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SESSION: GENERAL ISSUES OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE: FUTURE AVENUES AND PERSPECTIVES

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Corporate governance refers to the systems, structures, and institutions that determine how power and resource management are distributed among stakeholders within organizations (Davis, 2005). It encompasses a flexible framework of tools intended to serve as a dynamic system of guidelines, practices, and developing processes that empower management and the board to tackle the difficulties of managing an entity more efficiently (Becht et al., 2003). Corporate governance encompasses the methods through which an entity's goals are established and pursued within the framework of its social, regulatory, and market contexts.

It focuses on practices and procedures aimed at ensuring that an entity operates in a manner that meets its objectives while providing stakeholders with confidence that their investment in the company is justified (Koutoupis et al., 2019). Corporate governance pertains to how entities are directed and the purposes behind that direction (Herrera-Echeverri, et al., 2025). It guarantees that organizations have suitable decision-making frameworks and controls to balance the interests of all stakeholders, including shareholders, employees, suppliers, customers, and the community, even in different business environments and conditions (Elshandidy et al., 2025).

Good and effective corporate governance guarantees that an organization's board of directors convenes frequently, maintains oversight of the company, and has well-defined roles, without disappointing surprises (Bebchuk et al., 2009). It also establishes a strong risk management framework (Handayati et al., 2025). Corporate governance comprises four key components: people, purpose, process, and performance. These four Ps form the essential principles underpinning both the formation and function of governance. Nevertheless, the primary challenge is that these elements are a going concern and are not stable, providing several differences and special characteristics among entities such as family businesses (Lv et al., in press).

The influence of artificial intelligence (AI) technology on organizations' financial performance reinforces the significance of corporate governance and business processes (Cheng et al., in press). Theoretical and empirical studies on the primary mechanisms of corporate governance, which examine the key legal and regulatory frameworks in various nations, may encounter new situations not already recognized in the comparative corporate governance literature (Shleifer & Vishny, 1997). Also, regarding the adoption of corporate governance from the private sector to the public sector within the framework of the New Public Management, new fields of research are emerging (Giovanis & Chasiotou, 2024).

Corporate governance encompasses the methods through which a firm's objectives are defined and pursued within the framework of the social, regulatory, and market context (Davis, 2005). A key dilemma in corporate governance arises from this perspective: while regulations governing large shareholder involvement might offer enhanced protection for small shareholders, such regulations could also lead to increased managerial freedom and potential for misuse (Becht et al., 2003). Corporate governance at an international level of multinational entities may provide continuously new challenges on corporate mechanisms for international companies (Ho, 2005).

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SESSION: BOARD OF DIRECTORS' PRACTICES

ADAPTIVE GOVERNANCE: INTEGRATING EMERGENT DESIGN FOR AGILE CORPORATE BOARDS

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Abstract

In today's rapidly evolving corporate landscape, traditional stability-focused governance frameworks often struggle to effectively address unexpected challenges. This article examines how emergent design principles can introduce much-needed agility and adaptability into corporate governance. Leveraging insights from the Archipelago of Design (AoD) principles, a literature review, and case studies of adaptive governance, the study presents a hybrid governance model that combines accountability with flexibility. The findings indicate that integrating emergent design principles strengthens corporate boards' ability to make timely decisions, proactively manage risks, and align with stakeholder interests, ultimately promoting resilience and long-term sustainability.

1. INTRODUCTION

Traditional corporate governance frameworks face challenges in adapting to rapidly changing and complex business environments. These frameworks, built on stability and control, are structured to maintain accountability and mitigate risk through well-defined processes. While effective in stable conditions, they can hinder organizational responsiveness and strategic flexibility during periods of disruption, where rapid adaptation is essential (Hong & Kim, 2019; Meier et al., 2019). To address this gap, the paper examines how the Archipelago of Design (AoD) principles — strategic emergence, self-disruption, systems thinking, and reflexivity — can be integrated into corporate governance, creating an adaptive model that balances stability with agility (AoD, https://aodnetwork.ca/).

Emergent design principles prioritize adaptability, allowing strategies to evolve in response to unforeseen challenges. These principles have been applied in complex military and civil contexts, enhancing problem-solving and adaptive capacity, traits that are valuable in corporate governance. By introducing these principles, governance structures can move from focusing solely on control and compliance to emphasizing responsiveness and resilience, which can lead to sustainable growth and competitive advantage (Castilla & Benard, 2010). This paper aligns with current governance research calling for models that accommodate the complexity and interconnectedness of modern business ecosystems (Schuler et al., 2011). To guide the exploration, the paper addresses the key research question:

RQ: How can emergent design principles enhance adaptability within corporate governance?

The paper is organized to systematically explore these questions, starting with Section 2, a review of existing literature on stability-oriented governance frameworks and emergent design principles, identifying gaps where adaptive design can contribute. Section 3 outlines the approach to analyzing the AoD principles within governance, followed by Section 4, which evaluates each principle's transformative potential. Section 5 interprets these findings, proposing actionable strategies and examining implementation challenges. Finally, Section 6 summarizes insights on how emergent design principles can reshape corporate governance and suggests directions for further research to validate agile governance models in varied contexts.

2. LITERATURE REVIEW

Emergent design principles, rooted in fields requiring flexibility and adaptability, prioritize responsive, iterative strategies, especially in complex environments. Key principles include strategic emergence, which promotes adaptable strategies that evolve with changing conditions (Castilla & Benard, 2010), and self-disruption, which encourages revising outdated practices to support continuous improvement. Additionally, systems thinking highlights the interconnectedness of organizational elements, while reflexivity fosters continuous learning and assumption reassessment, enabling adaptive responses (Hong & Kim, 2019). These principles have proven effective in high-stakes contexts like military and crisis management, enhancing resilience and innovation, though their application in corporate governance remains a developing area (Faiz et al., 2020).

Traditional governance frameworks, on the other hand, focus on stability and accountability, emphasizing risk control primarily for shareholders. Agency theory centers on oversight mechanisms that align managerial actions with shareholder interests (Meier et al., 2019), while stakeholder theory broadens governance to include social and environmental impacts. However, stability-oriented models struggle in unpredictable environments, creating a need for governance frameworks that blend stability with adaptability (Schuler et al., 2011).

The intersection of emergent design and governance marks an innovative shift in management, with adaptive and inclusive governance frameworks bridging this gap. Adaptive governance emphasizes iterative decision-making based on real-time data, aligning with strategic emergence, while inclusive governance focuses on diverse stakeholder interests, aligning with systems thinking (Joyce & Slocum, 2012). While empirical research is limited, theoretical studies suggest that emergent design principles could help boards address complexity, sustain resilience, and proactively manage risks in today’s volatile business landscape.

3. METHODOLOGY

This study adopts a conceptual, qualitative approach to examine how emergent design principles can enhance corporate governance frameworks. A qualitative methodology is well-suited for exploring the theoretical and practical intersections between governance and adaptive principles like those from the AoD. By integrating insights from literature, case studies, and AoD principles, the study aims to develop a governance model that balances flexibility and accountability.

Three primary data sources guide this analysis: literature review, AoD principles analysis, and case studies. The literature review establishes a foundational understanding of the challenges within traditional governance models and highlights potential areas where emergent design could add value. The AoD principles analysis investigates how concepts like strategic emergence, self-disruption, and systems thinking — applied in high-stakes environments — could improve resilience and adaptability in governance. Lastly, case studies of organizations with adaptive governance structures provide practical examples, illustrating both successful applications and implementation challenges of flexible governance models.

The data analysis follows a thematic approach, identifying patterns and recurring themes related to emergent design in governance. This includes mapping AoD principles against traditional governance functions (like risk management and strategic planning) to find alignment opportunities. A comparative analysis between stability-oriented and adaptive models further clarifies the benefits of integrating emergent design principles. Synthesized case study insights provide actionable recommendations for building a hybrid model. Together, these steps support the development of a governance framework that integrates stability with adaptability, equipping corporate boards to respond effectively to complex, evolving environments.

4. ANALYSIS AND RESULTS

This section examines the limitations of traditional governance frameworks, which prioritize stability, control, and risk avoidance. These structures are characterized by hierarchical decision-making and compliance protocols, promoting accountability and consistency but often stifling agility in dynamic environments (Hong & Kim, 2019). As the business landscape grows more complex, the inflexibility of these frameworks restricts responsiveness and innovation, making it challenging for organizations to pivot effectively when faced with sudden market changes (Meier et al., 2019).

In contrast, integrating emergent design principles provides a flexible approach to governance. Key principles identified include:

- *Strategic emergence*: This principle supports iterative, flexible strategy development, where boards adapt plans based on real-time insights. Shortened planning cycles and scenario-based reviews allow boards to make more adaptive decisions (Castilla & Benard, 2010).
- *Self-disruption*: Promoting continuous improvement, self-disruption encourages boards to regularly reassess and update policies, discarding outdated practices to stay aligned with the organization's evolving needs (Faiz et al., 2020).
- *Systems thinking*: By broadening the governance scope, systems thinking enables boards to consider interconnected environmental, social, and economic factors, aligning governance with sustainable, stakeholder-focused goals (Schuler et al., 2011).
- *Reflexivity and continuous learning*: Reflexivity emphasizes periodic reassessment, supporting a learning culture. Through feedback mechanisms and post-decision reviews, boards can continuously refine their practices (Joyce & Slocum, 2012).

These principles, when applied, enhance governance by enabling more agile decision-making, proactive risk management, and greater responsiveness to change. Integrating strategic emergence and reflexivity fosters adaptability in decision-making (Hong & Kim, 2019), while self-disruption and reflexivity improve proactive risk management, helping boards anticipate and mitigate risks (Meier et al., 2019). Finally, systems thinking and strategic emergence enable boards to respond swiftly to market shifts with a more holistic governance model (Schuler et al., 2011).

In summary, emergent design principles offer a transformative framework for corporate governance, combining stability with adaptability to foster resilience and proactive decision-making in complex environments.

5. DISCUSSION

This section contrasts the rigid, stability-focused approach of traditional governance frameworks with the flexible and iterative approach offered by emergent design principles. Traditional governance, with its focus on stability, predictability, and risk control, is effective in promoting consistency and accountability but often lacks the adaptability required to address rapid market changes and emerging complexities (Hong & Kim, 2019). These frameworks typically support hierarchical decision-making and prioritize shareholder interests, but their inflexibility hinders proactive responses to new challenges. In contrast, emergent design principles offer a model that can evolve in response to external pressures, allowing boards to make strategic, proactive decisions in uncertain environments (Meier et al., 2019).

Integrating emergent design into governance, however, poses several challenges. Cultural resistance is a significant barrier, as shifting to adaptive governance requires a mindset change, and board members accustomed to risk-averse practices may resist this flexibility (Schuler et al., 2011). Structural rigidity also complicates implementation, as existing governance structures and compliance protocols are often too rigid to support the iterative, flexible processes that emergent design demands (Faiz et al., 2020). Furthermore, balancing accountability with flexibility remains a challenge, as traditional frameworks prioritize strict procedures, whereas emergent design necessitates a looser structure that supports responsiveness without compromising regulatory compliance (Joyce & Slocum, 2012).

Despite these challenges, the potential benefits of emergent design in governance are substantial. Enhanced responsiveness to market shifts allows boards to adjust quickly to new information and disruptions, fostering resilience in volatile markets (Castilla & Benard, 2010). Emergent design also supports improved risk management by encouraging continuous reassessment of potential risks, ensuring that governance remains proactive rather than reactive (Hong & Kim, 2019). Additionally, fostering innovation and learning through systems thinking and reflexivity broadens the governance scope, aligning decisions with social, environmental, and economic impacts and building corporate trust and reputation (Meier et al., 2019). In summary, while implementation challenges exist, the adaptability, resilience, and responsiveness offered by emergent design make it a valuable approach for modern corporate governance. Boards that embrace these principles are better equipped to sustain a competitive advantage in complex and rapidly evolving business environments.

6. CONCLUSION

This study illustrates how integrating emergent design principles can transform corporate governance from a stability-focused model into a more adaptive and resilient framework. Traditional governance frameworks, while effective in stable environments, often lack the flexibility needed to respond quickly to today's dynamic and complex business landscapes. Emergent design principles foster a proactive, learning-oriented approach that encourages boards to continuously adjust strategies, manage risks with foresight, and align governance practices with broader stakeholder and environmental concerns. However, the shift to an adaptive model is not without challenges; organizations may face cultural resistance, structural rigidity, and the need to balance flexibility with regulatory accountability. Despite these challenges, the benefits of implementing emergent design principles in governance are substantial. By embracing adaptability, corporate boards can enhance responsiveness, drive innovation, and build resilience against market volatility. Future research could explore empirical case studies to measure the impact of emergent design in various industries, further validating this approach as a sustainable governance strategy for organizations navigating uncertainty and complex global challenges.

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THE ROLE OF THE EXPERT WITHIN ITALIAN NEGOTIATED COMPOSITION

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Abstract

The aim of this paper is to investigate the role of the expert within negotiated composition under the Italian Insolvency Code. The interest in the research is driven by the recognition that the Italian lawmaker has taken measures to support businesses, aimed at preventing their economic and financial conditions from suffering adverse consequences and degenerating into irreversible collapse (Manzini & Carelli, 2022; Donati, 2020). The purpose of negotiated composition is to implement Directive (EU) 2019/1023 (Insolvency Directive), whose underlying criteria are the so-called rescue culture and the favour for negotiated solutions (Bottai, 2021).

Negotiated composition is an out-of-court process commenced by a debtor and aimed at reorganising a business (Pacchi, 2022), whether corporate or individual (Minervini, 2021). It focuses on addressing a business's economic and financial challenges before they necessitate formal insolvency procedures, meaning the debtor retains control over their assets. This approach ultimately offers various potential solutions to both a business and its creditors, allowing them to choose the most favourable resolution (Pacchi, 2022). Only a debtor may initiate a negotiated composition; creditors cannot activate or influence the process, nor suggest solutions to resolve their debtor's crisis (Manzini & Carelli, 2022). This procedure is open to any business facing asset or financial imbalances that might lead to crisis or insolvency (Fauceglia, 2021). In a negotiated composition, a debtor and their creditors work

collaboratively, engaging in discussions to find a mutual solution to the business's financial and economic difficulties.

The process starts when a debtor submits an application to the Chamber of Commerce in the area where their business is registered, requesting the appointment of an independent restructuring expert. A Commission selects this expert from a designated list, ensuring each candidate meets specific qualifications. Aspirant experts may self-certify their compliance with training requirements and their past negotiation experience, allowing for a carefully considered selection process. Upon receiving the application, the Chamber's secretary must notify the Commission within two days, providing a summary note that includes details on the business's turnover, employee count, and sector of operation. If the proceedings begin without a request for protective measures, both the petition and expert appointment remain confidential. As a result, creditors not participating in the negotiations remain unaware of the ongoing negotiated composition process (Manzini & Carelli, 2022).

This paper aims to analyse the role of the appointed restructuring expert under Italian law, a new position that prompts questions about its precise nature and responsibilities. Although the law specifies qualifications, duties, and guidelines for the expert, the research seeks to clarify this role further. Since business continuity impacts areas beyond economics, the study takes a legal perspective, reviewing relevant legislation and literature, though there are limited case studies available.

The investigation into the figure of an expert starts from the consideration that their presence is essential to facilitate an agreement between a debtor and their creditors (Passantino, 2021). To this end, an expert must meet strict independence requirements as outlined in Article 2399 of the Italian Civil Code (1942) and must have no personal or professional ties to the debtor who requested their appointment. An expert acts as a neutral, independent, and skilled professional in corporate crisis matters, committed to conducting negotiations professionally and confidentially. The parties involved in negotiations have the right to question the independence of the appointed expert and, if necessary, request their replacement. This possibility highlights the relevance of the specific characteristics an expert must be endowed with (Ranalli, 2021). The expert's impartiality reassures creditors and fosters transparency, discouraging all parties from engaging in unethical practices (Greggio, 2022). Unlike previous legislation, Article 14.2 of the Italian Insolvency Code (2019) allows the appointed expert to access online databases for all necessary documents and information to support negotiations. Likewise, creditors may upload relevant information about their claims and provide any requested data via an online platform, which they can access to view documents submitted by their debtor at the start or during negotiations.

However, both the expert and creditors require the debtor's prior consent to access this information. This consent is generally expected, as refusal would hinder the negotiations and could indicate a lack of good faith or misuse of the negotiated crisis resolution tool, potentially stalling or ending the process. To evaluate the role of an expert, it is useful to consider the protocol guiding the conduct of negotiated composition. This protocol allows the petitioner debtor to know in advance how the expert will act (Ranalli, 2021). Essentially, it is a soft law tool, outlining best practices, principles, and recommendations that an expert should follow during crisis resolution negotiations. Article 13.2 of the Italian Insolvency Code (2019) references this protocol, suggesting it functions as a regulatory standard. As such, the protocol's guidelines are not merely advisory but play a crucial role in evaluating an expert's professional diligence, giving them heightened importance when assessing the expert's conduct and adherence to required standards.

The expert's primary role is to facilitate the reorganisation process (Guiotto, 2021). They are required to summon the debtor promptly to assess the feasibility of such reorganisation. This assessment is based on information provided by various parties, including the supervisory body and the statutory auditor (Meo, 2023). The role of the appointed expert is not to verify the specific requirements for initiating insolvency proceedings but rather to gauge the potential for business reorganisation. While timely action is crucial, there is no strict deadline for convening a meeting with the debtor. The expert's specific expertise is paramount, even with the aid of information from supervisory bodies and online platforms (Zanichelli, 2021). It follows that the obligation to convene the debtor is significant as it helps determine if the negotiated solution has been misused or if reorganisation is no longer viable (Fauceglia, 2021).

The negotiated path is a process designed to prevent the disintegration of a business, and it may start when an expert determines the feasibility of reorganization (Cincotti, 2022). However, if reorganisation appears impractical, the expert informs both the debtor and the chamber of commerce, leading to the procedure's termination (Meo, 2023). Despite this, the debtor can request a continuation of negotiations by suggesting new or previously overlooked circumstances. If the expert agrees with these elements, the proceedings may begin or resume. The reorganisation of a business is central to the negotiated settlement from its inception to its conclusion (Minervini, 2022; Abriani, 2022). It applies to businesses that have the potential to continue operations, even through the sale of the entire business or specific branches (Dentamaro, 2022). The verification of the possibility of reorganisation and the complexity of the economic and financial situation of a business is entrusted both to a checklist and a practical test, which impose on a debtor a critical examination of their own situation, highlighting the path to follow (Carnevali & Tirabusi, 2021; Gambi, 2021). Afterwards, the appointed expert oversees the reorganisation process and conducts negotiations with creditors and interested parties. Both if there is no possibility of reorganising the business and if negotiations go on in vain for one hundred and eighty days from the appointment without any agreement being reached, the expert's appointment is terminated. In such cases, the expert is required to prepare a final report to be shared with the debtor and the court if protective measures have been issued.

The decision to engage in negotiations lies with the appointed expert, who must be highly qualified and make this decision with careful consideration. If negotiations proceed, the expert will determine the parties involved, which may include current creditors as well as third parties, such as employees or suppliers, who may not have claims against their assignor (D'Alonzo, 2022; Manzini & Carelli, 2022). Additionally, the expert may exclude creditors with insignificant claims or those who are opposed to an out-of-court settlement (Zanichelli, 2021). This highlights the importance of the expert's thorough assessment to ensure both the success of the business reorganisation and to avoid potential liability.

During negotiations, there is often a divergence of interests: creditors seek satisfaction of their claims (even though partial), while a debtor aims for the continuation and reorganisation of the business. It is considered appropriate to place these interests at different levels. For suppliers, negotiations may be less challenging, as it is possible to renegotiate and continue the original business relationships under new terms. The appointed expert, acting as a mediator, is required to align the interests of both creditors and the debtor, guiding them toward a mutually acceptable resolution. When dealing with banks and financial institutions, the difficulties connected to the nature of the claim — such as its size, nature, and any changes in its status (e.g., assignment to specialised institutions or management by third parties) — make collective bargaining the preferred approach. In this context, the appointed expert plays a crucial role in fostering trust between a debtor and their creditors, helping them make well-informed decisions (Guiotto, 2021). However, it is also essential that financial creditors engage actively and in good faith in the negotiations, working towards a collective solution to the crisis. The situation is different with reference to employees, as the Italian Insolvency Code places significant emphasis on their rights. Employees must be informed and consulted if key decisions are made during negotiations or the preparation of a crisis or insolvency plan that could affect a large number of them. This ensures that their interests are considered in the process of addressing the business's financial difficulties.

Lastly, a key consideration in the role of the appointed expert is the potential liability that could arise if they fail to perform their duties with due diligence. Liability may occur if the expert's actions prevent or hinder the possible reorganisation of the business (Passantino, 2021). Additionally, if the expert lacks the necessary skills, resulting in the failure of negotiations and exacerbation of the business's debt, they could be held responsible. Furthermore, if creditors accept a proposal that is not in their best interest due to the expert's failure to provide complete or accurate information, the expert may also be liable. However, if the expert is deemed unsuitable for the task, there is no mechanism for replacing them unless there are issues of non-acceptance or lack of independence. This raises the question of how to address such situations and ensure proper accountability. Although the Italian Insolvency Code does not explicitly address the liability of the appointed expert, their significant role in the reorganisation process raises important questions about the consequences of failing to meet their obligations. Legislative silence on this issue does not mean that the expert's failure to fulfil their duties goes without consequence. In fact, it is reasonable to assume that the general principles of professional diligence and liability apply in this context. As a professional, the expert is expected to adhere to specific standards of care, and failure to do so could result in civil or even criminal liability. If the expert's actions contribute to worsening the debtor's financial situation or to fraudulent bankruptcy, they could be held accountable (Santoriello, 2021). In summary, notwithstanding the legislative silence, it is clear that an expert who fails to perform their duties may be held liable.

The findings show that the expert appointed to lead negotiations between a debtor and their creditors is a new professional, skilled in law, business, and economics (Arlenghi, 2022). Unlike traditional figures in the business crisis landscape, such as a receiver or judicial commissioner, the expert's role is more akin to that of a mediator. An expert must assess the positions of the parties involved in negotiations, facilitate concessions, and propose reasonable solutions. While an expert is not responsible for certifying the accuracy of a business's financial data, they are expected to review documents thoroughly, and they may involve other professionals, such as economic experts or statutory auditors, to assist in the process (Zanichelli, 2022). Importantly, these additional experts must have no personal or professional ties to the parties involved in the restructuring, ensuring their independence. This broad and multi-disciplinary approach highlights the specialised nature of an expert's role in business crisis management. The involvement of an expert in a negotiated composition is essential, and the debtor must fully rely on the expert throughout the negotiations, providing complete transparency about the business's real situation and refraining from withholding any information. While the debtor retains control over the business's management, they are obligated to inform the expert in advance of any extraordinary administrative acts or payments that might contradict the negotiations or the business's reorganization prospects. If the expert determines that such actions are harmful to creditors, the negotiation process, or the reorganisation plan, they must notify both the debtor and the supervisory body. However, the expert's dissent does not bind the debtor's decision-making; if the debtor chooses to proceed with the act, it remains valid. To protect creditors and third parties, the expert may register their negative opinion in the commercial register, especially if an act by the debtor could harm creditor interests. The key challenge lies in determining the precise criteria for assessing whether an act is truly detrimental, as this judgment must be made with clarity and consistency.

The figure of an expert is relevant also with reference to protective and precautionary measures. They must evaluate whether the measures in place are effective and conducive to the successful outcome of the negotiations. If these measures are deemed unnecessary or obstructive, the expert has the authority to request their reduction or revocation. In situations where the parties involved are at an impasse or have opposing positions, the expert can use these protective measures as a strategic tool to facilitate progress in the negotiations, ultimately helping to create conditions that favour a successful resolution of the business crisis (Tribunale Di Bologna Sezione Quarta Civile e Procedure Concorsuali Decreto N. R.G. 3267/2022). The central role of an expert is confirmed by the fact that in the event of a negative outcome of negotiations and subsequent submission of a simplified composition with creditors application, they must declare that negotiations were conducted fairly and in good faith.

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ON BOARD COMPOSITION AND GOVERNANCE: DOES DIVERSITY IMPROVE THE FIRM'S PERFORMANCE?

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Abstract

This paper investigates the role of the board composition in the strategic choices and the company's performance. The focus is in terms of the economic benefits of diversity at the managerial level in a sample made of 114 companies listed on Borsa Italiana — Italian Stock Exchange (Ciavarella, 2017; Gordini & Rancati, 2017). The study takes into account two-time frames: pre-COVID-19 and post-COVID-19. Therefore, we study the effect of an external shock on the board composition and governance over the performance of companies. We found that COVID-19 forced companies to adopt a more pragmatic approach for the recovery period, making them more selective and focused on the operation. Our paper contributes to the literature striking out that although literature suggests a positive economic impact of diversity (Erhardt et al., 2003; Miller & Del Carmen Triana, 2009), cultural contexts have a role in limiting this advantage. The conclusion is that COVID-19 has presented an opportunity to select a more efficient board and to do in a more effective and inclusive manner, thus opening doors to better diversity and the benefits that come from this.

Our research identifies diversity as a multifaceted construct encompassing demographic and cognitive dimensions, with a specific

focus on gender, nationality, age, and tenure. Pre-COVID-19 period evidence reveals a complex landscape, with board diversity showing mixed and often context-dependent relationships with firm performance indicators. In contrast, the post-COVID-19 period illuminates a clearer narrative: firms with diverse boards consistently outperform their less heterogeneous counterparts in operational efficiency and financial performance, particularly in environments demanding rapid adaptation and innovative responses.

