monitoring over auditors to enhance their performance.

Chenwei Sun, Justin Jin, and Khalid Nainar used the autoregressive distributed lag (ARDL) model and the error correction model (ECM) to examine the impact of the Bitcoin Sentiment Index (BSI) on Bitcoin returns, leveraging monthly data spanning from 2016 to 2021. The ARDL analysis identifies a positive and
statistically significant correlation between BSI and Bitcoin returns, indicating that strong sentiment can beneficially affect Bitcoin's long-term returns. Concurrently, the ECM analysis reveals that fluctuations in the BSI positively influence the changes in Bitcoin returns in the short term.

Davood Askarany and Yinzhen Xin examined the relationship between ESG scores and stock price volatility of Chinese enterprises during the COVID-19 pandemic. Findings suggest a negative correlation between higher ESG ratings and stock price volatility, indicating ESG as a mitigating factor.

Afua Asante and Huey-Lian Sun investigated the impact of equity compensation of audit committee members on the increasing monitoring role in earnings management around mergers and acquisitions (M&A). The results find support for the incentive alignment hypothesis, which suggests that compensating directors on audit committees with equity increases their monitoring role in reducing earnings management.

Krishna Dixit, Reshmi Manna, and Ankit Singh examined the impact of CEO duality, board size, and informal social networks on sustainable innovation, governance, and performance of Indian SMEs to enable management to assess the significance of factors that contribute to firms’ sustainability performance. The study highlights the necessity of a customized and situation-specific approach to corporate governance policies.

Punita Rajpurohit and Parag Rajkumar Rijwani examined how ownership structure (OS) affects the financial reporting quality (FRQ) of listed firms in India and whether the interaction of firm-level governance (business group) and country-level governance (Companies Act, 2013) yields optimal outcomes. The authors provide evidence of the relationship between OS and FRQ in India’s emerging economy.

Gladys Daher-Armache and Jalal Armache explored the power of mentoring in developing the next generation of leaders in U.S. institutions of higher education (HEDs). The findings suggested that developing the next generation of leaders is a strategic imperative and cannot be overstated, in the context of HEDs, where exemplary, ethical, adaptable, and visionary leaders emerge.

Khodor Shatila, Nirjhar Nigam, and Cristiane Benetti examined the relationship between corporate governance mechanisms and the performance of family-owned hospitals in Lebanon. The findings suggest that fostering a more autonomous board structure can play a pivotal role in controlling top management and aligning the interests of shareholders and managers within the Lebanese healthcare landscape. This study underscores the importance of robust governance frameworks for ensuring the sustainable success of family-owned hospitals.

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

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REFERENCES