A noticeable finding relates to gender diversity, a cornerstone of contemporary governance discourse. Before the pandemic, our analysis agrees with prior literature suggesting that gender-balanced boards foster innovation and enhance shareholder value, particularly through improved equity attraction (Arzu & Mantovani, 2020). However, when board composition deviates significantly from normative thresholds — such as an overrepresentation of women — the market response turns negative (Nguyen et al., 2015). This paradox reflects the enduring influence of cultural perceptions and regulatory compliance, underscoring the importance of balancing diversity with functional integration (Arzu & Mantovani, 2020). Post-COVID-19, gender heterogeneity continues to exhibit positive effects on performance, though its impact is nuanced by the heightened risk aversion typically associated with female board members.

Diversity of nationality demonstrates a similarly complex trajectory. Pre-pandemic results did not show a significant advantage; on the contrary, it could highlight some disadvantages, such as reduced access to local debt markets and limited trust from domestic stakeholders, aligning with network theory perspectives (Estelyi & Nisar, 2016). Yet, in the post-COVID-19 environment, these dynamic shifts. This transition underscores the role of external shocks in amplifying the value of cross-cultural competencies, especially in markets like Italy, where domestic-oriented governance models traditionally dominate.

Age and tenure heterogeneity, often overlooked in mainstream governance studies, reveal critical insights into the interplay between experience and innovation. Pre-COVID-19, tenure diversity exhibited dual effects: while longer average tenures correlated with strategic stability and operational depth, excessive heterogeneity undermined decision-making cohesion, creating inefficiencies (Ji et al., 2021). Post-pandemic analysis suggests a recalibration of these dynamics. Firms prioritized recovery strategies leveraging the deep institutional knowledge of tenured board members, minimizing the disruptive effects of tenure heterogeneity. Similarly, age diversity emerged as a double-edged sword: while generational breadth enhanced cognitive diversity, excessive disparities hindered collaborative decision-making, particularly in crisis contexts.

From a methodological perspective, this study uses statistical models to quantify board diversity and employs measures such as Blau indices, dummy variables (Ciavarella, 2017), and standard deviations to capture the nuances of heterogeneity. Our approach integrates both qualitative and quantitative variables, ensuring a comprehensive assessment of diversity's multifaceted impact. Moreover, we control for firm-specific factors — such as size, sector, and age — to isolate the effects of board composition from broader corporate characteristics (Ciavarella, 2017). This methodological rigor strengthens the validity of our findings, providing actionable insights for practitioners and policymakers.

Our analysis also delves into the broader implications of diversity for innovation and capital structure policies. Pre-pandemic, diverse boards influenced debt capital intensity, with gender and nationality heterogeneity playing pivotal roles. While diverse boards face initial challenges in accessing traditional credit markets, their emphasis on equity financing and conservative debt strategies aligns with shareholder interests, particularly in high-uncertainty scenarios.

The role of external shocks, such as COVID-19, emerges as a central theme in our analysis. The pandemic not only tested the resilience of corporate governance structures but also highlighted the adaptive potential of diverse boards (Miller & Del Carmen Triana, 2009). Firms with heterogeneous governance demonstrated superior agility in aligning strategic priorities with emergent challenges, reinforcing the contingency theory assertion that context shapes the efficacy of governance practices. This finding holds profound implications for policymakers, particularly in regions where regulatory frameworks oblige board diversity. While such regulations aim to promote inclusivity, our study underscores the need for context-sensitive implementation strategies that align diversity mandates with cultural and market realities.

Furthermore, our results contribute to the ongoing debate on the economic versus social utility of diversity. While ethical arguments for inclusivity are compelling, our findings emphasize the tangible economic/financial benefits of board heterogeneity, particularly in environments characterized by volatility and complexity. For instance, gender-diverse boards not only enhance social representation but also drive measurable performance gains through improved risk management and decision-making quality. Similarly, nationality and age diversity extend firms' strategic horizons, fostering innovation and resilience in turbulent times.

The cultural context of Italy adds another layer of complexity to our findings. Despite regulatory initiatives, such as gender quotas, the practical implementation of diversity policies often could result in compliance-driven appointments rather than merit-based selection. This phenomenon reduces the potential performance benefits of diversity, highlighting the need for governance frameworks that prioritize substantive over symbolic representation. Additionally, the Italian market's traditional orientation towards homogeneity underscores the importance of educating stakeholders on the long-term value of diverse governance structures.

In conclusion, this study sheds light on the complex relationship between board diversity, corporate governance, and firm performance, particularly in the face of external shocks. By bridging theoretical perspectives with empirical evidence, we provide a nuanced understanding of how diversity could influence strategic and financial outcomes. Our findings advocate for a balanced approach to governance, emphasizing the importance of integrating demographic and cognitive diversity with functional alignment and cultural sensitivity.

Looking ahead, expanding the scope of analysis to include qualitative dimensions — such as board dynamics and decision-making processes — could enrich our understanding of diversity's impact.

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FAMILY GOVERNANCE AND ITS ROLE IN SUSTAINING FAMILY-OWNED BUSINESSES

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Abstract

Family governance provides a framework that helps family-owned enterprises balance family and business interests, promoting stability and continuity across generations. This study examines how factors such as family size, generational diversity, and ownership distribution shape governance mechanisms. Through theoretical insights and case studies, key governance tools like family councils, family constitutions, and succession planning are analyzed. Findings indicate that governance strategies tailored to family structures play an essential role in enhancing the resilience and success of family businesses (Barbera et al., 2023; Rüsen et al., 2021).

1. INTRODUCTION

Family-owned businesses have distinct characteristics due to the intersection of family and business dynamics, creating both challenges and opportunities for governance (Hiebl, 2012). Family governance encompasses formal and informal structures aimed at aligning family values with business goals while promoting continuity across generations. Unlike corporate governance, which focuses primarily on protecting shareholder interests, family governance bridges personal and business interests, fostering a harmonious balance between them (Behringer et al., 2020).

In Germany, where family businesses make up approximately 90% of all companies, these governance practices have far-reaching implications for economic stability and job creation (Fels & Wolter, 2022). Major German companies, such as BMW and Henkel, exemplify how family-owned businesses incorporate family values while maintaining competitiveness. This study explores key family governance mechanisms and examines how varying family structures influence their effectiveness (Schuler, 2022).

2. KEY MECHANISMS IN FAMILY GOVERNANCE

Family governance mechanisms are often tailored to complement corporate governance structures. Key tools in family governance include:

- *Family councils*: Family councils provide a platform for discussing both family and business matters, enabling inclusive decision-making and fostering unity. This structure is particularly useful in large or multi-generational families, where varying interests need formal mediation (González-Cruz et al., 2021; Schuler, 2022).
- *Family constitutions*: Sometimes called family charters, these documents outline the family's shared values, vision, and guidelines for engagement with the business. Although non-binding, family constitutions set standards for succession, ownership rights, and conflict resolution, minimizing potential disputes (Rüsen et al., 2021; Felden et al., 2019).
- *Succession planning*: Succession planning is central to maintaining business continuity, especially during generational transitions. A structured succession plan that identifies and prepares suitable successors ensures smoother transitions and supports business stability (Behringer et al., 2020; Felden et al., 2019).

These governance tools allow family-owned businesses to balance family values with corporate goals, fostering a structured approach to managing family and business interests (Ulrich, 2011).

3. INFLUENCE OF FAMILY STRUCTURE ON GOVERNANCE MECHANISMS

Family configuration — including size, generational diversity, and ownership distribution — strongly influences governance needs and strategies. Below is an analysis of how each factor impacts governance mechanisms.

1) *Family size:*

- Small families: In businesses with fewer family members, decision-making tends to be more direct, and informal meetings may be sufficient. Smaller families often do not require a formal council, as close relationships facilitate open communication and cooperation (Ulrich & Fibitz, 2018).

- Large families: Large families typically need formal governance structures due to the complexity of coordinating many members. A family council and family constitution can be essential for managing diverse viewpoints and fostering unified decision-making (Rüsen et al., 2021; Koeberle-Schmid & Witt, 2010).

2) *Generational diversity*:

- Single-generation businesses: In businesses led solely by the founding generation, decision-making is often centralized. Governance mechanisms in these cases focus on succession planning to prepare for future leadership transitions (Stephan, 2002).
- Multi-generational businesses: In multi-generational enterprises, differences in values and goals emerge across family members. Mechanisms such as family councils and constitutions help to maintain continuity by setting shared objectives and defining roles, which also helps align diverse generational perspectives (Feliu & Botero, 2016; Ulrich & Speidel, 2023).

3) *Ownership distribution*:

- Centralized ownership: When ownership is concentrated within a few family members, governance structures can be simpler. While a family council may not be necessary, a family constitution and succession plan help maintain consistency and continuity (Ulrich, 2011).
- Decentralized ownership: In families with distributed ownership, formal structures like family councils and family offices are necessary to coordinate interests and manage shared assets. A family office centralizes investment and financial management, while a family constitution defines ownership rights and responsibilities (Santos et al., 2014; Ulrich & Fibitz, 2018).

4. CASE STUDIES: PRACTICAL APPLICATION OF FAMILY GOVERNANCE

The following case studies demonstrate how different family structures influence governance needs.

- *Small, single-generation family business*: A small, founder-led family business in the food industry exemplifies informal governance. Here, the founder and her spouse hold control, and succession planning focuses on preparing their daughter for leadership. Simple advisory meetings and informal family discussions manage governance without formal structures (Ulrich, 2011).
- *Large, multi-generational family enterprise*: In a third-generation consumer goods family business with over 30 members, formal governance mechanisms such as a family council, constitution, and

family office are essential. The family council meets regularly to coordinate decisions, while the family constitution provides guidelines on succession, ownership, and values. A family office manages investments and philanthropic projects, reinforcing shared family commitments (Felden et al., 2019; Rüsen et al., 2021).

- *International family business with decentralized ownership*: A globally operating automotive family business owned by multiple branches across countries requires sophisticated governance. An international family council, diverse advisory board, and family office manage the family's shared assets and values, facilitating communication across regions (Santos et al., 2014; González-Cruz et al., 2021).

5. PRACTICAL RECOMMENDATIONS

Tailored family governance can significantly enhance the resilience and success of family-owned businesses. The following recommendations apply to different family configurations.

- *Small families*: Prioritize informal communication and focus on succession planning, potentially with a small advisory board to assist with leadership transitions (Ulrich, 2011).
- *Large or multi-generational families*: Implement structured governance mechanisms such as family councils and constitutions to foster cohesion and support long-term goals (Koeberle-Schmid et al., 2010; Rüsen et al., 2021).
- *Decentralized ownership*: Establish a family office to manage assets and centralize financial planning. Family councils and constitutions provide clarity on ownership rights and roles (Santos et al., 2014; Ulrich & Fibitz, 2018).

These approaches help family-owned businesses balance family values with corporate goals, strengthening cohesion and business continuity (Becker & Ulrich, 2008).

6. CONCLUSION

Family governance is not only a structural tool but a strategic asset for family-owned businesses, supporting unity and sustainability. Governance mechanisms that are customized to the family's structure enable smoother generational transitions, cohesive decision-making, and a strong foundation for long-term success. Future research should explore emerging challenges, such as digital transformation and cultural diversity, which are influencing family governance priorities in new ways (Schuler, 2022).

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SESSION: SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE BUSINESS RELATIONSHIPS IN INFORMAL FREIGHT TRANSPORT: EXPLORATION OF NIYA VIRTUE

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Abstract

Trust is a complex concept that has been studied extensively by scholars in various fields, including sociology, psychology, economics, and political science. There are many different definitions of trust, and the concept can have different meanings in different contexts. It is also important to consider cultural and institutional factors when studying trust, as these can significantly influence the way trust is perceived and experienced. It is often seen as a fundamental element of social and economic interactions, as it can facilitate cooperation and coordination among individuals and groups. Trust can also be seen as a social capital, as it can facilitate the formation of social networks and contribute to the overall well-being of a society. The first mobilizations of the concept began in the field of psychology and sociology. The first meaning attributed to the concept of trust (Deutsch, 1958; Giffin, 1967; Rotter, 1971) was a firm belief that the partner is reliable and of high integrity. In sociology, it was akin to a fundamental expectation of humanity as to the durability and effectiveness of social orders, whether moral or natural (Barber, 1983). Without trust, society would be much more chaotic and unpredictable, as individuals would be unable to rely on one another or cooperate effectively. Trust is therefore seen as a key element of social order and stability.

The objective of this article is to present the Niya virtue and its influence among road freight transporters who evolve in a context of chaos. The Niya virtue in this type of exchange refers to how the parties involved in a business transaction act to respect Lkelma or the terms of the tacit agreement and behave ethically. This may include honesty, loyalty, and respect for the other party, as well as a desire to maintain the business relationship over the long term. In this context, our results have shown that the dynamics of informal freight transport in Morocco often involves the predominance of interpersonal trust, or more broadly, the community order rather than the judicial order (contracts, official sanctions...).

Indeed, the exchange relations of the informal transport of goods in Morocco, a priori non-contractual, are governed by a "social algorithm" based on interpersonal trust, rather than "blind or calculating" trust.

Trust is an important factor in many business exchanges and has been the subject of much research. Trust is often defined as the willingness of one party to be vulnerable to the actions of another party based on the belief that the other party is reliable, competent, and will act in a way that is fair and honest. Trust is especially important in situations where there is a high level of uncertainty or risk, such as in business transactions where one party is relying on the other to deliver goods or services as promised. Previous research on trust has focused on various aspects of trust, including how it is formed, how it is maintained, and how it can be damaged or lost. However, context is also important in understanding how trust operates in business exchanges. Different industries, cultures, and situations can all affect the level of trust that is present in a business relationship. In his seminal work on transaction cost economics, Williamson (1973) argued that trust plays a key role in facilitating cooperation and reducing transaction costs.

Consequently, opportunism is no longer an obstacle, since the lack of confidence is often accompanied by exclusion from the community (long-term losses greater than short-term gains), through social control exercised by some Daman guaranteeing "best ethical exchange practices".

According to Williamson (1973), trust allows parties to engage in exchange without constantly having to monitor or verify one another's actions, which reduces the costs of coordinating and exchanging goods and services. By building trust over time, parties can develop a shared understanding and a willingness to rely on one another, which can lead to more sustainable cooperation. This is especially important in situations where there is a high level of uncertainty or where the costs of verifying information are high. Opportunistic behavior can undermine trust, as it violates norms of honesty and fairness, and it can lead to negative outcomes such as reduced cooperation and increased conflict. In order to build trust, it is important to be transparent and to act in good faith, rather than engaging in opportunistic behavior. Trust and opportunism are often in tension with one another, and managing this tension is a key challenge in many social and economic interactions.

Sometimes going beyond a purely strategic conception of trust, it has attracted growing interest from socio-economists in recent years (Hardin, 2004; Tazdait, 2008) in this context thus inviting us the scientific community to explore the different properties of informal freight trust in Morocco (Chafai, 2021).

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LINKING ESG PERFORMANCE AND FINANCIAL RETURNS. A SYSTEMATIC REVIEW OF THE LITERATURE EVIDENCE: FOCUS ON THE AGRI-FOOD SECTOR

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Abstract

The socio-economic landscape has changed considerably over the last decade due to several phenomena such as globalization, the development of new technologies, and climate change.

This has emphasized the need to look at companies not only from an economic and financial point of view but also from a social and environmental point of view.

There has been a growing interest in recent years in the assessment of companies' performance from an environmental, social and governance (ESG) perspective, or towards ESG reporting.

Through ESG reporting, companies can be assessed not only from an economic-financial point of view but also from a social and environmental point of view, demonstrating greater awareness of the importance of responsible investment practices.

However, the growing interest in these issues has led to a very fragmented body of laws and new best practice rules, which has resulted in the loss of clarity in corporate communication (Balmin et al., 2023).

Today, ESG reporting is a widely recognized tool for assessing the financial performance of companies, in relation to the achievement of

sustainability objectives (Habermann & Fischer, 2023), while satisfying the need for clarity and transparency in the disclosure of company information to stakeholders.

ESG reporting has become even more prominent in association with the growing interest in climate change.

In fact, over the last decade, we have seen significant changes in the world's climate: from the increase in seasonal average temperatures caused by increased emissions of carbon dioxide and other climate-related gases into the atmosphere to extreme weather events such as strong heat waves, floods, and droughts.

These changes have had clear consequences for social welfare and, as a result, have aroused the interest of institutions, universities, and researchers.

From this perspective, the development of ESG reporting is the result of a long journey that began with the United Nations Climate Conference held in Copenhagen in 2009 and culminated in the International Integrated Reporting Council (IIRC), which defined the guidelines.

From this comes the desire to understand how companies integrate ESG reporting into governance practices and how it influences performance results, no longer understood only from an economic-financial point of view but also, and above all, from a social and environmental point of view.

This is even more interesting when one considers the agri-food sector.

Indeed, the agri-food sector is the economic sector most affected by climate change although, at the same time, it contributes to the intensification of the phenomenon through the release of large quantities of greenhouse gases into the atmosphere.

For this reason, the agri-food sector could be the main vehicle in achieving sustainability goals.

This work focuses on a systematic review of the literature to understand how companies acquire and use ESG knowledge.

This work aims to analyze the existing scientific landscape to understand the link between non-financial reporting and business performance.

The paper consists of four paragraphs: 1) an introduction and a brief historical tour that led to the development of ESG reporting, 2) a description of the research methodology and its results, 3) blind spots in the literature, and 4) the conclusions.

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WHAT DIFFERENTIATES COMPANIES THAT COMPLY FROM THOSE THAT FOLLOW CSR IN THE WESTERN WORLD AND BRICS?

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Abstract

In today's business world, the concept of corporate social responsibility (CSR) appears to be gaining more ground (Haski-Leventhal, 2020). In some cases, businesses are required to operate in a manner consistent with the demands of modern, globalized societies, while in others, they seek to incorporate contemporary requirements into their organizational culture. Thus, on one hand, we have businesses that act responsibly as this is an integral part of their organization, and on the other hand, there are businesses that simply comply with modern requirements for socially responsible companies (Balon et al., 2022).

In this context, there emerges a need to investigate what differentiates companies that incorporate CSR philosophy into their culture from those that simply comply with guidelines (Ziołо et al., 2023). The selected articles deal with the impacts and differentiations that arise regarding the effectiveness of CSR actions implemented by companies compliant with social and legal requirements compared to companies that incorporate and assimilate the requirements of modern societies for

socially responsible business operations (Stanaland et al., 2011; Meseguer-Sánchez et al., 2021; Velte, 2022). A systematic study was conducted based on the recording and processing of 32 articles and studies from the last fifteen years related to the research question posed in this study. The articles refer to companies operating in the Western World and companies operating in BRICS countries (Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates) to reach a conclusion related to global developments (Green Templeton College, n.d.).

The selection of articles was based on highlighting CSR dimensions and expected benefits during its implementation in the above groups of countries. Initiatives and strategies concerning CSR are examined, as well as information about its practical implementation. There are many studies worldwide that deal with primarily the economic effectiveness of CSR actions carried out by businesses globally. However, the results in several cases are conflicting, highlighting another reason for investigating the deviations encountered. Researchers consider the differences in social, cultural, and economic systems a key factor in these deviations, leading to different attitudes and perceptions regarding CSR implementation (Lombardi et al., 2015; Park, 2008).

Due to CSR differentiations in areas such as history, culture, economy, social systems, and development stages, businesses worldwide developed different methods and strategies to promote their research and practice in CSR (Sen & Bhattacharya, 2001; Barlas et al., 2023). This results in apparent differences between them. It is therefore very important to realize these differences and their causes for further research and application of CSR in businesses.

As typical representatives of eastern and western countries, the BRICS group, Europe, and the USA differ greatly in CSR development (Albuquerque et al., 2019; Selcuk & Kiymaz, 2017; Marakova et al., 2021; Ahmed et al., 2012). Several countries have proceeded to legislate rules for business operations that could be part of their implemented CSR actions. We thus return to the question of differentiation between companies that comply and those that consider this behavior self-evident. Within this framework, we will investigate through existing literature whether differences ultimately emerge regarding the effectiveness of CSR actions when they are motivated by ethical and organizational incentives compared to actions that are products of compliance and legitimacy.

The results showed that companies that incorporate the CSR philosophy into their organizational culture are more effective than companies that simply comply (Khan et al., 2023; Aagaard & Ritzén, 2020; Espasandin-Bustelo et al., 2021; Ruffatto et al., 2022; Duarte, 2011; Barić, 2017; Houghton et al., 2009; López-Concepción et al., 2022; Kim et al., 2015; Karagiorgos, 2010).

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BANK-BASED CLIMATE CHANGE INITIATIVES, SUSTAINABILITY CHARACTERISTICS, AND PERFORMANCE: THE ROLE OF CORPORATE GOVERNANCE

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Abstract

The impact of climate change on bank performance has attracted growing interest from academics, practitioners, regulators, and policymakers in recent years. However, studies in this area of research are scarce and lack clear conclusions. Furthermore, these studies have not clarified whether governance structure plays a role in mitigating the effects of climate risks on financial performance. Therefore, this study seeks to shed light on the role of corporate governance characteristics in moderating the link between climate change and bank performance. Furthermore, the study examines the effect of bank climate change initiatives and bank sustainability characteristics on bank performance by analyzing a significant sample of European Union (EU) banks over the period from 2007 to 2023. Initial findings highlight that the impact of climate change initiatives on bank performance is moderated by good corporate governance practices and thus supports a new paradigm for bank performance strategies.

1. INTRODUCTION

In recent decades, climate change has increasingly attracted the interest of academics, practitioners, regulators, and policymakers. This interest has become particularly important for banks, especially after the global financial crisis of 2007/2008, as banks' long-term decisions are usually influenced by growing economic challenges, such as climate change. The impact on banking profitability, both in the short term and long term, of climate change is mainly due to the deterioration of corporate and household balance sheets through damage to the repayment capacity of debtors, increasing the probability of insolvency, lowering the quality of credit and therefore affecting its performance in terms of profitability (Lee et al. 2024). The literature on the financial impact of climate change risks is recent but growing (Boungou & Urom, 2023; Lin & Wu, 2023). Furthermore, banks are under enormous pressure from stakeholders to promptly respond to climate change by engaging in initiatives to reduce their greenhouse gas emissions. To meet these needs, banks are committed on the one hand to implementing initiatives against climate risk and on the other hand to reviewing their governance structure. Therefore, recent research has focused on analyzing the effect of corporate governance on the relationship between climate change initiatives and banking performance but has produced mixed results (Adu et al. 2024).

2. METHODOLOGY AND SAMPLE

A fixed effects (FE) regression model was estimated to account for potential omitted variables and unobserved bank-specific heterogeneity. The Hausman test was performed, which suggests that an FE model is appropriate for the type of unbalanced panel data set. The equations used for the empirical analysis are as follows:

$$P_{it} = \alpha_0 + \beta_1 CC_{it} + \beta_2 CON_{it} + \beta_3 GDP_t + \beta_5 INF_t + \varepsilon_t \tag{1}$$

$$\begin{aligned} P_{it} = \alpha_0 + \beta_1 CC_{it} + \beta_2 CON_{it} * CG_{it} + \beta_3 CG_{it} \\ + \beta_4 GDP_t + \beta_5 INF_t + \varepsilon_t \end{aligned} \tag{2}$$

$$P_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 CON_{it} + \beta_3 GDP_t + \beta_5 INF_t + \varepsilon_t \tag{3}$$

$$\begin{aligned} P_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 CON_{it} * CG_{it} + \beta_3 CG_{it} \\ + \beta_4 GDP_t + \beta_5 INF_t + \varepsilon_t \end{aligned} \tag{4}$$

where the dependent variable is the financial performance of the i-th bank at time t (P_{it}), the independent variable CC_{it}, presented in eq. (1) and eq. (2), denotes the variable of bank-based climate change initiatives,

BS_{it}, presented in eq. (3) and eq. (4), is the variable of bank sustainability characteristics. The CC_{it} variable includes bank climate initiatives variable (CI_{it}) which is expressed by an index calculated considering specific items of initiatives and calculated in percentage terms (the minimum is 0% concerning no initiatives and the maximum is 100% in the case of the full instituted bank climate initiatives) and bank investment in climate change initiatives variable (CCI_{it}) which is the natural logarithm of the amount spent in executing climate change initiatives. The BS_{it} variable includes sustainability reporting variable (SR_{it}), which is a dummy variable that is equal to 1 if the bank has sustainable reporting otherwise zero, and the sustainability committee variable (SC_{it}), which is a dummy variable that is equal to 1 if the bank has a sustainability committee otherwise zero. The corporate governance variable (CG_{it}), included in eq. (2) and eq. (4), allow us to understand whether it played a role in mitigating the effects of the previously mentioned independent variables on bank performance. The CG_{it} variable includes board size (BSI_{it}), board independent (BI_{it}), and board gender (BG_{it}). Several independent control bank-level variables (CON_{it}) are being considered: leverage (LEV_{it}), capitalization (CAP_{it}), and Tier1 ratio ($T1_{it}$). In addition, macroeconomic variables have included the gross domestic product per capita at time t (GDP_t) and inflation rate at time t (INF_t). The financial performance variables are the return on assets (ROA_{it}) and the return on equity (ROE_{it}). The coefficients of the independent variables and the regression constant are estimated as parameters β and α, respectively. Additionally, the error term (ε_t) represents other variables that may potentially affect the P_{it} variable but are not included in these equations. Data for independent variables, including governance variables, are taken from annual reports. The control variables at the bank level are taken from the Bankfocus database. The data for macroeconomic variables are extracted from the World Bank database. The analysis sample consists of bank holding companies of 27 EU countries with total assets exceeding 10 million euros over the period from 2007 to 2023. The final sample consists of 117 bank holding companies for 22 years, consequently, the observations are equal to 2574.

3. DISCUSSION AND CONCLUSION

Initial findings highlight that the impact of climate change initiatives on bank performance is moderated by good corporate governance practices. These first results will have to be developed and then verified by applying robustness tests and alternative comparison variables. This research has several limitations that need to be considered for the correct interpretation of the results. First, the study only focuses on the 27 EU areas and may not be generalizable to other regions or countries for which they could influence macroeconomic variables not considered in the analysis. Additionally, the research only considers some variables that concern climate change initiatives and bank sustainability characteristics. The strength of the analysis is the significance of the analysis sample which concerns more than 2500 observations. This study provides valuable insights into the relationship between EU banks' climate change and sustainability initiatives on the one hand and financial performance on the other, highlighting important implications for corporate policy aimed at maximizing performance. This study also highlights the role of bank governance in improving bank performance. Future research could broaden the scope of the study to include data from other regions of the world, consider a broader range of variables related to climate change and sustainability, and use alternative data sources to verify the findings of this research.

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THE ROLE OF ARTIFICIAL INTELLIGENCE IN SUPPORTING SUSTAINABILITY IN THE FOOD INDUSTRY: INSIGHTS FROM ICELAND

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Abstract

This study investigates the role of artificial intelligence (AI) in promoting environmentally friendly and socially responsible business practices within the food industry. This research explores how AI is integrated into corporate strategies and its impact on sustainability by analyzing the entire value chain- from production to processing and distribution. Using a qualitative approach, the study is based on semi-structured interviews with stakeholders across various stages of the food value chain in Iceland. The interviews focus on the current application of AI in corporate strategies, its significant effects on different segments of the value chain, and its contribution to sustainability goals. The findings reveal that AI is perceived as a vital component of companies' digital transformation, enhancing efficiency and addressing labor shortages. AI is crucial in quality control processes, optimizing operations, and reducing resource consumption, such as water and electricity. Contrary to concerns in some studies, AI has not led to increased resource consumption. Instead, it supports sustainability by improving efficiency and reducing waste. Additionally, the results align with international

research, highlighting improvements in quality control and waste reduction due to AI integration. The study also supports findings that AI-based automation enhances working conditions, particularly regarding workplace safety. The research underscores AI's potential to advance efficiency and sustainability in the food industry.

1. INTRODUCTION

Sustainability in corporate value chains has garnered increasing attention as stakeholders recognize businesses' critical role in addressing global challenges such as climate change, resource depletion, and social inequity. Sustainability in value chains is multifaceted, encompassing a company's internal processes and interactions with suppliers, distributors, and customers. The alignment of these entities with sustainability goals determines the effectiveness of corporate sustainability strategies (Seuring & Müller, 2008). Central to these strategies is the integration of the "Scope 1, 2, and 3" framework, which delineates greenhouse gas (GHG) emissions across direct emissions (Scope 1), indirect emissions from energy use (Scope 2), and other indirect emissions across the value chain (Scope 3) (World Resources Institute [WRI] & World Business Council for Sustainable Development [WBCSD], 2004).

As a cornerstone of human survival and economic activity, the food industry is a major contributor to and a victim of environmental degradation. Nearly one-third of global GHG emissions stem from the food sector, from resource-intensive agricultural practices to energy-consuming food processing and transportation systems (Climate and Environment, 2021). Coupled with food security and safety concerns, the sustainability of this industry is imperative. Consequently, initiatives such as the European Commission's Farm to Fork strategy within the European Green Deal aim to transform the food value chain into a fairer, healthier, and more sustainable system (European Commission, 2020). However, achieving these ambitious goals requires innovative tools and practices.

Artificial intelligence (AI), characterized by its ability to analyze vast amounts of data and automate complex tasks, holds significant promise for enhancing sustainability across value chains. AI applications have demonstrated the potential to optimize resource use, reduce waste, and improve operational efficiency, thereby supporting environmental and social goals (Mavani et al., 2022; Raghavendra et al., 2022). Yet, its role in sustainability, particularly within the food value chain, remains underexplored. This research examines how Icelandic companies in the food industry integrate AI into their operations and assess its impact on sustainability goals, particularly in areas such as resource efficiency, waste reduction, and workplace safety.

The study adopts a qualitative methodology, drawing on semi-structured interviews with stakeholders across the food value chain. By focusing on Iceland — a nation renowned for its emphasis on sustainability and digital innovation — this research contributes to the global discourse on the role of AI in achieving sustainable development goals (SDGs), such as "Zero Hunger", "Responsible Consumption and Production", and "Life Below Water and Life on Land" (United Nations, n.d.). The findings provide actionable insights into how AI can drive transformative change in food production, processing, and distribution.

2. THEORETICAL FRAMEWORK

2.1. Sustainability in the food value chain

The food industry value chain spans multiple stages, from primary production (e.g., agriculture and fishing) to processing, distribution, and consumption. Each stage has unique sustainability challenges, including water usage, fertilizer application, animal welfare, and food waste. Addressing these challenges requires systemic changes underpinned by robust frameworks like the SDGs and targeted policies like the European Green Deal.

Sustainability in the value chain also encompasses social dimensions, such as improving labor conditions and ensuring food security. AI offers the potential to address these challenges by automating labor-intensive tasks, enhancing quality control, and optimizing resource use. For instance, AI-powered predictive models can forecast crop yields and identify inefficiencies in irrigation systems, thereby reducing water consumption. Similarly, AI-driven robotics can improve workplace safety by performing hazardous tasks, thus supporting social sustainability goals.

2.2. Artificial intelligence in the context of sustainability

AI technologies are evolving rapidly, with machine learning and deep learning enabling advanced data processing capabilities. Machine learning involves statistical techniques that allow systems to learn from experience and improve over time, while deep learning focuses on recognizing patterns in large datasets through neural networks (Misra et al., 2022). These capabilities make AI particularly suited for tackling sustainability challenges, where data-driven insights and automation are essential.

In the food industry, AI applications range from precision agriculture to supply chain optimization. Precision agriculture leverages AI to monitor soil health, predict weather patterns, and manage pests, reducing farming's environmental footprint. AI can enhance efficiency in processing and distribution by identifying bottlenecks, reducing energy consumption, and minimizing waste. Despite these advancements, adopting AI in sustainability-focused initiatives is often hindered by cost, lack of expertise, and limited awareness of its potential benefits.

3. METHODOLOGY

This research employs a qualitative approach to explore the role of AI in supporting sustainability in Iceland's food industry. Semi-structured interviews were conducted with participants representing various stages of the food value chain, including producers, processors, and distributors. This method was chosen to capture diverse perspectives and gain in-depth insights into AI adoption's current status, challenges, and opportunities.

The interviews focused on three key themes:

1) *Integrating AI into corporate strategy*: Examining how companies incorporate AI into their strategic objectives, particularly concerning sustainability.

2) *Impact of AI on the value chain*: Identifying areas where AI has the most significant impact, such as resource efficiency, waste reduction, and quality control.

3) *Alignment with sustainability goals*: Assessing whether AI initiatives are explicitly designed to support environmental and social sustainability.

The interview data were analyzed using thematic analysis, which allowed the identification of patterns and themes related to the research objectives.

4. FINDINGS

4.1. AI as a component of digital transformation

Participants emphasized that AI is integral to the digital transformation of their organizations. Companies view AI as a tool for enhancing operational efficiency and competitiveness rather than a primary driver of sustainability. While some participants acknowledged AI's potential to support sustainability goals, this was often seen as a secondary benefit rather than a core objective.

4.2. Optimization and resource efficiency

AI was found to play a critical role in optimizing resource use, particularly in contexts where labor availability is limited. For instance, AI-powered systems monitor energy consumption in processing facilities, identify inefficiencies, and implement corrective actions. Participants highlighted that these systems contribute to sustainability by reducing water and electricity usage.

4.3. Quality control and waste reduction

Quality control emerged as a key area where AI has made significant contributions. AI-powered sensors and analytics tools detect defects in raw materials, monitor production processes, and ensure product consistency. These measures improve product quality and minimize waste, aligning with sustainability goals.

4.4. Challenges and limitations

Despite its benefits, adopting AI in the food industry is not without challenges. Participants noted that implementing AI systems requires substantial investment in technology and training. Additionally, there is a perception that AI's role in sustainability is limited to indirect effects, such as efficiency gains, rather than addressing broader environmental and social issues.

5. DISCUSSION

The findings align with international studies highlighting AI's potential to enhance efficiency and reduce waste in the food industry. However, this research underscores the need for a more strategic approach to integrating AI into sustainability initiatives. While Icelandic companies leverage AI to optimize operations, there is room to expand its application to address systemic challenges such as supply chain transparency and climate resilience.

Future research should focus on developing frameworks to guide the implementation of AI in sustainability-focused initiatives. This includes exploring innovative AI applications, such as blockchain for supply chain traceability and predictive analytics for climate adaptation. By aligning AI with broader sustainability goals, companies can maximize their potential to drive transformative change in the food industry.

6. CONCLUSION

This research sheds light on the role of AI in supporting sustainability in Iceland's food industry. While AI is primarily viewed as a tool for improving efficiency, its contributions to resource conservation, waste reduction, and workplace safety highlight its potential to advance sustainability goals. Companies can harness its transformative power to build a more sustainable and resilient food value chain by addressing adoption challenges and fostering a strategic approach to AI integration.

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GOVERNANCE AND POST-MERGER PERFORMANCE IN PUBLIC, NOT-FOR-PROFIT AND PRIVATE ENTITIES THROUGH INTERNATIONAL AND DOMESTIC MERGERS: A LITERATURE REVIEW

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Abstract

The act of merging not only serves as a means of external growth for organizations but also represents a strategic decision by an entity that enhances its competitive position, development, and expansion, in the domestic market or the international arena (Lee et al., 2021; Yang & Ai, 2021; Liu et al., 2024). In recent decades, mergers have led to significant structural changes in various industries and have garnered international interest (Rao-Nicholson et al., 2016; Soni et al., 2022; Aggarwal & Garg, 2022; Ly-My et al., 2024; Zhou et al., 2024). Simultaneously, it becomes essential for dynamic organizations to merge with or acquire financially struggling entities, as this strategy provides a fundamental resource for growth and helps in addressing everyday challenges, primarily through cost reduction and overall operational

expansion (Mantravadi, 2020; Verma & Kumar, 2024). This approach allows these to reach an increasingly larger customer base and leverage the combined expertise of multiple entities to better meet consumer demands (Tampakoudis & Anagnostopoulou, 2020; Pazarskis, Giovanis, et al., 2022; Pazarskis, Kourtesi, et al., 2023).

The literature review procedure was used to create the methodology section. Literature reviews and theoretical studies are useful tools for offering focused information on a certain research issue in a variety of business industries or the public or private sector (Grigorieva, 2020; Liu et al., 2024; Kayser & Zülch, 2024). Through both international and domestic mergers, this study uses the review approach to evaluate governance and post-merger performance in public, not-for-profit, and private entities. The methodology implemented in this study was designed in accordance with previous studies that used this research instrument and built on it (Giovanis & Chasiotou, 2024). The primary steps of the review process are the literature search technique using selected keywords, data extraction, and discussion of the results acquired.

Subsequently, in November 2024, a Boolean search was conducted in the database of Scopus using the keywords "merger" AND "performance". Eight thousand three hundred twenty-two (8,322) documents were found by the initial search of the Scopus database (in the title, abstract, and keywords). Then, the results were limited to the chosen subject area, the Business, Management, and Accounting, and 2,343 documents were found. Next, the number of documents found was limited to document type, and as the article type was selected, 1,834 documents were found. Furthermore, there was a limit to the publication stage: only final form documents were considered, thus 1,792 documents were found. Another limitation was the keywords, that were selected: merger; mergers; performance; and 352 documents were found. These documents were also limited to source type (only journals) and 318 documents were found. Considering the limited criterion of language, as the English language was applied, 316 documents were found. Finally, due to access options, all open-access articles were selected and this provided the final sample of 84 documents.

The results of their discussion are presented below:

- Regarding the number of documents, there is an increasing trend and after the year 2015, almost five to ten studies were published.
- Regarding the category of entities, nine documents (about 11%) refer to not-for-profit and public entities, and all the others to the private sector.
- Considering the international orientation of merger transactions, eight studies (about 10%) are focused on international mergers and the rest are related to domestic mergers.

- From the examined theories, corporate governance theory plays a key role, as governance quality can influence post-merger performance and corporate governance mechanisms lead to risk reduction from managers' or employees' behaviors.
- The country or territory related to extracted documents with the most studies is the United Kingdom (25 studies), followed by the United States (12 papers), then is Greece with nine documents, Germany and Netherlands with seven papers, China presents six studies, France, India, and Spain have five articles and thirty other countries with fewer studies are following.
- The authors' affiliation with the most studies is the International Hellenic University (four studies), followed by the Leeds University Business School (three studies), sixteen higher education institutions (HEIs) present two studies and all the other HEIs have one document.
- Among the authors with the most studies on this field, the first concentrates on seven documents, the second has four papers, with three articles being two authors, two papers have nine authors and all the others have one document.

The current work makes several contributions by providing useful insights from a theoretical perspective. The available literature on mergers and performance is systematically presented and important issues in the relevant literature are examined. Finally, future extensions of this study could examine the available data on theories of mergers and governance by evaluating performance across multiple studies and for different countries or if there are changes over different time periods.

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NATIONAL IN-COUNTRY VALUE CERTIFICATION AND CORPORATE SUSTAINABILITY

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Abstract

This paper investigates the relationship between National In-Country Value Certification (ICV) and corporate sustainability in the United Arab Emirates (UAE). Quantitative data was collected using a survey instrument distributed to accountants. The findings show a neutral relationship between tax avoidance and corporate sustainability. Respondents perceive a significant relationship between ICV and corporate sustainability. Company characteristics, including company legal ownership and type, determine the relationship between ICV and sustainability. The ICV represents an innovative tool to boost local economic development and growth. This paper provides valuable guidance for managers, accountants, regulators, and policymakers to improve sustainability policies.

1. INTRODUCTION

The National In-Country Value Certification (ICV) focuses thoroughly on strategies that make good use of the country's potential and help use the natural resources to assist the main goals of diversified development (Al Shezawi & Khan, 2018). Few scholars investigated modeling and estimating host country values in international projects to facilitate ICV creation (Vidal et al., 2021). There is a shortage of studies on the impact of ICV on corporate sustainability, and it is unclear how the relationship between ICV certification and corporate sustainability can be affected, especially in emerging markets. Therefore, this paper investigates the relationships between ICV and corporate sustainability in the UAE emerging market.

2. LITERATURE REVIEW

The ICV measures the total payout amount, which the government and authorities have proven to support and assist the economy and logistics and create sustainable and local values in every country (Vidal et al., 2021). ICV is the total spending of the country that the government will help in economic growth and development and strengthen the local supply chain (Al Shezawi & Khan, 2018). The ICV concept could be supportive in society because it can bring freshly created values that will assist the development of the economy and immunize the local communities with advanced social security and sustainable environmental protection (Vidal et al., 2021). These initiatives have significantly changed the national economy, promoted youth development, and played a significant role in the future evolution of human skills (Al Shezawi & Khan, 2018). Previous studies show a shortage of ICV studies and its influence on corporate sustainability. Based on scholarly arguments concerning the positive role of ICV in the local community and the stakeholder theory framework, which focuses on companies serving multiple interest groups, this paper attempts to hypothesize the following:

H1: There is a positive relationship between ICV and corporate sustainability in the UAE emerging market.

3. METHODOLOGY

In this paper, primary data was collected through a survey instrument. The survey was manually constructed based on previous studies concerning sustainability (Alshehhi et al., 2023) and ICV (Al Shezawi & Khan, 2018; Vidal et al., 2021). Respondents were selected using a simple random sample of accountants in private and public companies in the UAE. We distributed a total of 450 surveys, of which 103 completed surveys were successfully received, an acceptable response rate of 23% compared to other relevant studies (ElKelish & Rickards, 2018; ElKelish et al., 2024). The study's primary multiple regression analysis (OLS) model is as follows:

$$ICV = \alpha + \beta_1(OC) + \beta_2(RC) + \varepsilon \qquad (1)$$

where ICV — Respondents' perceptions on the relationships between ICV and corporate sustainability; OC — Organizational internal characteristics; RC — Respondents' demographic characteristics; ε — Error term.

4. RESULTS AND DISCUSSIONS

4.1. Descriptive statistics

The descriptive statistics for the study variables (Table 1) illustrate the mean, standard deviation, maximum, and minimum for the tax avoidance, *Corporate Sustainability*, and *National In-Country Value* variables. *ICV* has a mean value of 3.80 on a Likert scale of five degrees, with a low standard deviation of 0.62. The independent variables *LEG*, *ACT*, and *AGE* have a high value of five. *NAT* and *GEN* have the lowest standard deviation of 0.49. The mean value of *TYP* is 1.52, which suggests that most organizations are private agencies. *ACT* has the highest mean value of 3.13.

Table 1. Descriptive statistics

Variables	*N*	*Min*	*Max*	*Mean*	*STD*	*Skewness*	*Kurtosis*
ICV	103	1.0	5.0	3.80	0.62	-1.31	3.86
OWN	103	1	3	1.57	0.60	0.53	-0.60
LEG	103	1	5	2.66	1.59	0.35	-1.49
TYP	103	1	2	1.52	.50	-0.10	-2.03
EMP	103	1	4	2.30	1.26	0.28	-1.59
ACT	103	1	5	3.13	1.14	-0.05	-0.79
JOB	103	1	4	2.17	1.22	0.39	-1.47
NAT	103	1	2	1.41	0.49	0.38	-1.89
EDU	103	1	4	1.38	0.70	2.27	5.53
GEN	103	1	2	1.40	0.49	0.42	-1.86
AGE	103	1	5	1.98	1.11	0.91	-0.04
EXP	103	1	4	2.84	1.08	-0.35	-1.23

Note: ICV — Relationship between National In-Country Certification and corporate sustainability; OWN — Organization ownership structure; LEG — Organization legal status; TYP — Organization type; EMP — Number of employees; ACT — Business activity; JOB — Job title; NAT — Nationality; EDU — Education degree; GEN — Gender; AGE — Age; EXP — Total years of experience.

4.2. Frequency analysis

The frequency distributions of respondents' perceptions of the effect of *ICV* on corporate sustainability. The overall average response of *ICV* is 3.80, which shows moderate agreement among respondents on the impact of *ICV* on corporate sustainability. Furthermore, the average response on *ICV* is significantly different compared to a mean value of 3 on (Likert scale of five degrees) using the one-sample t-test statistic, as a p-value of 0.001 is less than the confidence level of 5%. Therefore, hypothesis *H1*, which states, "There is a positive relationship between ICV and corporate sustainability in the UAE emerging market", is accepted and consistent with previous studies such as Vidal et al. (2021).

4.3. Multiple regression analysis (OLS) model

Table 2 indicates the relationships between the dependent *ICV* and several independent variables using multiple regression analysis (OLS). In this paper, *ICV* consists of National In-Country Value Certification and corporate sustainability. The results show a significant positive impact of *TYP* on *ICV* perception with a beta coefficient of 0.09 at the 1% confidence level. This result highlights that respondents working in the private sector have a more positive perception of the impact of *ICV* on corporate sustainability.

Table 2. Multiple linear regression model (OLS)

Independent variables	***Dependent variable***
	ICV
(Constant)	2.93***
OWN	-0.03
LEG	0.17*
TYP	0.09***
EMP	0.10
ACT	0.41
JOB	0.10
NAT	-0.09
EDU	-0.03
GEN	-0.07
AGE	-0.03
EXP	0.00
R^2	0.23
Adjusted R^2	0.13
Durbin-Watson	2.00
F-statistic	2.49***
VIF (Max/Min)	2.6/1.0
N	103

*Note: Standardized Beta coefficients are provided. N — number of observations. ***, **, and * indicate significance at the 0.01, 0.05, and 0.10 confidence levels, respectively (2-tailed).*

5. CONCLUSION

This paper has investigated the impact of ICV certification on corporate sustainability. Respondents support the positive relationship between complex laws and tax avoidance but are still unaware of the usefulness of soft laws in reducing tax avoidance. This result implies that national policy should focus on more soft laws, such as tax incentives, to encourage corporate compliance in the future. Furthermore, the findings show that respondents highly support the influence of ICV on sustainability. Other findings in this paper highlight the vital respondents' characteristics, such as company legal ownership and type, which impact the relationships between ICV and sustainability. By focusing on local content, employment, and the development of regional suppliers, ICV certification aligns corporate activities with broader economic and social goals. This alignment enhances a company's reputation, strengthens its relationships with local stakeholders, and contributes to long-term value creation.

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SESSION: ACCOUNTING AND AUDITING

DECADE OF STUDIES ON MACHINE LEARNING IN AUDIT: A STRUCTURED LITERATURE REVIEW

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Abstract

The application of machine learning (ML) in professional activities, including auditing, is rapidly growing; yet the existing literature has only partially explored the audit areas most impacted by these technologies (de Villiers et al., 2021; Lombardi et al., 2020). The purpose of this study is to provide a structured literature review (SLR) aimed at identifying the primary areas of auditing where ML has been applied in recent years. Additionally, the study seeks to outline emerging research trends, offering a preliminary framework that highlights which streams are developing more rapidly (Agnew, 2016). This contributes to a better understanding of the potential future impact of ML on auditing practices. The SLR is motivated by the theoretical and practical interest in ML applied to audit, which is still in the early stage (Bertomeu, 2020).

To reach the target, the following research questions are proposed:

RQ1: What are the main research areas in auditing in which ML integration is explored?

RQ2: What are the future topics and challenges that accounting and auditing face with the adoption of ML?

This study employs the PRISMA methodology for the screening and selection of literature (Demartini & Paoloni, 2011; Page et al., 2021). A keyword-based search was conducted within the Scopus database, obtaining 46 publications. To collect them, the following research searches are launched: (TITLE-ABS-KEY ("machine learning") AND TITLE-ABS-KEY ("audit*")) and (TITLE-ABS-KEY ("ML") AND TITLE-ABS-KEY ("audit*")). The selection process included filters based on language (English only), research area ("Business Management and Accounting" and "Economics, Econometrics and Finance"), publication date (covering the ten-year period from 2013 to 2023), and content relevance to the research objectives. Each manuscript was analyzed according to three key dimensions: A — article focus, B — research methodology, and C — geographical region of the study (Paoloni & Demartini, 2016; Riso & Morrone, 2023).

The literature analysis allowed for a preliminary mapping of the areas within auditing where ML has been explored, identifying seven primary research fields. These include, among others, fraud risk assessment, audit process efficiency, and the reduction of subjectivity in professional judgment. Furthermore, three key issues emerge as critical challenges for the future: professional judgment subjectivity, financial misstatements, and overall audit efficiency. The study also outlines three future research directions: 1) exploring the potential implications of AI/ML-based systems on accounting and auditing standards; 2) investigating whether ML integration can enhance the competitive advantage of both large and small audit firms in terms of time savings, process automation, and improved audit quality; 3) identifying appropriate ML applications to increase prediction accuracy, such as in financial fraud detection and financial distress forecasting, while also reducing subjectivity in risk assessments and going concern evaluations.

This study offers several significant implications for both scholars and practitioners. From an academic perspective, it contributes to Agency and Stakeholder theories (Freeman, 1984; Jensen & Meckling, 1976), suggesting that integrating ML into auditing procedures could greatly enhance the transparency of corporate reporting, reduce subjectivity, and lower agency costs related to principal-agent issues, such as misreporting and neutral assessments (Manita et al., 2020). From a practical standpoint, the findings provide important insights for regulators, policymakers, and audit firms. Regulators should consider the potential implications of ML on reporting and auditing standards, while audit firms, given the high predictive power of ML models used in the quantitative papers reviewed, should integrate these technologies into their strategic frameworks to achieve cost, time, and quality benefits. Furthermore, managers may also be affected by these developments, as the increasing predictive power of ML models could lead to stricter scrutiny regarding financial misreporting or fraud attempts.

However, this study is not without limitations. First, the use of a single database (i.e., Scopus) may have not included relevant publications; moreover, the clustering procedure used to identify the seven research areas was manual, potentially introducing subjectivity into the research methodology. Future studies could address these limitations by incorporating a wider range of databases (e.g., Web of Science and Google Scholar) and employing more quantitative and objective clustering techniques.

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AUDITORS IN DISTRESSED FIRMS: DO THEY CONTRIBUTE TO THE GOING CONCERN? PRIMARY EVIDENCE FROM ITALY

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Abstract

Corporate governance (CG) mechanisms are essential elements in all types of business and thus they are also important in distressed firms. Scholars have studied them through different theories (e.g., resource dependency theory, agency theory, resource-based view) and approaches focusing on various aspects (e.g., board diversity, board size, type of control, etc.) (Alhossini et al., 2021; Dasilas & Rigani, 2024; Giannarakis et al., 2023; Morrone, Bianchi, et al., 2022; Morrone, Funaro, et al., 2023; Tron et al., 2023).

The aim of this research is to focus on statutory and external auditors to determine whether their appointment impacts the likelihood of distressed firms opting for a going concern procedure rather than a liquidation one.

The resource dependence theory recognizes audit as an influential mechanism of CG through which external resources supporting boards in their oversight activities can be acquired (Chenchehene, 2019), thus mitigating internal control issues (Appiah & Chizema, 2016).

Both internal and external auditors play a key role in ensuring the reliability of financial statements prepared by companies for investors (Bratten et al., 2013). Auditors scrutinize the financial statements and are required to assess the company's ability to continue as a going concern for the next 12 months. This implies that companies should receive a qualified audit report in the presence of significant financial difficulties (Geiger et al., 2005), thereby providing an early warning to the market about the company’s situation.

Several studies find a relationship between audit opinion and financial distress (Li et al., 2008), and more generally between internal and external audit and financial distress (Appiah & Amon, 2017; Cenciarelli et al., 2018; Mohid Rahmat et al., 2009). However, there is limited literature, especially in Europe, regarding the relationship between the presence of statutory and external auditors and corporate financial difficulties (Tron et al., 2023).

To reach the research target, a quantitative analysis is performed on a sample of Italian companies that faced financial difficulties during the period 2013-2023, undergoing specific procedures (e.g., composition with creditors, bankruptcy, extraordinary administration).

An econometric analysis using a logistic regression model indicates that the appointment of auditors in the years before the legal procedure significantly influences the probability of a prompt activation of a going concern procedure, helping to reduce the risk of liquidation.

This study offers relevant implications for both academics and practitioners, but it is not free from limitations.

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THE EFFECTS OF TRANSACTIONS BETWEEN RELATED PARTIES ON THE FINANCIAL STATEMENTS OF MULTINATIONAL CORPORATIONS, FROM AN ACCOUNTING AND TAX POINT OF VIEW

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Abstract

Despite the increasing challenge posed by transfer pricing and tax avoidance among multinational corporations and their related parties, the regulatory framework governing these issues at both national and international levels has been slow to adapt to the new standards and the rapid changes in business practices. The particularly challenging task of reconciling tax laws with the contemporary ethical standards of transfer pricing is closely tied to the intrinsic characteristics of business entities. Over the last decades, there have been many conflicting opinions worldwide regarding the taxation of transfer pricing and tax avoidance, as documented in international literature. However, as of now, the implementation of tax laws related to transfer pricing for multinational companies continues to face numerous difficulties.

Transactions between related parties can decisively affect the financial result, as well as the financial position of the trading-related parties. In addition, related parties are likely to engage in transactions with each other that unrelated parties would not. Therefore, the recording of transactions between related parties, the outstanding balances, as well as the commitments and relationships between them is likely to lead to the influence of the evaluations of the activities of the financial entities by the users of the financial statements (Klassen et al., 1993), as well as their estimates of the opportunities and risks faced by the financial entities involved. Furthermore, given that the matter in question also presents a tax dimension, when the commercial or financial relations between related companies are governed by terms different from those agreed between independent companies, any profit difference arising in this way is subject to taxation (Liu et al., 2020), in accordance with the guidelines of the equidistance principle established by the Organization for Economic Co-operation and Development (OECD).

In the context of the above findings, the purpose of this research is based on the investigation of the impact of transactions between related parties on their financial statements, as it arises based on the analysis and evaluation of the individual financial indicators of liquidity, efficiency, activity, capital structure and sustainability, investments, etc. Also, the main purpose of the research proposal is to establish the impact of the transactions in question on the taxable financial results of the related parties. The individual objectives of the research are focused on trying to capture the financial position and the more general financial position of the affiliated companies, according to their published balance sheets, as well as the analysis of their financial results based on their income statements, the evaluation of cash flow statements and their statements of changes in net worth. Through the above analysis, it is sought to identify related companies that carry out transactions with other related parties, with the ultimate aim of manipulating the financial statements (Jian & Wong, 2010).

The research revealed that transactions between related parties can be used to manipulate their financial results and their financial position, for purposes other than taxation, but it can also be related to the pursuit of these companies to pay less tax in tax administration by shifting taxable profits to jurisdictions with low tax rates.

This study offers multiple contributions to the understanding of transfer pricing and tax avoidance in multinational companies and their affiliates, delivering valuable insights from a theoretical standpoint. The existing literature concerning transfer pricing and tax avoidance is selectively reviewed, and significant contemporary issues within the relevant literature are explored. Last, future research could investigate the dynamics of transfer pricing and tax avoidance through various theories on available data across different nations or examine changes over distinct time frames.

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SESSION: GENERAL ISSUES OF CORPORATE GOVERNANCE

GENDER DIFFERENCES IN ENTREPRENEURIAL INTENTIONS: AN EMPIRICAL STUDY OF DEMOGRAPHIC INFLUENCES

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Abstract

Entrepreneurship is increasingly recognized as a critical driver of economic development, job creation, and innovation. Recent research has shown that individual demographic factors, particularly gender and family background, play an influential role in shaping entrepreneurial intentions. This study aims to explore the effects of various demographic variables, including gender, age, and the father's occupation, on entrepreneurial intentions. Furthermore, it seeks to identify how family support, particularly from entrepreneurial fathers, impacts individuals' motivations to pursue entrepreneurship. This paper provides a comprehensive analysis based on a quantitative survey conducted among 140 participants, offering significant insights into how gender and family environments affect entrepreneurial choices. Entrepreneurship is fundamental to economic success, innovation, and social development. It plays a pivotal role in addressing unemployment and fostering

economic growth. The primary goal of this study is to investigate the factors influencing entrepreneurial intentions, particularly demographic variables such as gender, age, and family background. Specifically, it examines how the father's entrepreneurial experience and broader family support systems influence individuals' intentions to engage in entrepreneurial activities. By understanding the interaction between these factors, the study provides a deeper understanding of the factors motivating people, especially women, to pursue entrepreneurship. Entrepreneurial intention (EI) is defined as an individual's self-perceived intention to start a business venture or engage in self-employment. It is a significant predictor of entrepreneurial behavior and has been extensively studied across different contexts. Ajzen's (1991) theory of planned behavior (TPB) provides a widely accepted framework for understanding how entrepreneurial intentions are formed, emphasizing the roles of perceived behavioral control, subjective norms, and personal attitudes.

Research indicates that demographic factors, such as gender and family background, are crucial determinants of entrepreneurial intention. Social and family environments, particularly parental entrepreneurial backgrounds (Kautonen et al., 2014; Xanthopoulou & Sahinidis, 2022a), have a profound influence on an individual's likelihood to pursue entrepreneurship. The father's occupation, especially if self-employed or an entrepreneur, acts as a key motivational factor, providing not only role models but also experiential knowledge about business operations. Gender has also emerged as a critical factor in entrepreneurship studies, with a growing body of literature exploring how gender influences entrepreneurial intentions (Liñán & Fayolle, 2015; Xanthopoulou & Sahinidis, 2024). Previous studies suggest that men are more likely to pursue entrepreneurial careers due to higher risk tolerance and fewer perceived barriers. However, women are increasingly showing strong entrepreneurial inclinations, driven by factors such as family support, role models, and societal changes that encourage female entrepreneurship. Nevertheless, gender-related challenges such as biases and lack of access to networks continue to hinder women's entrepreneurial success (Bullough et al., 2022; Langowitz & Minniti, 2007). The main objectives of this study are twofold: 1) to investigate the impact of gender and other demographic factors (age, education) on entrepreneurial intention, and 2) to explore the role of family background, particularly the father's entrepreneurial experience, in shaping entrepreneurial intentions. The research questions guiding this study focus on understanding how gender differences and demographic factors influence entrepreneurial intentions, the role of the father's entrepreneurial background in shaping these intentions, and the impact of education on individuals' entrepreneurial motivations, particularly across different gender groups. A quantitative research method was employed to address the study's objectives. A survey questionnaire was distributed online to a sample of 140 participants (Stratton, 2021), ranging from undergraduate to postgraduate students. The survey assessed participants' demographic details, family background, entrepreneurial education, and entrepreneurial intentions. The questions were structured using a 7-point Likert scale, ranging from "strongly disagree" to "strongly agree", to capture the participants' perceptions and intentions toward entrepreneurship. The demographic composition of the sample was diverse, with 67.9% male and 32.1% female participants. Most respondents were aged between 18 and 34 years, and a significant proportion of them were undergraduate students. A key aspect of the questionnaire focused on family support, with particular emphasis on the father's occupation as an entrepreneur or self-employed individual. The data was analyzed using IBM SPSS software to determine the statistical significance of the relationships between gender, family background, and entrepreneurial intention. The analysis yielded several notable findings. Firstly, female participants, particularly undergraduate students, demonstrated higher entrepreneurial intentions than male participants. This contradicts previous studies that suggested men are more likely to pursue entrepreneurship. Women, in this sample, expressed stronger intentions to start a business, driven primarily by social support and familial encouragement. Secondly, participants whose fathers were self-employed or entrepreneurs exhibited significantly higher entrepreneurial intentions compared to those whose fathers were employed in other sectors. This finding supports the hypothesis that family background, particularly paternal entrepreneurship, serves as a motivational factor, as children are exposed to business environments from an early age (Strydom et al., 2020). Thirdly, entrepreneurial education was found to positively impact entrepreneurial intentions, with undergraduate students showing a stronger response to entrepreneurial education than postgraduate students. Women, in particular, benefited more from entrepreneurial education, which enhanced their confidence in starting a business. Finally, social networks, including friends, mentors, and family members, were critical in shaping entrepreneurial intentions. Female participants, in particular, indicated that social support played a decisive role in their decision to pursue entrepreneurship. This underscores the importance of creating supportive ecosystems for aspiring female entrepreneurs. The results of this study provide valuable insights into the gender-specific factors that influence entrepreneurial intentions. While men have traditionally been seen as more inclined toward entrepreneurship, this study reveals that women, particularly those in undergraduate education, are equally if not more inclined to pursue entrepreneurial ventures. This finding highlights the growing importance of promoting entrepreneurship among women, particularly through targeted educational programs and family support systems (Kefis & Xanthopoulou, 2015). The father's entrepreneurial background emerged as a significant factor in shaping entrepreneurial intentions across both genders, with a stronger effect observed among female participants. This suggests that role models and exposure to entrepreneurial environments from a young age play a critical role in fostering entrepreneurial ambition. Moreover, social support systems, particularly family encouragement, were found to be pivotal for women in their entrepreneurial journeys. This highlights the need to foster a culture of entrepreneurship within families and communities to encourage women to pursue business ventures. This study contributes to the growing body of literature on gender differences in entrepreneurial intentions by highlighting the crucial role of family background, particularly the father's occupation, and the influence of entrepreneurial education. It challenges the traditional notion that men are more inclined toward entrepreneurship, revealing that women, particularly those in undergraduate education, show strong entrepreneurial intentions. The findings emphasize the importance of fostering supportive family and social environments to encourage entrepreneurship, particularly among women. Additionally, entrepreneurship education was found to be a critical factor in enhancing entrepreneurial intentions, particularly for women (Bae et al., 2014). Policymakers and educators should therefore focus on creating inclusive educational programs and support systems that address gender-specific challenges in entrepreneurship (Zhang et al., 2014; Petridou et al., 2009; Xantopoulou & Sahinidis, 2022b). Future research could build on these findings by exploring other demographic variables, such as cultural influences, self-efficacy, and access to financial resources, and by conducting longitudinal studies to assess how entrepreneurial intentions evolve over time. Cross-cultural studies could also provide deeper insights into how different social and economic environments influence gender differences in entrepreneurial intentions.

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THE TAXATION OF THE INFORMAL SECTOR IN THE CAMEROONIAN CONTEXT: WHAT IS AT STAKE IN THE FORMALIZATION AND TRANSPARENCY OF INFORMAL SMES?

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Abstract

This study examines the impact of informal sector taxation on the formalization and transparency of informal small and medium-sized enterprises (SMEs) in Cameroon. It explores the perceptions of informal SME managers on the effects of this taxation in the Cameroonian context. The results show a mixed effect, with some managers fearing the negative repercussions on the survival of their businesses, while others see it as a means of formalizing and increasing transparency. The study highlights the need for public authorities to communicate more effectively on the benefits of taxation and to take account of the socio-economic context when implementing it.

1. INTRODUCTION

Taxing the informal sector is a major topic of debate in developing countries such as Cameroon, to formalize informal small and medium-sized enterprises (SMEs) and make them more transparent. This would involve registering these businesses with the government and subjecting them to taxation (Gautier et al., 2001). Although the informal sector makes a significant contribution to the economy, it faces problems such as a lack of funding and inadequate recognition in the tax system (Omoloba & Bardot, 2023). The Cameroonian government has put in place various policies to formalize this sector, but their effectiveness remains debatable.

The informal SME sector poses significant challenges. These businesses do not pay taxes, limiting government tax revenues (Lopez-Castaño, 1987; Rubbers, 2007). Although the informal sector contributes significantly to the economy, its opaque nature creates problems (Omoloba & Bardot, 2023). Informal SMEs find it difficult to obtain bank finance due to their lack of transparency (Lekhal, 2013), which hampers their productivity and hiring capacity. It is therefore crucial to study how taxing the informal sector could promote the formalization and transparency of these businesses.

The informal sector plays an important role in the economy of developing countries such as Cameroon, but remains largely unregulated and untaxed, resulting in revenue losses for governments. The main challenge is the lack of formalisation and transparency of informal SMEs, which operate without legal documents (Etogo Nyaga, 2020; Kede Ndouna & Tsafack Nanfosso, 2023). This makes it difficult for governments to monitor them, collect taxes, and provide them with support, particularly in terms of access to financial services.

Based on a sample of 29 informal SMEs in 2024, this study examines managers' perceptions of the impact of taxation on their formalisation and transparency in order to promote their financial inclusion, performance, and sustainability.

2. LITERATURE REVIEW

According to Abate (2021), the informal sector is strategic in developing economies because it creates wealth and reduces youth unemployment. However, it leads to a shortfall in state tax revenues and opacity in transactions. There are mixed views on taxing this sector: it can improve the transparency, accountability, and tax compliance of informal SMEs through the use of electronic payment systems and compliance with legal tax requirements.

The promotion of electronic payments plays a key role in the formalization and transparency of informal SMEs. It increases the transparency of financial transactions, integrates informal SMEs into the formal economy (Gradeva, 2009), and reduces cash transactions (Lentz, 2010). This can lead to higher tax revenues and better financial regulation and supervision (Ngakosso, 2015). Technology, such as digital payment systems, makes it easier to track and monitor transactions (Lentz, 2010) while improving SMEs' access to finance and credit.

It provides a digital footprint that can be used to assess creditworthiness (Guérineau & Jacolin, 2014; Oudgou & Zeamari, 2018).

The taxation of the informal sector poses a challenge for the government, which is seeking to promote transparency and accountability in the tax system (Karimi, 2020). Among the measures envisaged are the non-deductibility of expenditure incurred with suppliers that are not registered with the tax authority, in order to encourage informal SMEs to register (Lekhal, 2013); the requirement that SMEs carry out transactions only with registered suppliers, thereby enabling better control of financial flows (Nohoua, 2016; Imad et al., 2022) and the non-deductibility of expenses justified by invoices outside the electronic invoicing system, encouraging SMEs to adopt this more transparent system (Gobert, 2001; Jay, 2015). These measures aim to encourage the formalization of informal SMEs and improve tax collection, thereby contributing to the country's economic growth (Barzi, 2011; Okombi, 2023).

Taxing informal SMEs can face several challenges, including high formalisation and business costs (Nohoua, 2016). Informal SMEs may find it difficult to comply with the regulatory requirements accompanying formalization (Kede Ndouna & Tsafack Nanfosso, 2023), due to a lack of capacity (Nohoua, 2016; Abate, 2017; Okombi, 2023). This could also lead to a reduction in the number of informal SMEs in the face of competition from formal businesses (Traore, 2021; Okombi, 2023).

The main challenges in taxing the informal sector are the difficulties in complying with government standards and accurately assessing the tax liability of informal SMEs (Benjamin & Mbaye, 2012; Mas-Montserrat et al., 2023). This leads to a situation where the burden of taxation falls disproportionately on businesses in the formal sector, exacerbating existing economic inequalities (Sani, 2009).

There are advantages to taxing the informal sector, including increased tax revenues and the formalization of the economy. However, the potential drawbacks need to be carefully considered so as not to disproportionately harm SMEs or exacerbate existing inequalities (Bellal, 2008). A nuanced approach, taking into account the specific needs and challenges of informal enterprises as well as the economic and social context, is needed to design appropriate policies (Houssein, 2008).

Therefore, based on the ideas developed, the following proposals are made for SMEs in the informal sector:

Proposal 1: The use of electronic payment systems by informal SMEs leads to their transparency in financial transactions.

Proposal 2: Informal SMEs that comply with legal tax requirements have easy access to bank financing.

Proposition 3: Informal SMEs that incur high formalization costs are likely to cease trading.

Proposition 4: The difficulties in complying with the requirements set by taxation are the reason why informal SMEs refuse to formalize.

The process of formalizing the informal sector can have divergent impacts on informal businesses. While some may benefit from the transition to the formal sector, others risk losing quality and competitiveness. Policymakers therefore need to consider these implications carefully and provide appropriate support to facilitate a smooth transition.

3. METHODOLOGY

This exploratory qualitative study was based on a case study (Hlady-Rispal, 2002) of 29 informal SMEs randomly selected in Cameroon's capital cities. Open interviews were conducted with the managers of these SMEs in order to gather their perceptions of the effect of taxation of the informal sector on the formalization and transparency of their businesses. Thematic content analysis was used to identify recurring ideas and extract their meaning (Miles & Huberman, 2003). The aim was to draw up a representative portrait of business leaders' views on the subject.

4. RESULTS

In this study, the opinions of the SME managers approached are mixed on the reform relating to the taxation of the informal sector, highlighting various perspectives on the issue of formalization and transparency of SMEs in the experimental area of the study. Indeed, some of the managers approached expressed their strong concern, which is reflected in various verbatims such as: "Taxing the informal sector is seen as a threat to our survival. Taxes are already high, and profit margins in the informal sector are particularly low. If additional tax burdens are imposed on us, we risk closing our businesses" (R2, personal communication, October 4, 2024). On the other hand, other SME managers see it as a guarantee of business transparency and put it this way: "Formalizing the informal sector is crucial. It would increase transparency in our transactions, which is essential for attracting financial partners. As SMEs, we need to be able to prove that we comply with standards, and this is difficult without a common basis of transparency across the sector" (R4, personal communication, October 4, 2024). The comments of some of the SME managers approached revealed a strong distrust of the tax authorities. "The problem is precisely that we do not trust the tax authorities. Many promoters fear that tax harmonization will lead to more corruption and extortion on the part of civil servants, rather than actually improving transparency" (R7, personal communication, October 10, 2024).

On the other hand, some of them nevertheless recognize that taxing the informal sector could be beneficial to them, but under certain conditions, as is clearly illustrated by various extracts from verbatims such as: "Taxation could be a good thing if it is accompanied by incentives such as tax reductions for businesses that formalize. This would encourage us to enter the formal sector while benefiting from certain legal protections" (R5, personal communication, October 10, 2024).

Some of the players approached expressed the need for support from the tax authorities as a major necessity if the reform is to be more effective. They put it this way: "For taxation of the informal sector to work, we need support. Training in tax and accounting management is needed so that SMEs like ours can comply with the new requirements without too much difficulty" (R3, personal communication, November 4, 2024).

5. CONCLUSION

The aim of this study was to examine the influence of the taxation of informal SMEs on their formalization and transparency.

The results obtained after content analysis of the respondents' discourse offer a valuable contribution to understanding the issues involved in taxing informal SMEs and may guide policy decisions, business strategies, and future research in this area in Cameroon.

Despite this contribution, the study also has its limitations. It is based on a modest sample of informal SMEs and, above all, in a very specific context. Future research should take a more nuanced and multidisciplinary approach, taking account of the specific features of each context and integrating the social, environmental, and digital dimensions.

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THE GENERATIVE ARTIFICIAL INTELLIGENCE GOVERNANCE PARADOX: DRIVING INNOVATION WHILE CHALLENGING GLOBAL CORPORATE OVERSIGHT IN MULTINATIONAL FIRMS

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Abstract

Generative artificial intelligence (AI) is revolutionizing industries by enhancing operational efficiency, fostering innovation, and automating decision-making processes. However, its integration into multinational firms introduces a paradox: while enabling unprecedented innovation and growth, it presents significant governance challenges, particularly concerning transparency, accountability, and regulatory compliance. This research investigates the governance paradox of generative AI in multinational firms, focusing on the technology, finance, and manufacturing sectors. Employing a mixed-methods approach, the study combines qualitative interviews with corporate governance officers and AI ethics specialists and quantitative surveys from global firms to identify key challenges and strategies for navigating this complexity.

The findings highlight that while 65% of surveyed firms have implemented AI governance frameworks, only 30% fully comply with international standards. Key challenges include the "black box" nature of

AI, regulatory fragmentation across jurisdictions, and ethical risks such as bias and labor displacement. The study concludes that firms must adopt hybrid governance models, enhance transparency through AI tools, and establish robust ethical oversight mechanisms. Furthermore, the research underscores the urgent need for global cooperation to develop consistent AI governance standards, ensuring that innovation and ethical responsibility progress hand in hand.

1. INTRODUCTION

Generative artificial intelligence (AI) is transforming industries across the globe by enhancing operational efficiency, driving innovation, and automating decision-making processes. However, the rapid adoption of generative AI in multinational firms presents a paradox: while it brings unprecedented opportunities for innovation and growth, it simultaneously introduces complex governance challenges. The integration of AI into corporate structures complicates transparency, accountability, and regulatory compliance, particularly for global firms that operate across multiple legal and cultural environments.

This research investigates this paradox and aims to understand how multinational firms are managing the governance challenges posed by generative AI while leveraging its benefits. Specifically, the study focuses on firms in the technology, finance, and manufacturing sectors — industries where AI has been most transformative. By examining both qualitative and quantitative data, the research sheds light on how global firms can strike a balance between fostering AI-driven innovation and ensuring robust governance and ethical oversight.

The primary objective of this research is to explore how multinational firms are addressing the governance paradox presented by generative AI. The study seeks to identify the key governance challenges these firms face, particularly related to transparency, accountability, and regulatory compliance, and to examine how these challenges vary across industries and regions. Additionally, the research aims to propose strategies that firms can adopt to navigate this paradox, ensuring that AI can be used responsibly while driving innovation.

2. LITERATURE REVIEW

The literature on generative AI governance reveals both the opportunities and challenges posed by AI adoption in multinational firms. Generative AI enables firms to automate complex tasks, process large volumes of data, and enhance decision-making capabilities. According to Kremer et al. (2023), firms that integrate AI into their operations can achieve efficiency gains of up to 40%, particularly in industries like finance, manufacturing, and healthcare. However, this increase in efficiency comes at a cost. The "black box" nature of many AI systems makes their decision-making processes difficult to interpret, leading to governance issues related to transparency and accountability.

Studies also highlight the ethical risks associated with AI systems, particularly concerning biases and the displacement of human labor. Daugherty et al. (2024) emphasize the need for AI governance frameworks that prioritize fairness, accountability, and transparency. Multinational firms face a "regulatory patchwork" when it comes to AI governance, as they must comply with different legal systems and ethical standards across jurisdictions. Petrin (2024) further stresses the importance of global cooperation in setting consistent AI governance standards.

Corporate social responsibility (CSR) is another critical aspect of AI governance. Generative AI has the potential to exacerbate biases and data privacy concerns, which could conflict with the CSR commitments of global firms. Hyseni (2023) showed AI ethics where the efficiency gains provided by AI systems sometimes come at the expense of ethical business practices.

2.1. Problem statement

The central problem explored in this research is the paradox of generative AI and corporate governance in multinational firms. While AI enhances innovation and operational efficiency, it also introduces significant governance challenges, particularly concerning transparency, accountability, and ethical risks. This paradox is compounded by the complexity of governing AI across multiple jurisdictions, each with its own legal and cultural framework.

2.2. Research hypothesis

The research hypothesis posits that while generative AI drives innovation in multinational firms, its integration into corporate governance structures exacerbates governance challenges. Specifically, the lack of transparency in AI systems and the fragmentation of AI regulations across different countries create significant barriers to effective governance. Firms that successfully manage this paradox will need to develop hybrid governance models that balance innovation with strong oversight mechanisms.

3. RESEARCH METHODOLOGY

This research adopts a mixed-methods approach, combining both qualitative and quantitative research techniques. The qualitative portion involved conducting interviews with corporate governance officers, AI ethics specialists, and legal experts in multinational firms. These interviews explored how firms are integrating AI into their governance structures, the challenges they face, and the strategies they employ to ensure transparency and accountability.

The quantitative portion of the study involved distributing surveys to multinational firms across various industries. The survey gathered data on AI governance frameworks, compliance with international standards, and perceived governance challenges. The data was analyzed using statistical techniques to identify patterns and correlations between AI governance practices and factors such as firm size, industry, and geographic location.

4. RESULTS OF THE RESEARCH

The qualitative interviews revealed several key challenges related to AI governance. Most respondents pointed to the "black box" nature of AI systems as a major governance issue. The opacity of AI decision-making complicates efforts to ensure transparency and accountability, particularly in highly regulated industries like finance. Ethical risks were also a major concern, with interviewees highlighting the potential for AI to perpetuate biases and displace human workers.

The quantitative survey revealed that 65% of firms reported having some form of AI governance framework in place. However, only 30% fully complied with international AI governance standards. Firms in highly regulated industries, such as healthcare and finance, were more likely to have robust governance frameworks, while firms operating in regions with less stringent regulations had weaker governance practices. The survey also highlighted that 45% of respondents identified regulatory fragmentation as a significant governance challenge, while 40% noted difficulties in ensuring transparency in AI-driven decisions.

5. CONCLUSION

The research confirms the central paradox of generative AI and corporate governance in multinational firms. While AI drives innovation and operational efficiency, it also introduces governance challenges related to transparency, accountability, and regulatory compliance. Firms that effectively navigate this paradox must invest in developing hybrid governance models that balance AI-driven innovation with strong ethical and legal oversight.

The findings suggest that multinational firms need to adopt AI transparency tools, strengthen ethical oversight through AI ethics boards, and advocate for the creation of global AI governance standards.

The global nature of AI governance demands greater international cooperation to reduce regulatory fragmentation and provide a consistent framework for responsible AI use.

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LEVERAGING ARTIFICIAL INTELLIGENCE MODELS FOR FINANCIAL FORECASTING: A DETAILED ANALYSIS OF PREDICTIVE PERFORMANCE AND BENCHMARKS

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Abstract

The increasing integration of artificial intelligence (AI) into financial forecasting has garnered significant interest within finance and accounting domains. AI systems, proficient in mathematical and logical computations, can enhance the precision of financial predictions, making them invaluable for decision-making and risk management. This research investigates the predictive power of various AI models in forecasting critical financial metrics — specifically revenue and net income — while correlating their benchmark scores with predictive effectiveness. Previous literature underscores AI's advantages over conventional statistical methods, with deep learning and ensemble approaches frequently cited for their accuracy in forecasting financial outcomes. Benchmark assessments such as the Multi-task Language Understanding (MMLU) and Grade School Math 8K (GSM8K) are integral in evaluating a model's mathematical capabilities while problem-solving benchmarks like the ARC-Challenge and Graduate-level Problem Solving Questions (GPAQ) test their reasoning abilities.

Despite these advancements, a comprehensive evaluation of AI models’ predictive accuracy across a variety of financial indicators still needs to be more extensive. This study addresses this research gap by analyzing historical data from ten publicly traded companies spanning 2020 to 2022 and predicting their 2023 financial performance. A zero-shot prompt-based approach is employed, and the predictive outputs are compared against actual financial results, assessing model accuracy in relation to benchmark scores. The findings of this study enhance the understanding of how AI can be leveraged for financial forecasting and provide practical insights for implementation in accounting practices. Emphasizing the importance of data quality, model transparency, and bias management, this research contributes to the growing body of knowledge on the application of AI in financial analysis.

1. INTRODUCTION

The advent of artificial intelligence (AI) in finance and accounting represents a transformative shift in how these sectors approach complex problem-solving. AI’s strengths in processing large datasets, identifying patterns, and generating predictive insights offer a compelling alternative to traditional financial forecasting methods. Accurate financial forecasts are essential for effective risk management, strategic planning, and decision-making, underpinning the long-term success of organizations (Sezer et al., 2020).

This study evaluates AI models’ predictive accuracy in forecasting revenue and net income by leveraging historical financial data and assessing correlations with benchmark scores. This approach provides an empirical basis for understanding the capabilities and limitations of current AI models in financial forecasting.

2. LITERATURE REVIEW

2.1. AI in financial forecasting

AI’s adoption in financial forecasting has evolved due to its ability to handle complex data-driven analyses more effectively than traditional statistical methods. Deep learning and ensemble models are particularly noted for their capacity to capture non-linear relationships and generate more accurate predictions (Ranaldi et al., 2022). Such models can assimilate extensive historical data, enabling nuanced predictions that can adapt to market shifts and trends (Khattak et al., 2023).

2.2. Benchmarking AI models

Evaluating AI models often involves standardized benchmarks that assess their proficiency in specific tasks. For example, the MMLU test measures a model’s reasoning and problem-solving abilities across disciplines (Hendrycks et al., 2021). Similarly, the GSM8K benchmark gauges mathematical reasoning essential for accurate financial modeling (Clark et al., 2018).

2.3. Current gaps in the literature

While benchmarks provide a preliminary indication of an AI model's potential, limited research correlates benchmark scores with real-world predictive accuracy in financial forecasting. Addressing this gap, this study explores the connection between benchmark performance and the predictive accuracy of AI models when applied to real financial data.

3. METHODOLOGY

3.1. Data collection and preparation

The study draws on financial data from ten publicly traded companies from 2020 to 2022. This period was chosen to capture financial fluctuations due to market variability, including post-pandemic economic conditions. Data was extracted from the companies' annual 10-K filings, ensuring accuracy and consistency. Key metrics analyzed include revenue and net income, structured into a dataset for comparative analysis.

3.2. Benchmark assessment

The selected AI models were assessed using benchmark scores from well-recognized tests:

- MMLU: Evaluates multi-disciplinary problem-solving skills.
- GSM8K: Measures mathematical proficiency at the grade school level.
- ARC-Challenge: Tests reasoning through complex, real-world problems.

These benchmarks were chosen because they are relevant to financial forecasting tasks that require both mathematical acumen and logical reasoning.

3.3. Model implementation

Three AI models — Claude 3.5, ChatGPT-4, and Gemini — were employed for predictions. A zero-shot prompting technique was used to simulate real-world conditions where models might not be fine-tuned for specific tasks. The following input format was utilized:

Prompt: "Given the historical data from 2020 to 2022, predict the revenue and net income for 2023 for [Company Name]. The data includes: [list revenue and net income]".

3.4. Evaluation metrics

Model performance was evaluated based on the variance between predicted and actual 2023 values. The absolute variance percentage was used to measure prediction accuracy, with lower percentages indicating more accurate predictions.

4. RESULTS AND ANALYSIS

4.1. Comparative performance of AI models

The findings revealed that ChatGPT-4 had the lowest average absolute variance (90.40%), followed by Claude 3.5 (97.19%) and Gemini (98.02%). ChatGPT-4 demonstrated superior accuracy across multiple metrics, aligning with its benchmark scores in mathematical reasoning and knowledge application (Hendrycks et al., 2021; Clark et al., 2018).

4.2. Benchmark scores vs. predictive accuracy

The analysis showed a strong negative correlation between high benchmark scores and lower variance percentages. For instance, Claude 3.5's high GSM8K score (95.0%) was reflected in its consistent revenue prediction performance. However, ChatGPT-4 outperformed in overall financial predictions despite slightly lower benchmark scores, suggesting additional contributing factors such as training data diversity or model architecture.

4.3. Observations on model strengths

Claude 3.5 excelled in predictions for companies with complex financial profiles, such as Tesla and Walmart, indicating its proficiency in handling varied financial data. ChatGPT-4's balanced performance across all metrics indicates its robustness in tasks requiring reasoning and numerical processing. The Gemini model, while competitive, needed to be more consistent in complex forecasting scenarios, potentially due to limitations in handling advanced mathematical reasoning.

5. DISCUSSION

5.1. Practical implications for financial professionals

The results underscore the potential for AI models to significantly enhance financial forecasting. Financial professionals can leverage benchmark scores as initial indicators when selecting AI tools, focusing on models with proven mathematical and reasoning capabilities. This can improve the accuracy of projections, aiding in strategic decision-making and risk management.

5.2. Challenges and recommendations

Despite the advantages, challenges such as data quality and model transparency persist. High-quality, diverse data sets are critical for achieving reliable predictions. Additionally, model interpretability remains a concern, especially for high-stakes decisions in finance.

6. CONCLUSION

This research demonstrates that benchmark scores are valuable indicators of an AI model's potential for accurate financial forecasting. However, factors beyond benchmark results can also influence real-world performance, such as training data and model architecture. The study highlights the importance of selecting appropriate models and ensuring high data quality and transparency for effective AI integration in finance.

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TAX LOSS CARRYBACKS AND TAX-RELATED CASH FLOW POLICIES IN PERIODS OF FINANCIAL RECESSIONS

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Abstract

The asymmetric treatment of tax losses is an attribute common to almost all corporate income tax systems. This is most evident in times of financial recession when the liquidity, financial health, and even the survival of the companies are threatened. Tax loss carrybacks have been repeatedly used in the United States as a fiscal stimulus measure during recessionary conditions. Specifically, during the 2001 recession and the 2007–2009 recession the United States extended the tax loss carry-back period from two years to five years in order to improve firms' financial position and lower bankruptcy risk. In a similar vein, during the COVID-19 pandemic, the European Commission issued Recommendation 2021/801 which recommended the carry-back of losses for the small and medium-sized enterprises that were hit by the pandemic (European Commission, 2021). The measure would lead to an increase in the cash flow helping healthy businesses to survive.

A number of European Union Member States adopted this recommendation whereas some countries had already allowed the carry back of losses before the outbreak of the COVID-19 crisis. Specifically, in response to the COVID-19 crisis, three countries introduced a temporary acceleration of corporation tax loss relief whereas one country increased the loss carry-back amount that can be offset. There are also four

countries that adopted a temporal measure only for the years affected by the pandemic whereas one country incorporated a permanent 2-year loss carry-back period in its Tax Code. Greece is among the countries that did not adopt the recommendation. Undoubtedly, these divergent rules for the treatment of losses created an uneven playing field.

The purpose of this paper is to examine the liquidity and the financial position of the Greek companies three years after the pandemic and try to estimate whether the application of Commission Recommendation 2021/801 would have affected their cash holdings and to what extent (European Commission, 2021). First, we present analytical data regarding the impact that a tax loss carryback would have both on the cash flows of the firms and on public revenue. Then, we examine whether firms were able to offset their losses with profits in the following years or whether they did not recover from the economic recession. We believe that our findings will provide significant insight into the impact of tax asymmetries under the current corporate income tax law.

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PERFORMANCE EVALUATION AND PUBLIC VALUE: AN EXPERIMENT APPLIED TO THE LOCAL HEALTH AUTHORITY

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Abstract

The research aims to present an experiment initiated in late 2023 by the Caserta Local Health Authority (ASL), focused on developing a system to assess the performance of hospital departments (Purbey et al., 2007; Elg et al., 2013). This system is designed to visually and intuitively communicate the efficiency levels (Georgopoulos & Tannenbaum, 1957) achieved by inpatient hospital departments. In particular, the strategic management of the ASL has selected some performance indicators considered indicative of the productivity and efficiency conditions of the inpatient departments, but significant for measuring the public value created for the community (Moore, 2007, 2014). This is in accordance with the legislation established by Decree Law 80 of 9 June 2021, which requires public administrations to plan the public value of performance in a dedicated section of the Integrated Plan of Activities and Organization (PIAO).

The need to adopt a method of cross-reading the performance indicators identified by the strategic management of the ASL as

indicative of the value created by the inpatient departments of the various hospital facilities, but, above all, the need to use dynamic dashboards capable of visually representing performance, thus providing useful information for making decisions quickly, gave rise to the adoption of the Barber Nomogram (Barber, 1977). The Barber Nomogram is a representative diagram of the positioning, over time, of a healthcare organization with respect to four indicators that play a critical role for hospital companies: the average length of stay, the bed utilization rate, the turnover rate, and the bed rotation index. This diagram is able to highlight an area of optimal and acceptable use of hospital facilities.

The experimental application of Barber's Nomogram was carried out in four general surgeries located in four of the seven hospitals belonging to the ASL. The results that emerged highlighted that the four general surgeries present very different performances from each other and that, in the years considered for the experiment (2020–2023), the managerial choices made influenced the performance of these surgeries.

The Barber Nomogram presented can be regarded as an integrated system for monitoring critical indicators of the public value created (Monfardini et al., 2012; Marcon, 2014; Esposito & Ricci, 2015), serving as a "compass" not only for top management but also for middle management. However, the model has limitations, as the selected indicators offer a discretionary perspective on performance, which, for the ASL's strategic leadership, are seen as indicators of the public value generated.

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THE INFLUENCE OF CORPORATE GOVERNANCE ON THE SUCCESS OF M&A TRANSACTIONS: AN EMPIRICAL ANALYSIS OF GERMAN COMPANIES

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Abstract

This study investigates how corporate governance mechanisms — such as board size, independence, and insider ownership — impact the success of mergers and acquisitions (M&A) among German companies. Using cumulative abnormal returns (CAR) as a measure of shareholder value, the study identifies the influence of various governance structures on M&A performance. The results indicate that insider ownership and multiple board mandates are positively associated with M&A success, while larger boards may impede integration efficiency. This research addresses gaps in German M&A literature and provides actionable insights for both scholars and practitioners (Ortiz & Schalkowski, 2015; Tsai, 2008).

1. INTRODUCTION

Mergers and acquisitions (M&A) often represent significant strategic moves within corporate management, as they can create substantial opportunities for growth or expose companies to high levels of risk. High-profile cases, such as the AOL-Time Warner merger, underscore the importance of effective governance structures in optimizing M&A outcomes. This study examines how specific governance mechanisms, such as board composition, ownership structure, and governance-related incentives, impact M&A success. Understanding these factors is critical for maximizing shareholder value and aligning management with company goals (Jensen & Meckling, 1976; Ortiz & Schalkowski, 2015).

2. THEORETICAL FRAMEWORK AND CORPORATE GOVERNANCE MECHANISMS

Corporate governance involves structures that guide and control company activities to align managerial actions with shareholder interests. Key theoretical perspectives in governance research include:

- Principal-agent theory: This theory explores conflicts between owners (principals) and managers (agents), who may act in their own interest rather than in the interest of shareholders. To align interests, governance mechanisms often include incentive-based compensation and strict oversight structures (Jensen & Meckling, 1976).
- Stewardship theory: Stewardship theory contrasts with principal-agent theory by suggesting that managers act as stewards who are intrinsically motivated to work in the best interest of the company and its stakeholders. This perspective emphasizes the role of trust and long-term commitment in management (Davis et al., 1997).
- Resource dependence theory: This theory posits that companies depend on external resources for success. Corporate governance structures can help manage these dependencies, ensuring that resource acquisition and usage align with strategic goals (Pfeffer & Salancik, 2015).

These theories provide a foundation for understanding how different governance mechanisms impact M&A performance.

3. M&A TRANSACTIONS AND SUCCESS MEASUREMENT

M&A transactions involve transferring ownership control and are typically classified as mergers or acquisitions, where one entity gains significant influence over another. M&A success is commonly measured by cumulative abnormal returns (CAR), which quantify the stock price reactions around the announcement period, serving as an objective indicator of shareholder value. MacKinlay's (1997) event study methodology is frequently applied to analyze CAR, offering a reliable framework for assessing M&A outcomes.

In addition to CAR, other metrics like return on assets (ROA) and return on equity (ROE) may be used to assess post-transaction performance, particularly in long-term evaluations (Tsai, 2008).

4. IMPACT OF CORPORATE GOVERNANCE ON M&A SUCCESS

4.1. Board size

The size of a company's board plays a crucial role in shaping M&A outcomes. While larger boards can offer diverse perspectives and expertise, they may also lead to slower decision-making and inefficiencies in the M&A integration process. Optimizing board size is essential for balancing effective oversight with efficient decision-making (Ortiz & Schalkowski, 2015; Brahma et al., 2023).

4.2. Board independence

Independent directors contribute objective perspectives that can align management decisions with shareholder goals. Studies indicate that companies with a higher proportion of independent directors often experience better M&A outcomes due to improved oversight and reduced agency problems (Satapathy et al., 2024).

4.3. Ownership structure and insider ownership

Major shareholders and insider ownership have a substantial influence on M&A decisions. A positive association between insider ownership and M&A success suggests that alignment of interests between management and shareholders promotes value creation. Insider ownership, by directly linking financial outcomes to managerial performance, incentivizes managers to prioritize shareholder returns (Jensen & Meckling, 1976; Brunner-Kirchmair & Pernsteiner, 2016).

4.4. Multiple board mandates

Directors with multiple board roles bring valuable networks and experience, potentially enhancing decision-making in M&A. However, excessive mandates may dilute a director's focus, necessitating a balance between the breadth of experience and the commitment to individual firms (Wright et al., 2012).

5. METHODOLOGY

The study applies a quantitative research design, utilizing event study methodology to analyze the effect of corporate governance structures on CAR among German firms conducting M&A between 2017 and 2023. Governance variables — such as board size, independence, insider ownership, and multiple board mandates — were gathered from the last annual reports prior to the M&A announcement. Statistical analyses, including partial correlation and multiple regression, were employed to examine the relationships between governance factors and CAR (MacKinlay, 1997).

6. EMPIRICAL ANALYSIS AND RESULTS

6.1. Descriptive statistics

The study's sample comprises 48 German publicly listed companies that completed M&A transactions within the specified timeframe. Key data, including board composition and ownership structure, were collected from the companies' annual reports. CAR was calculated using historical stock data from the announcement period.

6.2. Correlation analysis

Partial correlations reveal a positive relationship between insider ownership and CAR, supporting the notion that aligned interests enhance M&A outcomes. Conversely, larger board sizes are negatively correlated with CAR, likely due to delays in decision-making.

6.3. Regression results

Multiple regression analysis confirms that insider ownership and multiple board mandates positively influence M&A success, while larger board sizes negatively affect performance. No significant effect was found for board independence, suggesting that independence alone may not determine M&A outcomes.

6.4. Robustness analysis

To ensure result robustness, additional control variables — such as firm size, book-to-market ratio, leverage, and liquidity — were included in supplementary analyses. The findings remained stable, with insider ownership consistently associated with M&A success (Brunner-Kirchmair & Pernsteiner, 2016).

7. DISCUSSION AND PRACTICAL IMPLICATIONS

The findings underline the importance of insider ownership, optimized board size, and well-considered multiple board mandates in achieving M&A success. Increasing insider ownership can help align managerial incentives with shareholder interests, promoting long-term value creation. Optimizing board size to balance diversity and decision-making agility is also critical; a board size of five to six members is often sufficient for effective governance. Although board independence was not significantly associated with M&A success, recruiting board members with relevant M&A expertise could still enhance oversight quality.

These insights offer practical recommendations for companies aiming to optimize governance structures to support M&A activities. Furthermore, judicious management of multiple board mandates is advised, as excessive commitments can compromise focus.

8. CONCLUSION AND FUTURE RESEARCH

Corporate governance is essential to M&A success, with insider ownership and board composition emerging as key factors. Future studies could explore the long-term effects of M&A using ROA or Buy-and-Hold-Abnormal-Return (BHAR), and conduct cross-national comparisons to understand how governance impacts vary by regulatory environment. Increasing the sample size could also improve the generalizability of these findings.

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FACTORS OF WORK-RELATED STRESS: THE IMPACT OF WORK STRESS ON THE PERFORMANCE AND WELL-BEING OF PUBLIC SECTOR EMPLOYEES

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Abstract

Work stress is a common issue in modern workplaces, especially in the public sector. Public employees face a lot of pressure due to factors like complicated bureaucratic processes, public observation, political pressures, and heavy workloads (McHugh & Brennan, 1994). If these stressors are not managed, they can seriously affect how employees perform and their overall health. Therefore, studying work stress and its effects is important for helping public organizations improve productivity while also taking care of their workers. This study aims to identify the key factors that lead to work stress in the public sector and examine how these factors influence employee performance and well-being. It uses a descriptive literature review approach to systematically look at existing

academic research on this topic. By pinpointing stress sources and analyzing their impacts, the research hopes to offer insights that can help create targeted strategies to reduce stress in public organizations. Occupational stress, according to various theories (Maxwell, 2006; Ganster & Rosen, 2013), happens when there is a mismatch between job demands and employees' ability to meet them. In the public sector, stress sources can be different from those in the private sector. Public employees often deal with changing political climates, job security worries, strict hierarchies, and limited control over their tasks (West & West, 1989). Additionally, these organizations are usually responsible for providing essential services, which adds more pressure (Xanthopoulou, 2020). Several models help explain occupational stress. Notable ones include the transactional model of stress by Lazarus and Folkman (1984), the Job Demand-Control (JDC) model, and the Job Demand-Resources (JD-R) model. These frameworks help to understand how work demands interact with the resources available to employees, affecting their stress levels. The JD-R model focuses on how resources like autonomy, support, and feedback can reduce the effects of high job demands, while the Effort-Reward Imbalance (ERI) theory addresses the need for fair compensation and recognition for employees' efforts. The main goal of this research is to find and analyze the factors that cause work stress in the public sector and how this stress affects employee performance and well-being. The study looks at organizational, personal, and social stressors that impact public servants and how these stressors can hinder their performance, including effects on thinking, decision-making, job satisfaction, and productivity. It also examines how work-related stress affects public employees' well-being, revealing issues like burnout, health problems, and work-life imbalance (Xanthopoulou & Plimakis, 2021). Finally, the study provides suggestions for managing and reducing work-related stress. Strategies proposed include increasing job autonomy, improving leadership support, nurturing positive workplace relationships, and encouraging mental health and wellness initiatives. A descriptive literature review methodology is used to analyze current research on work stress in the public sector. This review utilizes academic databases such as Google Scholar and includes peer-reviewed articles, government documents, and organizational studies (Hart, 1998). Key search terms included "occupational stress", "stress in the public sector", "performance and stress", and "employee well-being". Sources chosen were based on how well they fit the research goals and how they help understand occupational stress better. A total of over 50 peer-reviewed articles and reports were looked at, covering issues like stress management techniques, how leadership helps reduce stress, and how workplace culture affects employee well-being. The literature review showed that work-related stress in the public sector comes from various organizational, personal, and social factors. Organizational stressors include heavy workloads, tight deadlines, and rigid structures that limit employee independence, along with public oversight and political pressures that raise stress levels (Piore, 2011). Personal factors, such as differences in emotional intelligence, coping styles, and overall health habits, also matter greatly in how workers manage stress. Social factors, mainly relationships with colleagues and supervisors, are important in either reducing or increasing stress, while difficulties in balancing work and life add to stress, especially for public workers who often have to be available at all hours. The literature clearly shows that work stress affects employee performance (Eldor, 2018). High stress can hurt thinking abilities, lower decision-making skills, and decrease motivation. It also leads to more absenteeism, lower job satisfaction, and higher turnover rates. These issues ultimately hurt organizational efficiency and the quality of public services offered to citizens (Xanthopoulou, 2022; Gould-Williams & Davies, 2005). On the well-being side, ongoing exposure to stress can cause both physical and mental health problems. Public workers who are under constant stress are more likely to face burnout, depression, anxiety, and heart issues (Faisal et al., 2019). Stress can also disrupt work-life balance, harming relationships and overall life satisfaction. The findings from this literature review highlight the need for specific actions to tackle occupational stress in the public sector (Economou et al., 2014; Xanthopoulou & Plimakis, 2021). Strategies like improving job autonomy, providing better support, and creating a positive work culture can lessen the impact of stress. Also, encouraging work-life balance through flexible work options and mental health programs can boost employee well-being (Skakon et al., 2010; Srivastava & Dey, 2020). Leadership is essential in managing stress in organizations. Managers who show empathy, give regular feedback, and promote open communication are more likely to create a supportive work atmosphere that lessens stress. Moreover, training sessions that teach employees stress management skills, like mindfulness and resilience techniques, can help public workers better handle job pressures (Vella & McIver, 2019; Michie, 2002). Regular health checks and wellness programs can also lead to better physical and mental health outcomes. This research underscores the importance of addressing occupational stress to improve organizational success and support the well-being of public employees.

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CONFERENCE FORUM DISCUSSION

ADAPTIVE GOVERNANCE: INTEGRATING EMERGENT DESIGN FOR AGILE CORPORATE BOARDS

by Anacleto Correia and Pedro B. Água

Alexander Kostyuk: Dear Anacleto and Pedro, welcome to our conference forum. You concluded that there is a clear emergency for introducing a concept of agile corporate boards. Could you explain the role of regulation in this context? It seems to me the role of soft low which is more flexible than hard law will arise.

Magdi El-Bannany: Dear authors, the topic of your paper is interesting, but I have some queries:

1. Could you elaborate on why you chose a qualitative approach to analyze emergent design principles and how this method influenced your findings?
2. Could you share specific examples from your case studies highlighting the successful application of emergent design principles in governance?

Pedro B. Água: Dear Alexander, thanks for your questions. We are indeed our own enemy by creating rigid structures regarding corporate boards. Bureaucracy tends to increase and performance diminishes. In our opinion, there have been a considerable amount of changes in board evolution for the last twenty years, and the current technological change will also force more change into corporate boards. We can't predict the future with certainty, but in my opinion, agile governance will be indeed more associated with soft law, than hard law. The latest, even if necessary, has been triggering rigidity and that opposes agility for sure. In the end, some balance will be found.

Dear Magdi, the qualitative approach is considered more appropriate in the context of the article because it allows for an in-depth exploration of the intersections between emerging design principles and adaptive corporate governance models. Furthermore, the qualitative methodology stands out for its ability to deal with the complexity and multifaceted nature of the phenomena analyzed, something essential to capture the dynamic and interconnected elements of adaptive governance practices.

Application examples:

1. Case study analysis: uses case studies of organizations that have adopted adaptive governance structures. This allows you to identify patterns, challenges and best practices, providing rich, detailed insights that would not be accessible through quantitative methods alone.
2. Systematic literature review: The qualitative approach enables a detailed analysis of the literature on the challenges of traditional

governance structures and the potential benefits of emerging design principles such as self-disruption and systems thinking.

This approach is essential for understanding how theoretical concepts can be applied in practice and for exploring contextual nuances that inform the implementation of hybrid governance models that reconcile stability and adaptability. The flexibility of qualitative methodology makes it especially useful for exploring emerging areas.

Stavroula Kourdoumpalou: Dear authors, this is interesting research. I would like to ask whether the literature/case studies you have used focus on specific countries and which are these.

Pedro B. Água: Dear Stavroula, geography delimitations were not taken into account, however, we understand that it matters as different geographies have different cultures, and that impacts corporate governance. Further research will take that into account, but most likely the focus will be on European countries, as that's the reality we are more familiar with, culturally and organizationally. Hope it helps.

Alexander Kostyuk: Your vision of the future of the board of directors' structure is clear. I support it. Do not you think that the role of shareholder activism should be intensified and enlarged to promote an idea of the agile boards?

Pedro B. Água: Probably you are right as often changes are forced from the outside context. For years shareholder activism had a dark cloud over it, however, general opinion (after so many CG scandals and issues) is showing they have a role to play not only for 'checks and balances', but triggering innovative thinking on the subject.

Keith Harman: Some excellent dialog. In my opinion, the authors effectively chose their research methodology and subsequent research methods very adroitly. Methodology and methods are two distinct things and IMHO methods flow from methodology and methodology flows from the variable(s) of interest, i.e., the dependent variable as well as the categorical, i.e., the independent variable being used to frame the variable being observed, i.e., measured. I authored an "Editor's Notes" a few years ago and I was surprised that I received no feedback or queries when I spoke about this fundamental aspect of research design. Qualitative studies are as important as quantitative studies. I feel that there are too many instances when authors are nearly apologetic about using qualitative methods even in exploratory studies. Without adroit parsing of variables, all the analytics in the world are of little use. I see a similar thing occur in consulting with organizations of all types. They want to apply analytics but have yet to formulate appropriate KPIs. I think this is also similar to firms that desire to engage in strategic planning without having a firm grasp of their value proposition and their key competitors.

THE ROLE OF THE EXPERT WITHIN ITALIAN NEGOTIATED COMPOSITION

by Claudio D'Alonzo

Alexander Kostyuk: Dear Claudio, we are happy to see you at our conference forum. You made several interesting conclusions through your conference presentation. For example, the negotiated composition is an out-of-court instrument based on the will of a debtor and aimed at the reorganisation of a business and the appointed expert is a professional with a background in law, business and economics and is required to act according to the law and the principles of professional diligence. What are the recent obstacles in Italy to making all the proposals you made through the study possible to happen?

Claudio D'Alonzo: Dear Alexander, thank you for your interest in my research. As for your question, I would like to underline that actually there is nothing preventing a business from accessing negotiated composition; however, being this instrument new, many are not yet ready to the change and, consequently, to apply to it.

Alexander Kostyuk: Thank you, Claudio. What should be done to promote the benefits of this instrument in Italy?

Claudio D'Alonzo: I believe it just requires time.

Alexander Kostyuk: Great. How do you expect the time lag to expect the best outcomes?

Claudio D'Alonzo: Don't have a crystal ball, but might say from 3 to 5 years.

Alexander Kostyuk: That is perfect, Claudio.

Magdi El-Bannany: Dear Claudio, your paper offers a valuable exploration of the evolving role of experts in the Italian insolvency framework. Below are some suggestions:

1. *Stakeholder perspectives*: Expanding the discussion on how experts mediate between creditors, debtors, and third parties could add depth to the analysis.
2. *Comparative analysis*: Comparing the Italian model to similar roles in other jurisdictions would highlight its uniqueness or commonality.
3. *Liability considerations*: While the discussion on expert liability is robust, it could benefit from clearer proposals on mitigating risks or improving regulatory frameworks.

Claudio D'Alonzo: Dear Magdi, thank you for your suggestions.

ON BOARD COMPOSITION AND GOVERNANCE: DOES DIVERSITY IMPROVE THE FIRM'S PERFORMANCE?

by Mahdi Alijani, Guido Max Mantovani, and Simone Merante

Alexander Kostyuk: Dear Mahdi, Guido and Simone, that is great to see you taking part in our conference forum. You concluded in your study that COVID-19 forced companies to adopt a more pragmatic approach for the recovery period, making them more selective and focused on the operation. You mentioned that although literature suggests a positive economic impact of diversity, cultural contexts have a role in limiting this advantage. Does it mean that any sort of serious crisis or at least a challenge, could reduce the attention of shareholders and society to the issue of the board diversity and how to overcome this obstacle to increase the role of the board diversity during the crisis?

Inmaculada Bel Oms: Dear authors, congratulations on your study. I think that this study provides relevant findings. This document is an extended abstract, but it may provide relevant theoretical and practical implications for academics.

Carla Morrone: Dears, thank you for sharing your research. How did you consider/manage the statutory pink quotas in your quantitative analysis?

Mahdi Alijani: Dear Alexander, thank you for your follow-up question. Crises can indeed push companies to focus on immediate operational needs, sometimes sidelining initiatives like board diversity. The key is demonstrating that diversity, in the correct context, is a contributor to long-term shareholder value, even during crises.

For example, diversity enhances decision-making, reduces risks, and brings broader perspectives crucial for navigating uncertainties. To keep diversity a priority, it's essential to align it with crisis resilience and operational goals, integrating it as part of "real business" rather than viewing it as a separate initiative.

Alexander Kostyuk: I see your point of view, Mahdi. It seems to me that researching on board diversity in crisis could be considered a separate and very valuable field of research.

Magdi El-Bannany: Dear authors, your research addresses a timely and significant topic in corporate governance, offering valuable insights into how diversity impacts firm performance during external shocks like COVID-19. I have some queries:

1. You mentioned limitations regarding data on innovation expenditures and ethnic diversity. How did you address these challenges, and how might they have impacted your conclusions?
2. Could you elaborate on why the Blau Index was chosen to measure diversity and how it compares to alternative metrics?

Mahdi Alijani: Dear Immaculada, thank you for your kind words and feedback. We're glad to hear that you find the study's findings relevant and appreciate its potential implications for both theory and practice. We hope it sparks further discussion and research in the field.

Dear Carla, thanks for your question. In our analysis, we factored in the statutory pink quotas, particularly Italy's Law 120/2011, which requires a minimum percentage of women on corporate boards. To account for this, we included variables like the percentage of women on the board, the Blau Index, and gender-based dummy variables.

We also noticed that the increase in female representation seemed to be concentrated in auditing roles. This could be due to two factors we think are worth exploring further:

1. Women might perform particularly well in these roles, bringing valuable perspectives to financial oversight.
2. Companies might be placing women in auditing positions to meet quota requirements, without making significant changes to the overall board composition.

I'd highly recommend reading the paper by Arzu and Mantovani (2020), which investigates this deeply.

We think these points deserve more investigation to fully understand the effects of quotas.

• Arzu, D., & Mantovani, G. M. (2020). The gender contribution to the corporate governance and the corporate performance (Lessons from the E.U.). *Quarterly Journal of Finance and Accounting, 58*(4), 35–104.

Dear Magdi, thank you for your comment. For innovation expenditures, we faced a challenge with missing data, as 75% of our sample reported no R&D spending. This limited the strength of our conclusions in this area, but we still shared the findings, keeping in mind that the missing data might affect the results. As for ethnic diversity, we didn't have enough data to include it in the analysis, as collecting such data can be a sensitive issue. Despite these limitations, our findings on gender, nationality, tenure and age diversity are still robust.

Regarding the Blau Index, we chose the Blau Index because it captures both the presence and balance of diversity across categories like gender or nationality. It reflects how evenly groups are represented — for example, a 50/50 split scores higher than a 70/30 split. This makes it a great tool for studying board dynamics, where balance matters, and it's easy to interpret. Therefore, we consider that the Blau Index is a more appropriate measure for this study rather than measures such as the Shannon index or simple percentages.

In the end, I appreciate any comment or suggestion that can help us improve the paper.

Magdi El-Bannany: Dear Mahdi, thanks for your informative response.

FAMILY GOVERNANCE AND ITS ROLE IN SUSTAINING FAMILY-OWNED BUSINESSES

by Patrick Ulrich

Alexander Kostyuk: Dear Patrick, welcome to our conference forum. You concluded through your presentation that tailoring family governance can significantly enhance the resilience and success of family-owned businesses. What do you think about the role of regulation in achieving this aim? Do not you think that any sort of soft law should be introduced in Germany to guide the family firms properly?

Patrick Ulrich: Thank you for the thoughtful question. Regulation plays an interesting role in the domain of family governance, especially in balancing tailored solutions with broader systemic guidance. Family-owned businesses often operate within unique cultural, interpersonal, and market contexts, making a one-size-fits-all regulatory approach unsuitable. However, soft law could provide a flexible framework to guide these firms without imposing rigidity. In Germany, introducing a soft law tailored to family-owned businesses could address key issues such as succession planning, conflict resolution, and strategic alignment between family and business interests. Such guidelines would act as a benchmark while respecting the individual characteristics of each family business. Importantly, they would avoid the constraints of formal regulation, which could stifle the innovation and adaptability that family businesses often rely on. A well-designed soft law framework could encourage best practices, improve governance literacy, and enhance the resilience and success of these enterprises without creating unnecessary burdens.

Alexander Kostyuk: Thank you, Patrick. Could you make your own assessment of the state of matters related to the family business governance soft law development in Germany?

Magdi El-Bannany: Dear Patrick, your paper provides valuable insights into the mechanisms and strategies contributing to family-owned businesses’ resilience and continuity. I have some queries:

1. How were the case studies selected, and how do they represent the diversity of family businesses regarding size, generational diversity, and ownership distribution?
2. Have you considered integrating quantitative metrics to evaluate the effectiveness of governance mechanisms?

Jean Roger Mfelam: Dear Patrick, your paper is very interesting. I would nevertheless like to know how you measure family governance. How do you operationalize this concept?

Patrick Ulrich: The development of soft law related to family business governance in Germany is still in a nascent stage. While there are robust frameworks for corporate governance, such as the German Corporate Governance Code, these primarily cater to publicly traded companies and lack tailored provisions for family-owned businesses. Current practices in family governance rely heavily on informal agreements, family constitutions, and advisory boards, which are often created without consistent external guidance. There is no comprehensive soft law framework specifically aimed at addressing the nuanced challenges of family firms, such as succession planning, intergenerational conflict, and balancing family and business priorities. However, there is growing interest among policymakers, academics, and business associations in establishing guidelines or best practices. A more structured approach could help harmonize these efforts while still respecting the inherent diversity of family businesses in Germany.

The case studies were selected through a purposive sampling method to ensure diversity and relevance to the research objectives. We aimed to include family businesses that varied in size (small, medium, and large enterprises), generational stages (first-generation founders to multi-generational firms), and ownership distribution (single-family ownership to shared ownership among extended family members). This approach allowed us to capture a broad spectrum of governance practices and their impact on resilience. The selected cases were drawn from different industries and regions in Germany to reflect the diversity of the family business landscape. While the sample is not exhaustive, it provides meaningful insights into the range of governance challenges and solutions that family businesses encounter.

Yes, the integration of quantitative metrics is an essential aspect of evaluating governance effectiveness. While this study primarily focused on qualitative insights, future research could incorporate quantitative indicators such as financial performance, employee retention rates, succession success rates, and conflict resolution outcomes. Additionally, survey-based measures of family satisfaction and alignment with governance goals could provide more empirical validation of the mechanisms identified in the case studies. Combining qualitative and quantitative approaches would enable a more holistic assessment of family governance effectiveness.

Thank you for your question. Family governance is operationalized in this research through several key dimensions, including decision-making structures, conflict resolution mechanisms, succession planning processes, and the alignment of family and business objectives. These dimensions were evaluated using qualitative indicators such as the presence of formal governance tools (e.g., family constitutions, advisory boards), the clarity of roles and responsibilities, and the frequency and quality of family meetings. In addition, we assessed the degree of participation by family members across generations and their perceived satisfaction with governance outcomes. This multidimensional approach allows for a nuanced understanding of family governance while highlighting the interplay between formal structures and informal practices.

Keith Harman: As is the case with so many of these studies my interest is highly personal because my parents were business owners. My parents owned firms in very distinct industries, there was no one "family" business.

SUSTAINABLE BUSINESS RELATIONSHIPS IN INFORMAL FREIGHT TRANSPORT: EXPLORATION OF NIYA VIRTUE

by Mouaad Chafai

Alexander Kostyuk: Dear Mouaad Chafai, it is great to see you at our conference forum. You said that the informal sector takes about 30% of the economy in Morocco. Is this a lack of trust of companies in any of the state regulation policies or any sort of cultural issue?

Mouaad Chafai: The informal sector, which represents a significant portion of the economy (around 30% as you noted), can indeed be linked to multiple factors, including trust in state regulation and cultural dynamics.

Also, many businesses and individuals in Morocco may choose to operate informally due to perceived or real challenges with state regulations. This includes:

- *Tax burdens*: Formal businesses are subject to relatively high taxes, which can discourage compliance.
- *Bureaucratic hurdles*: Navigating registration processes and regulatory requirements can be cumbersome and time-consuming.
- *Perception of inequity*: Some businesses feel that the state does not provide adequate support in return for compliance, such as access to credit, infrastructure, or legal protections.

Alexander Kostyuk: Thank you, Mouaad. It seems that the role of the state in providing incentives to business entities to run business formally is a priority. Why did the government of Morocci fail in doing this?

Mouaad Chafai: Indeed, providing strong incentives for businesses to operate formally is crucial for addressing the challenges posed by the informal sector. Morocco’s government has made some efforts to encourage formalization, but several factors have contributed to its limited success.

Alexander Kostyuk: Could you specify these factors? What does limit the government of Morocco?

Mouaad Chafai:

1. Structural challenges in the economy:

- *Fragmented markets*: Many businesses in Morocco operate on a small scale, often family-owned, with limited capacity to integrate into the formal economy. The costs of formalization (taxes, compliance, and bureaucracy) are perceived as outweighing the benefits for small enterprises.

• *Low productivity in the informal sector*: Many informal businesses operate with minimal capital, making formalization seem unfeasible due to additional costs like taxes and social security.

2. Policy gaps and bureaucratic obstacles:

• *Complex and inefficient processes*: Despite some reforms, starting and running a formal business still involves significant bureaucratic hurdles. Lengthy procedures, unclear requirements, and inconsistent enforcement discourage businesses from registering.

• *Inadequate incentives*: Government programs to incentivize formalization, such as tax reductions or simplified registration processes, have often been limited in scope or poorly communicated to small businesses.

• *Weak enforcement*: Authorities often lack the resources or political will to enforce compliance, leading to uneven application of rules, which further erodes trust in the system.

Magdi El-Bannany: Dear Mouaad Chafai, your paper offers an intriguing exploration of trust-based governance mechanisms in the informal transport sector in Morocco. Please I have some queries:

1. Could you elaborate on the concept of Niya virtue and its significance in shaping sustainable business relationships within informal freight transport?

2. What do you consider the most unique or surprising finding about the role of social algorithms in the governance of informal freight transport?

Mouaad Chafai:

• Niya, rooted in Islamic and cultural traditions, can be understood as a form of good intention, sincerity, or purity of heart. In the context of Morocco's informal transport sector, Niya fosters trust and mutual respect among stakeholders (e.g., drivers, intermediaries, and clients).

• In informal freight transport, contracts are often verbal, and Niya acts as an ethical foundation, reducing the need for formal enforcement mechanisms. It enables long-term, sustainable relationships by emphasizing honesty, fairness, and accountability.

LINKING ESG PERFORMANCE AND FINANCIAL RETURNS. A SYSTEMATIC REVIEW OF THE LITERATURE EVIDENCE: FOCUS ON THE AGRI-FOOD SECTOR

by Marina Carabelli

Alexander Kostyuk: Dear Marina, I am pleased to see you at our conference forum. Your study evaluates the contribution of researchers worldwide to the research in the field of ESG (environmental, social and governance). You said that the geographical analysis has made it possible to demonstrate that more than 90% of publications originate in developed countries, leaving developing countries on the margins of research. What is the reason for such disproportion? Are not the researchers from developing countries interested in ESG research?

Marina Carabelli: Dear Alexander, thank you for your question. Literature review shows that 90% of the research in this area has been carried out in developed countries where the effects of climate change are particularly evident. This does not exclude the interest of researchers from developing countries. This remains a blind spot today because if ESG reporting was adopted by all companies, from the most structured to family-owned ones, it would be possible to have a more complete view of the phenomenon.

Alexander Kostyuk: Thank you, Marina. Do not you think that such a high interest in ESG research in developed countries can be explained also by the growing pressure by society for environmental protection?

Marina Carabelli: Thank you, Alexander. Of course, the issue of climate change is now at the centre of a lot of research involving not only academia but also society. Companies play a key role in the fight against climate change and their involvement is necessary to achieve sustainability goals. Consider, for example, the food chain from food companies to the GDO. Consumers and stakeholders are increasingly informed and interested in understanding the impact that the entire supply chain has on the environment, and consumers themselves are increasingly adopting sustainable food and purchasing choices. More disclosure is therefore needed.

Alexander Kostyuk: I absolutely agree with you, Marina. More disclosure is needed and more incentives for the companies to provide such disclosure. The role of various groups of stakeholders is very important.

Magdi El-Bannany: Dear Marina, your paper provides valuable insights into the intersection of ESG practices and financial performance. Please I have some queries:

1. Based on your findings, what specific governance practices would you recommend for agri-food companies to enhance their ESG performance and financial returns?
2. How can agri-food companies better align their ESG strategies with stakeholder expectations to achieve better financial outcomes?

Marco Venuti: Dear Marina, congratulations on your research. Looking ahead, do you believe that the new European sustainability standards (ESRS) and international standards (IFRS S) could contribute to improving the quality of ESG reporting and open new avenues for research?

Marina Carabelli: Dear Magdi, thank you for the questions.

I believe that agri-food companies play a key role in achieving sustainability goals. To do this, they should invest in new technologies with low CO2 emissions and adapt crops to the new climate and environmental scenarios. Furthermore, through transparent disclosure, they can educate the consumer to make more responsible purchasing and consumption choices. This could be reflected in positive financial results.

However, for the companies in the agri-food sector, this process is hampered by the company structure as they are, in many cases, poorly structured companies. I, therefore, believe that a legislative intervention is appropriate which provides guidelines for best practices also for this sector.

Marina Carabelli: Dear Marco, I consider your speech a good starting point for future research. Although the subject is of great interest, I believe that there is still a lot of room for future research.

Paolo Capuano: Dear Marina, congratulations on this new research. I think it is interesting, in fact, it allows us to understand if ESG indicators actually allow us to improve corporate performance. This paper lends itself to numerous developments.

Marina Carabelli: Thank you Paolo for your comments! This study leads to feature research considering the importance and topicality of the theme. The existing literature leaves ample room for new thinking.

WHAT DIFFERENTIATES COMPANIES THAT COMPLY FROM THOSE THAT FOLLOW CSR IN THE WESTERN WORLD AND BRICS?

by Kanellos Toudas, Pandora Nika, and Karolos-Karampet Avakian

Alexander Kostyuk: Dear Kanellos and colleagues, you are welcome to take part in our conference forum. Could you specify the research gap between the researchers of the CSR issues in Western countries and BRICS?

Pandora Nika: Dear Alexander thank you for your interest in our research. The research gap observed between the countries of the Western world and the BRICS countries consists of different economic, institutional and cultural contexts. The research gap focuses on the need to move away from a "one-size-fits-all" approach by recognizing the influence of social, economic and cultural factors that shape CSR in different global contexts. The need for cross-cultural CSR research models that will offer the possibility of adaptation to different socio-political and cultural contexts is highlighted. Also, it is necessary to investigate the factors of mobilization in different environments. The differentiation observed in the focus in relation to the subcategories of CSR actions depends on the country's characteristics.

Alexander Kostyuk: I see your point of view, Pandora Nika. So, the way out is to apply cross-cultural CSR research.

Karolos-Karampet Avakian: I am Pandora's colleague and it could indeed be done a cross-cultural CSR research to join all different aspects.

Alexander Kostyuk: I agree with you, Karolos. It seems to me that there is a lack of cross-cultural research in the field of CSR.

Karolos-Karampet Avakian: This could be a new article to publish.

Inmaculada Bel Oms: Dear authors, congratulations on your study. I think that this study provides relevant findings. How do you calculate the CSR?

Pandora Nika: Dear Inmaculada, thank you for your question. We calculate the CSR with the indicators GRI.

Stavroula Kourdoumpalou: This is a very interesting and topical issue. I think that these company differentiations may affect the effectiveness of a bunch of measures, like the application of European

Sustainability Reporting Standards, the European Green Deal, etc. I do not have any comments. I will follow your research.

Magdi El-Bannany: Dear authors, your research provides an insightful exploration of the nuances of CSR practices across distinct geopolitical and economic contexts. Please I have some queries:

1. Based on your findings, what policies or initiatives would you recommend for countries in the BRICS group to enhance CSR integration beyond compliance?
2. What strategies can companies in Western and BRICS countries adopt to transition from compliance-based CSR to embedding CSR into their organizational culture?

Karolos-Karampet Avakian: Dear Magdi El-Bannany, thank you for your questions. Regarding your first question:

1. Institutional framework development:
   - Create robust legal infrastructures specifically designed for mandatory CSR reporting.
2. Policy recommendations:
   - Develop targeted policies: Tax incentives for companies demonstrating substantial social impact.
3. Capacity building initiatives:
   - Focus on corporate training programs on CSR philosophy.
4. Contextual adaptation strategies.
5. Stakeholder engagement mechanisms.
6. Measurement and accountability.
7. Strategic recommendations.
8. Financial ecosystem support.
9. Technology and innovation.
10. Cultural transformation.

Regarding the second question:

1. Western countries approach:
   - Strategic transformation methods:
     - Leadership commitment and visible engagement;
     - Integrating CSR into core business strategy.
2. BRICS countries approach:
   - Contextual implementation strategies:
     - Aligning CSR with national development goals;
     - Addressing specific socio-economic challenges;
     - Developing adaptive CSR frameworks.
3. Organizational culture transformation.
4. Leadership development.
5. Measurement and accountability.
6. Strategic integration framework:

- Transformation process:
  - Move from compliance to commitment;
  - Foster continuous learning and adaptation.

7. Stakeholder engagement.
8. Innovation and technology.
9. Financial ecosystem support.
10. Cultural mindset transformation:
   - Philosophical shift:
     - Redefining business success beyond financial metrics;
     - Promoting ethical leadership.

BANK-BASED CLIMATE CHANGE INITIATIVES, SUSTAINABILITY CHARACTERISTICS, AND PERFORMANCE: THE ROLE OF CORPORATE GOVERNANCE

by Paolo Capuano

Alexander Kostyuk: Dear Paolo, it is great to see you at our conference forum. You stated that initial findings highlight that the impact of climate change initiatives on bank performance is moderated by good corporate governance practices. You investigated 27 EU countries. Could you specify any remarkable differences in results you have among these countries?

Paolo Capuano: Dear Alexander, I am also very pleased to be here and to be able to share ideas and suggestions for the research. Regarding the first results of the research, it has been found that the impact of climate change initiatives on banking performance is moderated by good corporate governance practices in some countries such as Germany, Italy, France and Spain, but these results need to be consolidated with statistical robustness tests. Therefore, it is premature to draw any conclusive indications, but it is research that promises interesting developments.

Alexander Kostyuk: That is great, Paolo, if you have such preliminary results of the study outlining the list of countries where the impact of corporate governance on climate initiatives is available. It would be really very important to outline the list of EU leaders and outsiders.

Magdi El-Bannany: Dear Paolo, your paper provides a critical examination of the role financial institutions play in addressing climate change through innovative initiatives. Please I have some queries:

1. Based on your research, what policy recommendations would you make to governments or regulators to enhance the effectiveness of bank-based climate initiatives?
2. How can banks better align their climate change initiatives with broader sustainability goals, such as the Paris Agreement?

Stavroula Kourdoumpalou: Dear authors, this is a very interesting topic. I was wondering whether your research could be linked to the Green Deal Taxation (i.e., based on the European Green Deal).

Paolo Capuano: Thanks, Alexander, your suggestions are always very valuable.

Dear Magdi, thank you for your comments. Surely, when I have concluded the statistical analysis of the data, with the robustness tests, I will try to provide indications, in the final part of the paper, about the possible policy recommendations to implement both the effectiveness of bank-based climate initiatives and to improve sustainability targets in accordance with the Paris Agreement.

Dear Stavroula, thank you for appreciating this research work. It can certainly be linked to the Green Deal Taxation, understood as an innovative line of environmental policy even if the research does not focus on the role of the use of the fiscal lever. However, this aspect can certainly be considered to develop collateral research to this.

THE ROLE OF ARTIFICIAL INTELLIGENCE IN SUPPORTING SUSTAINABILITY IN THE FOOD INDUSTRY: INSIGHTS FROM ICELAND

by Throstur Olaf Sigurjonsson and Stefan Wendt

Alexander Kostyuk: Dear Throstur Olaf and Stefan, it is great to see you at our conference forum. You said that this research employs a qualitative approach to explore the role of AI in supporting sustainability in Iceland's food industry. Semi-structured interviews were conducted with participants representing various stages of the food value chain. Could you describe the dataset in more detail? You consider producers, processors, and distributors. Who of them succeeded in implementing the AI more than others in the chain?

Valentina Santolamazza: Thank you for your contribution! I'd like to echo the previous comment — it would be helpful to better understand the research design in order to fully appreciate the results presented. Nonetheless, this is undoubtedly a timely piece of work with interesting insights.

Magdi El-Bannany: Dear authors, your paper offers an innovative exploration of how AI contributes to sustainability in the food sector. Please I have some queries:

1. How can companies effectively integrate AI into their corporate strategies to move beyond efficiency improvements and achieve broader sustainability goals?
2. What policies or frameworks would you recommend to encourage AI adoption in food industry sustainability initiatives, particularly for small and medium enterprises?

GOVERNANCE AND POST-MERGER PERFORMANCE IN PUBLIC, NOT-FOR-PROFIT AND PRIVATE ENTITIES THROUGH INTERNATIONAL AND DOMESTIC MERGERS: A LITERATURE REVIEW

by Aikaterini Chasiotou, Sofia Kourtesi, Stylianos Kafestidis, and Grigorios Lazos

Alexander Kostyuk: Dear Aikaterini and colleagues, you are welcome to take part in our conference forum. Could you provide a detailed description of the further interest of researchers worldwide in research of governance and post-merger performance in public, not-for-profit and private entities through international and domestic mergers? There are a lot of expectations. Could you provide your own?

Valentina Santolamazza: Dear all, thank you very much for your contribution. I have a question and a suggestion. Could you outline the gaps in the literature on the topic that you identified through the literature review? As for the suggestion, I propose revisiting the exclusion criteria: restricting the selection to open-access articles only might be too limiting. Instead, you could consider focusing on articles from specialized or highly recognized journals.

Aikaterini Chasiotou: Dear Alexander, we appreciate the chance to present our paper at this conference and to engage in discussions on the conference forum. In our study, we utilized a literature review approach to analyze focused information related to governance and post-merger performance across public, not-for-profit, and private sectors through both international and domestic mergers. By conducting a Boolean search in the Scopus database using the keywords "merger" and "performance", along with the relevant data extraction, we found that most of the papers we examined underscored the significance of mergers and their connection to governance, management, or public administration. Numerous researchers have advocated for additional empirical investigations in the future that involve larger sample sizes, longer time horizons, control samples, and more sophisticated methodologies to analyze the outcomes, results, and effects of mergers, which present a significant yet complex challenge in quantifying and evaluating merger gains. Moreover, existing literature reveals a gap in reliable indicators and various rationing techniques regarding public entities, especially in the aftermath of mergers. Further studies are also necessary to understand how different entities across various countries and change managers have effectively responded to the challenge of unification, as well as how these entities have formulated their own policies in the event of a merger.

Alexander Kostyuk: Thank you, Aikaterini. So, I see that you declare that the research of mergers still needs more precious techniques to have better results. Probably, cross-national mergers are even more than domestic ones address such sort of demand.

Aikaterini Chasiotou: Dear Alexander, thank you for your comment. In fact, I think this demand falls into all categories, along with their specific characteristics.

Dear Valentina, thank you very much for your comment. It is widely recognized that numerous theoretical or review studies have been conducted focusing on governance and post-merger performance within both the private and public sectors, involving international and domestic mergers. To the best of our knowledge, no comprehensive study has yet been carried out addressing the broader topic of governance and post-merger performance across public, not-for-profit, and private sectors concerning both international and domestic mergers in the format of a systematic literature review. This study tries to contribute to this issue as it represents an initial effort to organize and present the existing research related to mergers and the governance of various entities, touching on several different aspects. Additionally, specific inclusion and exclusion criteria have been established for the research. First of all, it was crucial to have full-text access to the articles, as well as searching the specified database. The articles being reviewed must also be in English to avoid translation complications and improve the reproducibility of the research. Furthermore, publications that were in press and considered irrelevant or incomplete regarding the topic under investigation were removed from the sample. Finally, your suggestions regarding the inclusion of specialized or highly regarded journals (such as those included in Scopus or the CABS list) could be another strategy we will explore implementing, and we greatly appreciate your feedback.

Alexander Kostyuk: Thank you, Aikaterini. I share your point of view.

NATIONAL IN-COUNTRY VALUE CERTIFICATION AND CORPORATE SUSTAINABILITY

by Mukhlesa Rabboua, Rania Diab, Latifa Alzayani, Walaa Wahid Elkelish, Amal Al-Ali, and Adil Al Mulla

Alexander Kostyuk: Dear Mukhlesa and colleagues, you are welcome to take part in our conference forum. You concluded that there is a significant relationship between ICV and corporate sustainability. Could you provide your reasoning for the link mentioned above?

Walaa Wahid Elkelish: Hello Alexander, I am happy to participate in this conference. ICV certificate is issued to suppliers working directly or indirectly with government, semi-government, or ICV-certified companies to evaluate their contribution towards the UAE economy. These contributions include creating extra employment opportunities for UAE nationals in the private sector, supporting UAE GDP diversification, and localizing strategically critical value chain links, which could provide reasoning for the relationship between ICV and sustainability.

Alexander Kostyuk: I see your point of view, Walaa. Thank you very much.

Magdi El-Bannany: Dear authors, your paper provides a valuable exploration of the relationship between ICV certification and corporate sustainability in the UAE. Please I have some queries:

1. Based on your findings, what specific policies or incentives would you recommend to enhance the adoption and effectiveness of ICV certification?
2. How can organizations strategically align their operations to maximize the benefits of ICV certification for sustainability?

DECADE OF STUDIES ON MACHINE LEARNING IN AUDIT: A STRUCTURED LITERATURE REVIEW

by Giacomo Gotti, Carla Morrone, Andrea Giornetti, and Salvatore Ferri

Magdi El-Bannany: Dear authors, the topic of your paper is interesting. Please I have some queries:

1. *Audit efficiency*: How can audit firms practically integrate ML to enhance efficiency and reduce subjectivity in professional judgment?
2. *Policy recommendations*: What steps should regulators and policymakers take to support the integration of ML into auditing standards?

Giacomo Gotti: Dear Magdi, thank you very much for the interesting food for thought. With reference to the first comment, our literature review identifies the area of audit efficiency as one of the most investigated in the literature. In particular, the quantitative studies in this strand aim to discuss the applications of ML to address multiple issues, for example, reporting quality, audit subjectivity, or task automation. Qualitative studies in this group share the view that ML should be implemented in audit and accounting procedures to improve audit automation, quality, and effectiveness.

Policy-makers could act on two joint fronts: on the one hand, they should provide guidelines for bar professionals; on the other hand, the professional bodies themselves could encourage training on the better integration of ML.

Jean Roger Mfelam: Hello Giacomo Gotti, bravo for this important literature review which shows how new technologies will now impact auditing research.

Keith Harman: Based on comments I have heard from my former colleagues who teach accounting, there will be significant changes in the CPA exam as regards coverage of analytics, big data, AI, ML, and the necessity of mastering code from Python and R programming. If the CPA exam is significantly changed as regards coverage in those areas, it will obviously impact professional development for accounting faculty and for accounting curricula and dramatically transform the CPA license. That is why I found this study of "decades of studies on machine learning" so interesting and so seminal.

I was gratified to see the authors begin their study at the level of identifying and parsing variables via prior research studies. I agree with many of you who have stated that the issue of ML and the quality of audits seems to draw a substantial amount of attention. And logic dictates that should be the case. Poor audit quality reflects poorly on the accounting profession as a whole and undermines public and investor confidence. Beyond the PR fallout is the simple truth that poor quality in audits can become an urgent issue as firms' planning processes become increasingly dependent upon analytics.

AUDITORS IN DISTRESSED FIRMS: DO THEY CONTRIBUTE TO THE GOING CONCERN? PRIMARY EVIDENCE FROM ITALY

by Carla Morrone, Marco Venuti, and Sergio Longobardi

Dmitriy Govorun: Dear Carla, Marco and Sergio, thank you very much for your conference participation and presenting the research on auditors' role in further risk management for the business. Your conclusion states that appointed auditors result in a lower probability of the company being liquidated. First of all — does it go about external auditors? If so, does it mean that internal auditors do not play a significant role in lowering the risks? Which part of the mechanism should be fixed in this regard?

Carla Morrone: Dear Dmitriy, thank you for your question.

Actually, we do not consider internal auditors. Statutory auditor is a role provided by Italian law that is quite different from internal auditors.

Anyway, the appointment of an auditor (we studied external and statutory ones) reduces the odds of the liquidation procedure.

Stavroula Kourdoumpalou: Dear authors, this is a very interesting work. In your paper you conclude that "the appointment of auditors in the years before the legal procedure significantly influences the probability of a prompt activation of a going concern procedure, helping to reduce the risk of liquidation". Have you noticed whether the firms that appoint an auditor share some common characteristics (for example, in ownership structure, corporate governance, etc.)?

Magdi El-Bannany: Dear authors, the topic of your paper is interesting. Please I have some queries:

1. *Key insights*: What do you consider the most significant finding of your study regarding the role of auditors in influencing distressed firms' going concern decisions?

2. *Italy's unique context*: Why did you choose Italy as the focus of your research, and how do you think the findings might differ in other regulatory environments?

Marco Venuti: Dear Magdi, thank you for your comments. Regarding the first issue, I note that our findings confirm the role of auditors in helping companies anticipate the onset of a financial crisis that could lead to liquidation. Auditors thus represent an external resource whose engagement fosters the survival of the company. The coexistence of statutory and external auditors makes this result even more significant. Regarding the second issue, I would like to point out that we chose Italy because it has a corporate crisis framework that allows distressed companies to choose between a liquidation procedure and a going concern procedure. Thus, the Italian law for corporate crises provides an appropriate normative and economic context within which such situations can be examined.

Carla Morrone: Dear Stavroula, we looked at the data and it seems we can investigate it further. Thank you for the cue.

Jean Roger Mfelam: Dear Carla Morrone and colleagues, very interesting paper. This work effectively shows how external audit (internal control) can contribute to improving the company's internal control system and even more to guarantee its sustainability.

Keith Harman: Very interesting study. I think about the Enron crisis on the UDA and I see similar steps and issues.

THE EFFECTS OF TRANSACTIONS BETWEEN RELATED PARTIES ON THE FINANCIAL STATEMENTS OF MULTINATIONAL CORPORATIONS, FROM AN ACCOUNTING AND TAX POINT OF VIEW

by Grigorios Lazos, Stylianos Kafestidis, Sofia Kourtesi, and Michail Pazarskis

Dmitriy Govorun: Dear colleagues! Welcome to our conference and thank you very much for your paper on related party transactions. I have a couple of questions regarding the topic mentioned in the paper. Can you please advise what role can emerging technologies like blockchain play in increasing the transparency of related-party transactions?

Related party transactions is a hot topic for tax planning, earnings management and compliance debates. How can corporations balance operational efficiency with compliance in managing such transactions?

Grigorios Lazos: Dear, we feel particularly honored to have been given the opportunity to present our scientific work at your conference, and thank you for the questions. The role of emerging technologies is particularly important in order to increase the transparency of the transactions that our work addresses. Technological developments are occurring faster than we can fully understand their potential impact. Technologies such as artificial intelligence, quantum computing, automation, virtual communities and blockchain are fundamentally changing the global economy. Technological disruptions will also have a significant impact on transactions between businesses and in particular intra-group transactions. Accounting and auditing authorities as well as tax administrations should focus on exploring the possibilities and combating the weaknesses in order for these transactions to be carried out on the same terms as other transactions. The fundamental principle governing intra-group transactions is the so-called arm's length principle, which requires that all transactions be conducted on economic and commercial terms comparable to those that would apply between unrelated persons operating independent businesses in similar circumstances. Business groups develop their cost and financial policies while keeping the tax framework for intra-group transactions in mind, in order to avoid the problem of over-taxation of one of the entities, resulting in the lowest possible taxes and more rational management of their financial resources.

Magdi El-Bannany: Dear authors, the topic of your paper is interesting. Please I have some queries:

1. *Core impacts*: What do you consider the most critical impact of related-party transactions (RPTs) on the financial statements of multinational corporations (MNCs)?

2. *Regulatory context*: How do differences in international regulatory frameworks influence the transparency and treatment of RPTs in MNCs?

Marco Venuti: Dear authors, the research conducted is interesting. However, I am unclear about the sample used (national or international, listed or unlisted companies) and the role of existing regulations aimed at preventing abuses in related-party transactions. One question: Do you make use of the specific disclosure required in financial statements by international accounting standards (IAS 24) and often by local or national accounting standards (e.g., European accounting directive)?

Grigorios Lazos: Dear Magdi, the most critical impact of related party transactions on the financial statements of multinational enterprises is, on the one hand, when the aim is to attract capital, to distort the financial statements by showing higher financial results and greater robustness and limitation of liabilities, while on the other hand, when the aim is to limit taxable income by showing reduced profits.

The OECD Guidelines on Intra-Group Transactions provide guidance on the application of the "arm's length principle", which represents the international consensus on the assessment (for income tax purposes) of cross-border transactions between associated enterprises.

However, when governments do not ensure that the taxable profits of multinationals are not artificially shifted from their jurisdiction and that the tax base reported by multinationals in their country reflects the actual economic activity carried out there, then the transparency and treatment of intra-group transactions of multinational enterprises are clearly decisively affected and competition is distorted.

Dear Marco, the sample used concerns national, listed or unlisted companies and of course, the role of existing regulations aimed at preventing abuses in related party transactions is highlighted. This specific work takes into account what is defined in the International Accounting Standard 24 on related party disclosures, as well as the national accounting and tax framework.

GENDER DIFFERENCES IN ENTREPRENEURIAL INTENTIONS: AN EMPIRICAL STUDY OF DEMOGRAPHIC INFLUENCES

by Panagiota I. Xanthopoulou, Vassilis Vyttas, Alexandros G. Sahinidis, and Ioannis Antoniadis

Carla Morrone: Good morning, thank you for sharing with us your research abstract. Which other variables did you investigate (in addition to father's employment, their social and family environment as well as their gender)? It would be interesting to understand if there is a difference between parents but I am not sure you looked at mothers' role.

Dmitriy Govorun: Dear all, happy to see you at the conference and welcome for the discussion. Your study on gender differences is very interesting. How did the study address potential biases in self-reported data?

On the other hand, I was also wondering how might shifts in societal gender norms influence future entrepreneurial intentions across demographics.

Adam Samborski: Dear Panagiota, Vassilis, Alexandros, and Ioannis, in your article, you take up very interesting issues of gender differences in entrepreneurial intentions. In my opinion, the article you have prepared is well developed. In your article, you take a comprehensive approach to the topic of gender differences in entrepreneurial intentions. I think the strength of your article is that it is well-grounded in theory. You also formulate the research objectives in a clear way. I also like the tabular presentation of the results. This makes them easier to interpret. In my opinion, you might consider developing a discussion in the paper, especially in the context of the results from previous studies. I also think that you should add a section after the conclusion where you consider limitations and further research directions. It would also be useful for the paper to make specific recommendations for supporting the development of entrepreneurship in women.

Stavroula Kourdoumpalou: Dear authors, this is a very interesting paper. Among your findings, you say that "Men have higher entrepreneurial intentions than women". I would like to ask if these "higher entrepreneurial intentions" could be associated with the marital status of the entrepreneurs (current or wanted).

Magdi El-Bannany: Dear authors, your study provides a thorough examination of how demographic variables, particularly gender, influence entrepreneurial intentions. Please I have some queries:

1. *Policy recommendations*: What policies or programs would you recommend to bridge the gender gap in entrepreneurial intentions?
2. *Educational strategies*: How can educational institutions better tailor their programs to address your identified gender-specific influences?

Panagiota I. Xanthopoulou: The research focuses on entrepreneurial intentions influenced by gender, age, education, and family background, with particular emphasis on the father's entrepreneurial role. While the role of mothers isn't explicitly addressed, the study highlights family support broadly and suggests that parental influence, particularly through exposure to entrepreneurship, is a key factor. Future research could delve into the mother's role to explore potential differences or similarities in impact compared to fathers.

Thank you for your thoughtful questions! To address potential biases in self-reported data, we ensured anonymity in survey responses and used neutral, carefully phrased questions on a 7-point Likert scale to encourage honest feedback while minimizing social desirability bias. However, we recognize the inherent limitations of self-reports and suggest future research incorporate longitudinal tracking or behavioral data. Regarding shifts in societal gender norms, as barriers like biases and limited access to networks diminish, we expect increased entrepreneurial participation from women and a potential convergence of entrepreneurial intentions across genders, driven by evolving societal expectations and enhanced support systems.

Thank you for your thoughtful and constructive feedback on our article. We appreciate your positive remarks about the theoretical grounding, clarity of research objectives, and the tabular presentation of results, which we aimed to make accessible and interpretable. Your suggestion to expand the discussion section is well-taken; incorporating comparisons with findings from previous studies would indeed provide a richer context to our results. Additionally, we agree that a dedicated section outlining the study's limitations and proposing directions for future research would add significant value. Finally, your recommendation to include specific strategies for supporting women's entrepreneurship is an excellent idea and aligns with the practical implications of our research. We will consider these suggestions carefully as we refine the manuscript. Thank you once again for your insightful input!

Thank you for your kind words and your insightful question. While our study primarily focused on gender differences in entrepreneurial intentions, we did not specifically examine the role of marital status, either current or desired, as a contributing factor. However, existing literature suggests that marital status could influence entrepreneurial intentions through factors such as perceived financial stability, spousal support, or time constraints. For example, married individuals might show higher entrepreneurial intentions if they feel supported by their partner, or conversely, lower intentions due to increased familial responsibilities. Exploring this dimension could provide valuable insights, and we appreciate your suggestion as it highlights a potential avenue for further research.

Thank you for your thoughtful queries and interest in our study.

Policy recommendations: To bridge the gender gap in entrepreneurial intentions, we recommend implementing policies that enhance women’s access to financial resources, such as gender-focused funding programs or microloans. Establishing mentorship networks and business incubators specifically for women can also provide critical guidance and support. Additionally, addressing societal biases through awareness campaigns and promoting female role models in entrepreneurship can help dismantle barriers.

Educational strategies: Educational institutions can play a pivotal role by integrating entrepreneurship education with a focus on inclusivity. Tailored programs should address identified gender-specific influences, such as fostering confidence and risk-taking abilities among women. Experiential learning, such as business simulations and internships, can be particularly effective. Institutions could also consider establishing networking opportunities and access to female mentors to inspire and support aspiring women entrepreneurs.

We hope these suggestions provide valuable insights into actionable steps for promoting gender equity in entrepreneurship.

Carla Morrone: Thank you for your reply. I would suggest to pay attention to this sentence “significantly influenced by their family environment, especially their father’s occupation” as to state “especially father’s”, you should have investigated also the mother's role, at least. Maybe you can reformulate it in order to avoid issues.

Pierre Claude Mbama: Dear authors, thank you for the quality of the work you have offered us. With regard to the place of family and gender that you develop for example in your article, have you taken into account public policies relating to the promotion of entrepreneurship in your context? Are they favorable or not? And also, what justifies your methodological choice?

Keith Harman: Thanks to all of you for adding insights about this interesting study.

An excellent study and dialog! My parents were entrepreneurs and rather than owning and operating a firm jointly, my parents chose to engage in different industries.

I worked for each of them till I went off to college. Eventually, they retired and sold off their companies. I do recall that changing market conditions and financial posture seemed to be the "shop talk" that occurred between them but, otherwise, they did not use the same banks or the same investors.

Panagiota I. Xanthopoulou: Thank you for your thoughtful observation. You raise an important point regarding the emphasis on the father's occupation. While our study primarily focused on the father's role due to its traditionally noted influence in the literature, we agree that not including an analysis of the mother's role might create an imbalance. We will consider reformulating this statement to reflect that the findings are based on the father's role as explored in the study while noting the absence of data on maternal influence as a limitation. This adjustment will provide greater clarity and balance. Thank you again for highlighting this important aspect.

Thank you for your kind words and insightful questions. While our study primarily focused on demographic factors such as family and gender, we recognize the critical influence of public policies on entrepreneurial intentions. In our context, public policies generally support entrepreneurship through initiatives like financial assistance, training, and networking programs; however, their specific impact on gender-related entrepreneurial intentions was not explicitly examined and could be a valuable direction for future research. Regarding our methodological choice, we adopted a quantitative survey approach to gather measurable, statistically analyzable data and identify patterns and relationships among variables such as gender, family background, and entrepreneurial intentions. This method allowed us to ensure reliability and generalizability across a diverse sample.

THE TAXATION OF THE INFORMAL SECTOR IN THE CAMEROONIAN CONTEXT: WHAT IS AT STAKE IN THE FORMALIZATION AND TRANSPARENCY OF INFORMAL SMES?

by Pierre Claude Mbama and Jean Roger Mfelam

Marina Carabelli: Dear Pierre, congratulations on your research. Do you think that the legislator should intervene? Would this only concern transparency or other aspects of corporate governance?

Dmitriy Govorun: Dear Pierre, thank you very much for the conference participation. What specific methods were used to evaluate the socioeconomic impact of taxation on informal SMEs?

I was also thinking about how modern technologies and the digital sphere may influence the topic. In this regard how might digital financial tools be leveraged to enhance the formalisation of informal SMEs?

Pierre Claude Mbama: Hello Marina Carabelli and thank you for your relevant question. As part of our research, we try to observe the influence of the taxation of the informal sector on the transparency and formalization of informal SMEs in the context of Cameroon. The policy is implemented by the state but it is necessary to understand in what circumstances this policy is beneficial for the formalization and transparency of the informal sector. Other aspects of corporate governance may also be considered.

Stavroula Kourdoumpalou: Dear authors, this is indeed a very interesting paper. It brings awareness to many issues regarding the informal sector. Are there official statistics regarding the size of the informal economy in Cameroon and whether it has increased or decreased in recent years?

Jean Roger Mfelam: Thank you very much for your question, Mr. Dmitriy. Digital tools can be used to improve the formalization of SMEs through the simplification of administrative procedures, access to financial services, the use of electronic payment and invoicing systems and accessibility to information and training.

Magdi El-Bannany: Dear authors, your study provides an insightful examination of the challenges and opportunities of taxing informal SMEs. Please I have some queries:

1. *Qualitative approach*: Why did you choose a qualitative, inductive approach for this study, and how do you believe it strengthened your findings?
2. *Case selection*: How did you ensure the selection of SMEs in Yaoundé and Douala provided a representative sample for the study?

Pierre Claude Mbama: Dear Stavroula Kourdoumpalou, thank you for your brilliant intervention. Regarding your question, the National Statistics Institute of Cameroon periodically publishes statistics relating to the informal sector. The number of companies in the sector is still high but the measures taken by the state are helping to gradually reduce the number of companies in the informal sector.

Dear Magdi El-Bannany, we thank you for your excellent question. We decided to adopt the qualitative and inductive approach for this study given the fact that the policy of taxation of the informal sector is new in Cameroon. It was implemented in the finance law of 2024. It was therefore a question of collecting the perception of managers of informal SMEs on the advantages and disadvantages of this policy. And also, the different variables of the study led us to this choice. As for the selection of SMEs, we made a random choice in these two capitals where according to the National Statistics Institute, informal SMEs are the most concentrated. The study did not take into account the sector of activity for example in this sample.

THE GENERATIVE ARTIFICIAL INTELLIGENCE GOVERNANCE PARADOX: DRIVING INNOVATION WHILE CHALLENGING GLOBAL CORPORATE OVERSIGHT IN MULTINATIONAL FIRMS

by Ryosuke Nakajima

Dmitriy Govorun: Dear Dr. Ryosuke Nakajima, thank you very much for participating the conference. The topic of AI and corporate governance definitely will take its place in further debates. You stated that "firms that successfully manage this paradox will need to develop hybrid governance models that balance innovation with strong oversight mechanisms" in your paper. How do you see the hybrid governance models? What would be the key elements and differences? Thank you very much for your vision here.

Magdi El-Bannany: Dear Ryosuke, the topic of your study is interesting. Please I have some queries:

1. *Hybrid governance models*: What specific components should be included in a hybrid governance model to balance innovation and regulatory compliance?
2. *Ethical oversight*: How can multinational firms establish effective AI ethics boards to address biases and ethical risks?

Ryosuke Nakajima: Dear Dmitriy Govorun, thank you very much for your question and interest in this topic. Hybrid governance models blend traditional governance with AI-specific frameworks to balance innovation and oversight effectively.

Key elements include:

- *Transparency*: AI explainability tools and regular audits;
- *Ethical oversight*: AI ethics boards and alignment with CSR;
- *Global coordination*: Cross-border compliance and international collaboration;
- *Adaptability*: Continuous training and dynamic risk management.

The key differences from traditional models include their focus on AI's evolving nature, technological integration, and global harmonization, enabling firms to navigate AI's unique challenges responsibly.

I hope this provides clarity, and I'm happy to discuss further.

Dear Magdi El-Bannany, thank you very much for your thoughtful questions.

Regarding the specific components of a hybrid governance model, please kindly see my answer to Mr. Dmitriy Govorun.

As for the ethical oversight, to establish effective AI ethics boards, firms should:

- include diverse experts (legal, technical, ethical, etc.);
- empower boards with decision-making authority;
- regularly review AI systems for biases and align practices with ethical standards.

These measures help balance innovation with compliance and ethical responsibility.

I hope this provides clarity, and I’m happy to discuss further.

Keith Harman: The paper submitted goes to the heart of issues created by any innovation. AI is more visible and generates a more visceral or emotive response because the very name conjures up something quite inhuman created by humans. I call this the “Frankenstein Effect”. The effect occurs when new technologies are perceived as objects that will eventually take the place of human beings or eliminate humans altogether. From “War of the Worlds” to “Independence Day” or to films like “The Matrix” technology is a threat to human beings. So, academics in CS, IS, IT, etc., have a great opportunity to work with colleagues in the social sciences who can explore the real fear and paranoia that AI can invoke. To me it is akin to the fear and paranoia invoked by reports of UFOs and later reports of alien abductions of human beings (the film “Close Encounters of the Third Kind” portrayed the reports of alien abductions brilliantly, IMHO). My dear colleagues I hope you will forgive my speculative and often fanciful comments. But who if anyone, is studying the emotional impact of AI?

Ryosuke Nakajima: Dear Keith Harman, thank you very much for your thought-provoking and insightful comments. The concept of the “Frankenstein Effect” beautifully captures the emotional and cultural responses to AI and other innovations. Your reflections underscore the importance of interdisciplinary collaboration, particularly between technical fields and social sciences, to address the fear and paranoia often associated with AI.

The emotional impact of AI is indeed a critical area of study, and your perspective highlights the need to explore this dimension further. I greatly appreciate your speculative remarks — they add depth and creativity to this vital discussion.

LEVERAGING ARTIFICIAL INTELLIGENCE MODELS FOR FINANCIAL FORECASTING: A DETAILED ANALYSIS OF PREDICTIVE PERFORMANCE AND BENCHMARKS

by Mfon Akpan

Dmitriy Govorun: Dear colleagues! Thank you very much for the research and the topic raised. I see the attempt to understand the risks related to AI implementation. Can you please also share the idea of how can financial institutions address the biases present in AI predictions?

The second part is about the reliance level on models and different AI predictions. What are the potential risks of over-reliance on AI models in critical financial decisions?

Magdi El-Bannany: Dear Mfon, the topic of your research is interesting. Please I have some queries:

1. *Benchmark relevance*: Could you elaborate on how benchmark scores like MATH and GSM8K are directly linked to financial prediction accuracy?
2. *Data scope*: How did the selection of 10 publicly traded companies across different industries influence the robustness of your findings?

Keith Harman: Thanks to the authors for this important study. You have done a good job but be wary of the temptation to over-fit a model of any type that is essentially regressive in nature. I also note that our colleagues are interested in or encouraging you to be mindful of heuristics that can be loaded into a model. In fact, studies that look at human intuition and model efficacy are greatly needed. A solid meta-analysis of efficacy and human input is sorely needed.

TAX LOSS CARRYBACKS AND TAX-RELATED CASH FLOW POLICIES IN PERIODS OF FINANCIAL RECESSIONS

by Stavroula Kourdoumpalou and Evangelos Chytis

Dmitriy Govorun: Dear colleagues! Thank you very much for your paper and welcome to the conference discussion. What are the long-term implications of permanent carryback policies on national tax revenue? What is your vision on that? Is it possible for such policies to be tailored or how might tax policies be tailored to support SMEs in future financial crises?

Stavroula Kourdoumpalou: Dear Govorun, thank you for your question. Indeed, the carryback of losses has a significant impact on national tax revenues, at least in the first years of each application (as it is actually a time shift in the tax return). This impact is estimated at €391.446.491 for the year 2020 in the case that a one-year loss carryback would be allowed, and at €843.561.537 in the case that a two-year loss carryback would be allowed. However, to say whether this measure is economically viable at a national level, we would have to compare it to other measures taken to support the firms and ensure their survival during the recession (i.e., pandemic). Perhaps some revenue-based restrictions could be applied (like the ones in Portugal or the Netherlands) in order to keep the tax refund within the national budget.

Magdi El-Bannany: Dear authors, your paper provides an insightful examination of the implications of tax loss carryback provisions in economic downturns. Please I have some queries:

1. *Data scope*: How representative is your sample of 58,126 Greek enterprises, and what were the key challenges in collecting and analyzing this data?
2. *Loss categorization*: Why did you rely on accounting profits rather than taxable profits, and how might this impact the generalizability of your results?
3. *Key findings*: What do you consider the most significant insight regarding the potential benefits of implementing a tax loss carryback provision in Greece during economic recessions?
4. *Comparative context*: How do the Greek policies on tax loss carrybacks compare to those of other European or OECD countries in mitigating corporate liquidity issues?

Stavroula Kourdoumpalou: Thank you very much for your valuable comments.

Regarding the data scope: The sample of 58,126 Greek enterprises actually represents the entire population of Greek private companies required to publish annual financial statements. We did not encounter significant problems regarding the collection of data since we extracted them from the ICAP, database, the largest database for Greek companies.

Regarding the loss categorization: indeed, this is a limitation of the study. Taxable profits are not publicly available in Greece. However, we believe that the two measures do not differ significantly as the vast majority of our sample consists of micro-enterprises (and thus there are not many differences between accounting and taxable profits).

Regarding the key findings: we believe that a loss carry-back provision would be a very efficient measure for enhancing the liquidity of the companies and supporting their existence.

Regarding the comparative context: it is fully presented in Table 1. Greece did not apply any tax loss carryback policies like other countries like Austria, Belgium, Italy, etc.

PERFORMANCE EVALUATION AND PUBLIC VALUE: AN EXPERIMENT APPLIED TO THE LOCAL HEALTH AUTHORITY

by Adelaide Ippolito, Margherita Smarra, and Marco Sorrentino

Dmitriy Govorun: Dear all, thanks for sharing your ideas on the proposed topic. While being introduced to the abstract I would like to understand more what are the potential challenges in scaling this model to national healthcare systems.

Adelaide Ippolito: Dear Dmitriy Govorun, thanks for your question. The Barber Nomogram presented can be considered an integrated system for monitoring critical indicators, in fact, it allows hospitals to monitor in an easy and intuitive way very useful indicators for the evaluation of the efficiency achieved by a hospital department, furthermore, the indicators considered are those monitored by all hospitals.

Magdi El-Bannany: Dear Authors, the topic of your paper is interesting. Please I have some queries:

1. *Key findings*: What do you consider the most significant finding of your study on performance evaluation in hospital departments using the Barber Nomogram?
2. *Public value*: How does the concept of public value in your research align with the broader objectives of healthcare management?

Adelaide Ippolito: Dear Magdi El-Bannany, thank you for your questions.

1. The main results of our study highlight the performance levels in the use of resources by hospital departments. The evidence of such indicators is important, especially in public contexts, where it is necessary to provide evidence, in terms of accountability, of the ways in which public resources are used.
2. The concept of public value certainly does not consider the aspects of the health objectives of a public hospital, however, they constitute an attempt to measure the more specifically economic aspects of public value and which constitute the other side of the coin of the health and social aspects of public value, as required by recent Italian legislation on the objectives of public organizations.

THE INFLUENCE OF CORPORATE GOVERNANCE ON THE SUCCESS OF M&A TRANSACTIONS: AN EMPIRICAL ANALYSIS OF GERMAN COMPANIES

by Patrick Ulrich and Philipp Michalke

Inmaculada Bel Oms: Dear authors, congratulations on your study. I think that this study provides relevant findings. This document is an extended abstract, but it may provide relevant theoretical and practical implications for academics.

Dmitriy Govorun: Hi Patrick, thanks for your research and interesting findings. You've mentioned that "The results indicate that insider ownership and multiple board mandates are positively associated with M&A success, while larger boards may impede integration efficiency". Having in mind the traditional continental approach to boards and the size of the board does this finding mean that the governance concept should be reviewed? I mean if the target is to boost the M&A activities which leads to more performance and development should it influence the whole concept?

Patrick Ulrich: Thank you for your thoughtful comment. The findings indeed suggest that board characteristics, such as insider ownership, multiple board mandates, and board size, significantly influence M&A success. In the context of the traditional continental governance model, which often favors larger boards and broader stakeholder representation, this raises important questions about whether governance concepts should adapt to better support M&A performance.

Larger boards, while inclusive, may impede decision-making and integration efficiency in M&A scenarios, suggesting a need for more agile and focused structures in such contexts. Similarly, the positive impact of insider ownership highlights the potential benefits of aligning ownership with management interests, which could challenge the conventional separation of these roles in continental systems. Additionally, the value of multiple board mandates points to the importance of leveraging experienced directors who bring diverse insights, which might require a reassessment of restrictions on cross-board memberships.

Rather than overhauling governance models entirely, these findings suggest that targeted adjustments, such as streamlined decision-making processes or tailored board compositions for M&A activities, could enhance performance while maintaining the strengths of the traditional continental approach.

Magdi El-Bannany: Dear authors, your research provides valuable insights into the relationship between corporate governance mechanisms and M&A performance. Please I have some queries:

1. *Event study approach*: Could you elaborate on the advantages and limitations of using cumulative abnormal returns (CAR) as the primary measure of M&A success?
2. *Governance variables*: How were the specific governance variables (board size, independence, insider ownership, multiple board mandates) selected, and are there additional variables you think might influence M&A outcomes?

Patrick Ulrich: Thank you for your questions and for engaging with our research. The use of cumulative abnormal returns (CAR) as a measure of M&A success provides an objective and forward-looking assessment of value creation based on market reactions. While it is a widely accepted approach, it primarily captures short-term investor sentiment and may not fully reflect long-term integration success or operational outcomes. Regarding the governance variables, they were chosen based on their established relevance to decision-making and strategic outcomes, such as board size, independence, insider ownership, and multiple board mandates. Additional factors like CEO duality, gender diversity, and director tenure could also be considered to provide a more comprehensive understanding of governance's influence on M&A performance.

Keith Harman: This study was of deep personal interest to me. I worked in M&A for ten years. I was a cash flow analyst. So, estimates of the new entity's free cash flows, e.g., were a "touchy" issue for the "target" firm and the "acquirer" firm. My team leader was spot on when she said, "Everyone wants a big payday at someone else's expense". When my officers and administrators insurance premiums started to consume roughly 70% of what I earned annually I stopped consulting in M&A.

FACTORS OF WORK-RELATED STRESS: THE IMPACT OF WORK STRESS ON THE PERFORMANCE AND WELL-BEING OF PUBLIC SECTOR EMPLOYEES

by Panagiota I. Xanthopoulou, Christina Patitsa, Kyriaki Sotiropoulou, Michail Chalaris, and Stavros Kalogiannidis

Dmitriy Govorun: Dear all, thank you very much for your ideas and welcome to the conference discussion. Can you please share your view on how can public sector organizations leverage digital transformation to reduce employee stress? What role does cross-cultural variation play in shaping stress management strategies in public sectors globally?

Stavroula Kourdoumpalou: Dear authors, this is a very interesting piece of work. Can you provide any results regarding the effectiveness of stress management strategies between public and private sector organizations?

Magdi El-Bannany: Dear authors, the topic for your study is interesting. Please I have some queries:

1. *Key drivers*: Based on your findings, what is the most critical organizational or personal factor contributing to work-related stress in the public sector?
2. *Unique challenges*: How do stressors in the public sector differ from those in private sector workplaces, and how should public organizations adapt to address these differences?

Panagiota I. Xanthopoulou: Digital transformation can help public sector organizations reduce employee stress by streamlining bureaucratic processes, automating routine tasks, and improving resource accessibility. Automation minimizes workload pressures, while digital platforms enhance communication and collaboration, reducing misunderstandings and inefficiencies. Flexible work arrangements, enabled by technology, improve work-life balance, alleviating stress. Furthermore, providing digital tools for stress management, such as mindfulness apps or virtual counseling, supports employees' mental health. However, the successful implementation must consider cross-cultural differences, as attitudes toward technology, communication styles, and stress-coping mechanisms vary globally, necessitating tailored approaches to ensure inclusivity and effectiveness.

The research highlights differences in stress management effectiveness between public and private sector organizations, rooted in their unique operational contexts. Public sector organizations often face challenges such as rigid hierarchies, limited autonomy, and political pressures, which require tailored strategies like improving job autonomy, leadership support, and mental health programs. Conversely, private sector organizations tend to have more flexibility to implement innovative stress management approaches, such as dynamic workload adjustments, incentive-based wellness programs, and cutting-edge digital tools for employee well-being. While both sectors benefit from fostering supportive workplace cultures and offering training in stress resilience, public sector strategies must often address systemic constraints, while private organizations can focus more on individualized solutions.

Thank you for your thoughtful questions. Based on our findings:

Key drivers of work-related stress in the public sector: The most critical organizational factor contributing to work-related stress in the public sector is the complexity of bureaucratic processes, which often leads to inefficiency and frustration among employees. This is compounded by political pressures, public scrutiny, and limited autonomy in decision-making. On a personal level, factors such as emotional intelligence, coping styles, and personal health also play significant roles in how employees manage stress. Those with lower emotional resilience or poor work-life balance are particularly susceptible to the negative impacts of stress.

Unique challenges in the public sector vs. private sector: Stressors in the public sector differ notably from those in the private sector due to the rigid hierarchies, bureaucratic structures, and political influence inherent in public organizations. Public employees often face challenges such as job insecurity, limited control over their tasks, and the constant pressure of public accountability. In contrast, the private sector is generally more flexible, with greater room for innovation and autonomy in decision-making. Public organizations should adapt by introducing strategies like enhanced job autonomy, flexible work arrangements, and increased leadership support, tailored to address the unique stressors of the public sector.

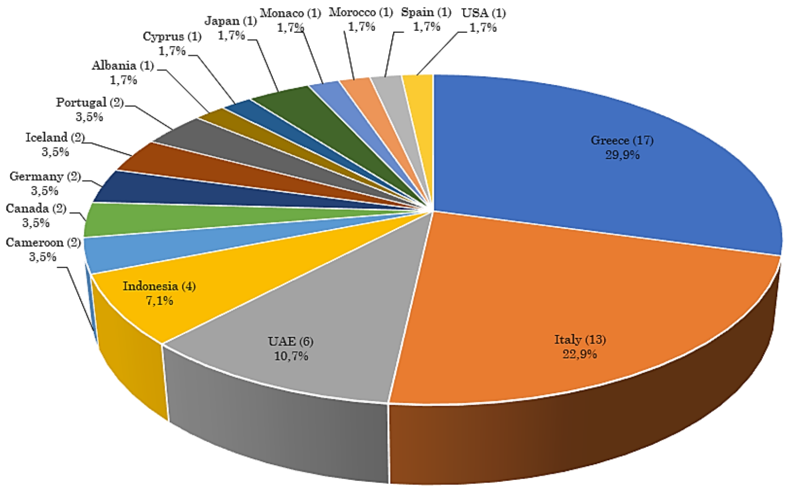
Keith Harman: Excellent discussion. I agree with those of you who suggest that scholars focus on context, i.e., public sector versus private sector.

I think an interesting "case study" will be the impacts of the Trump administration in the USA that assumes government agencies conceal a "deep state" that is made up of incompetent bureaucrats. Trump has appointed Elon Musk as the head of a government task force whose objective is to identify waste and fraud in the US Federal Agencies.

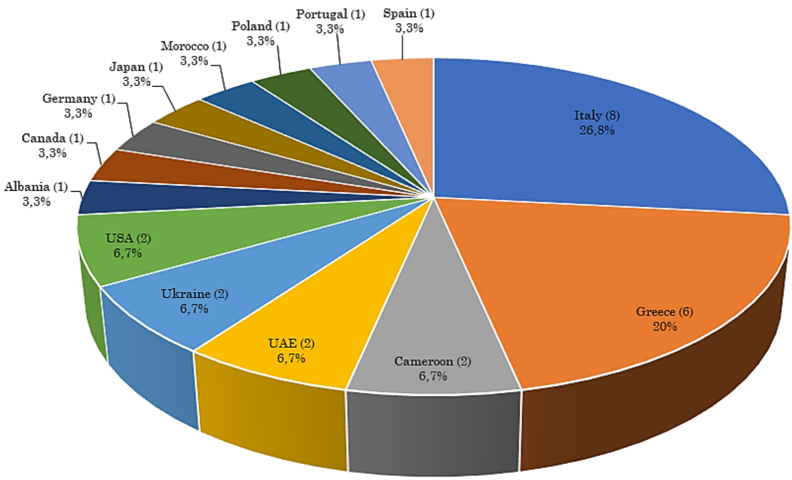
CONFERENCE INFOGRAPHICS

1. Conference forum participants, discussants, attendees

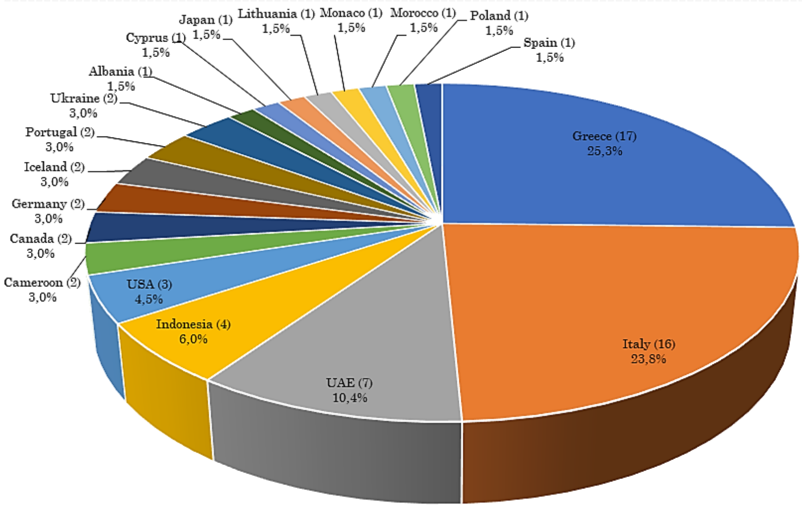
Conference forum presentations authorship — geographical representation



Conference forum comments authorship — geographical representation

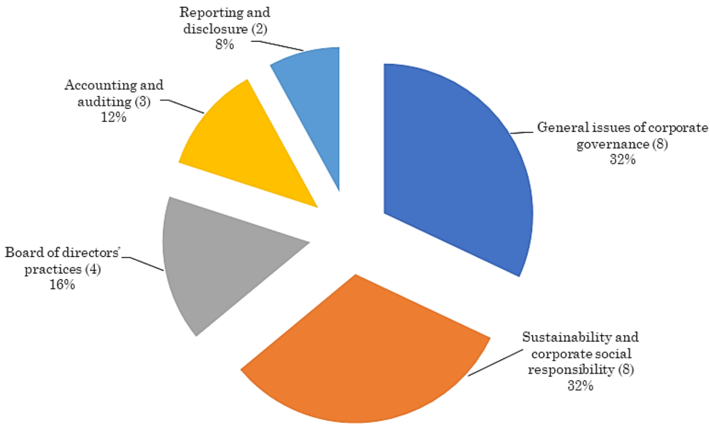


Conference forum attendees — geographical representation

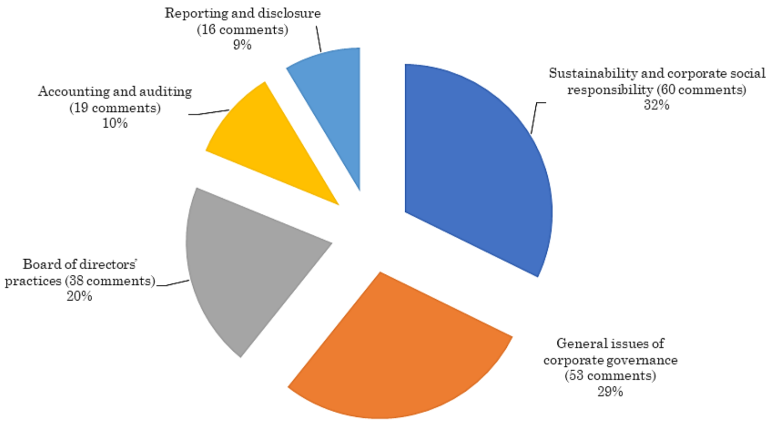


2. Conference forum presentations and comments

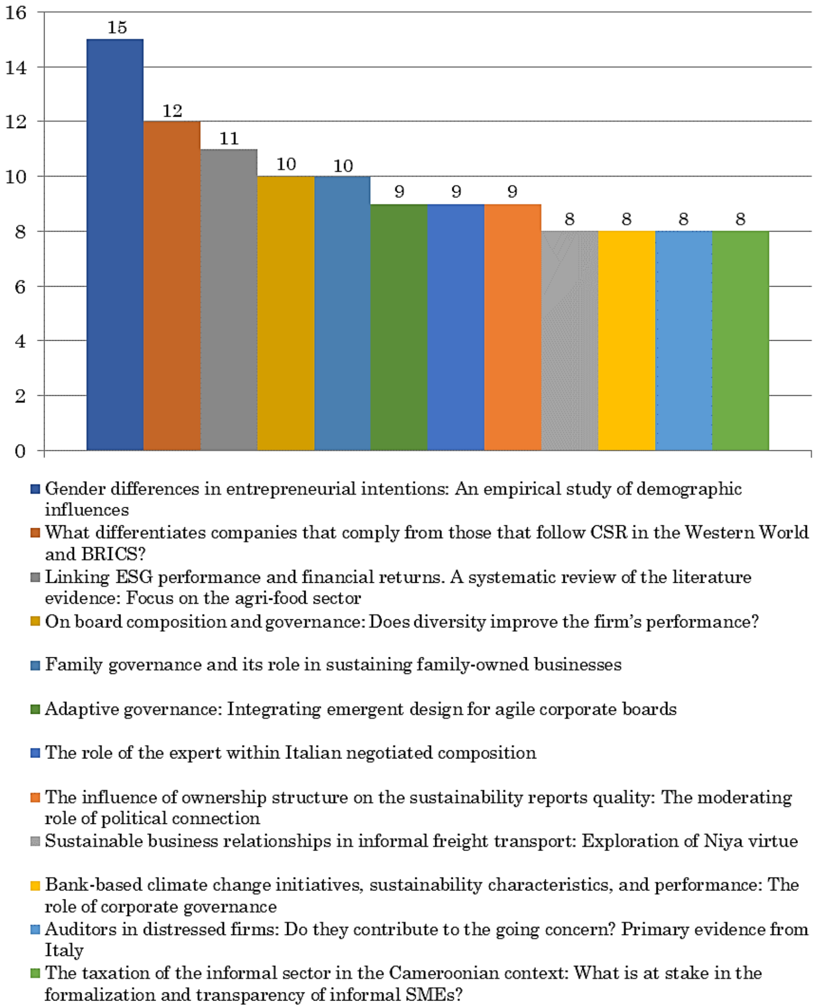
Topics of the conference forum presentations



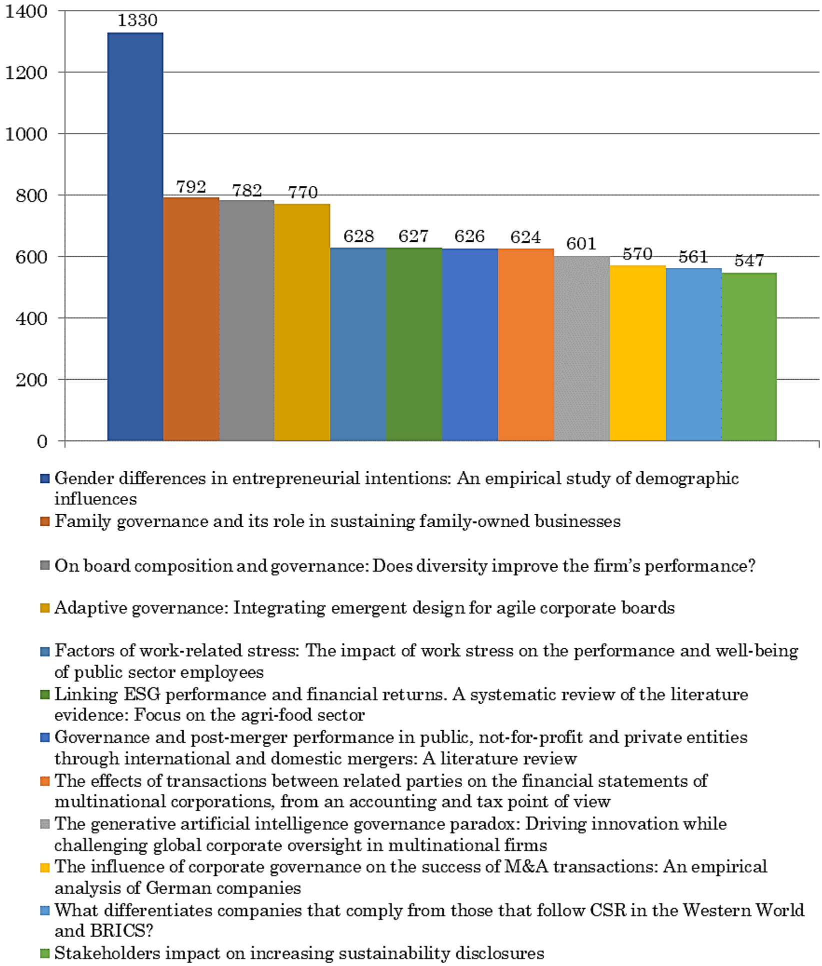
Conference forum comments — topics discussed



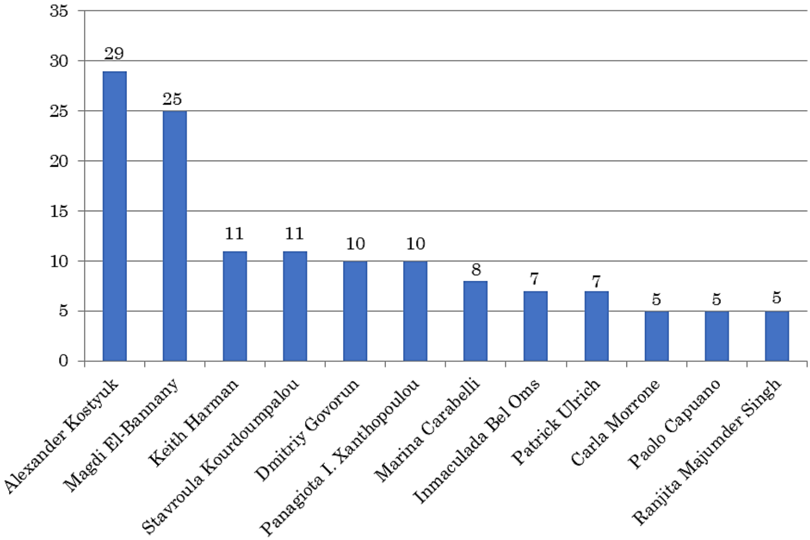
Conference forum comments — top most discussed presentations (by number of comments)



Conference forum comments — top most discussed presentations (by volume of comments (words))



Conference forum comments — top most commenting discussants (by number of comments)



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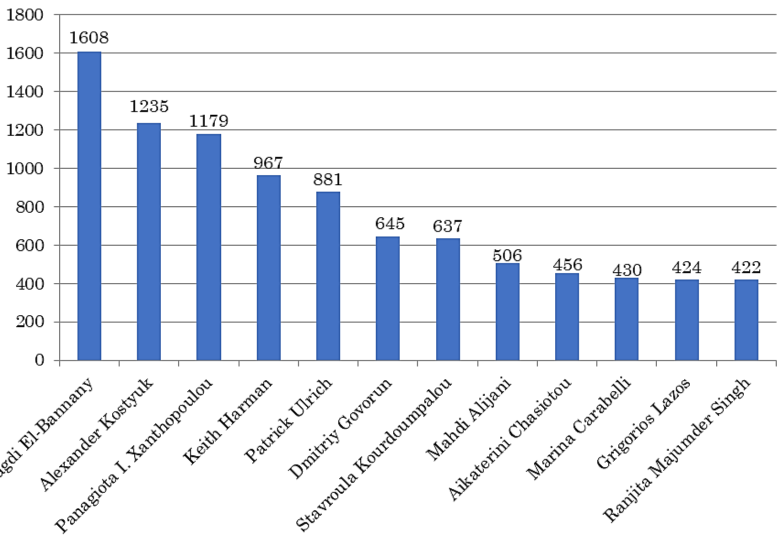
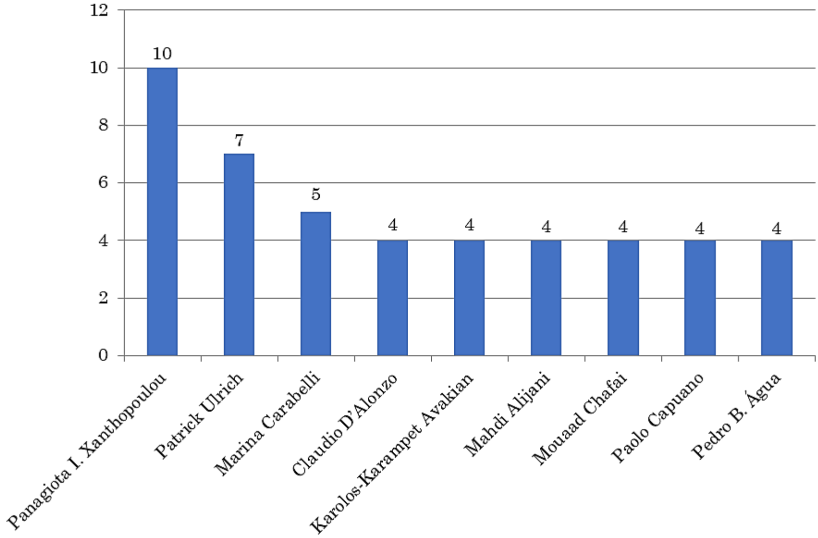
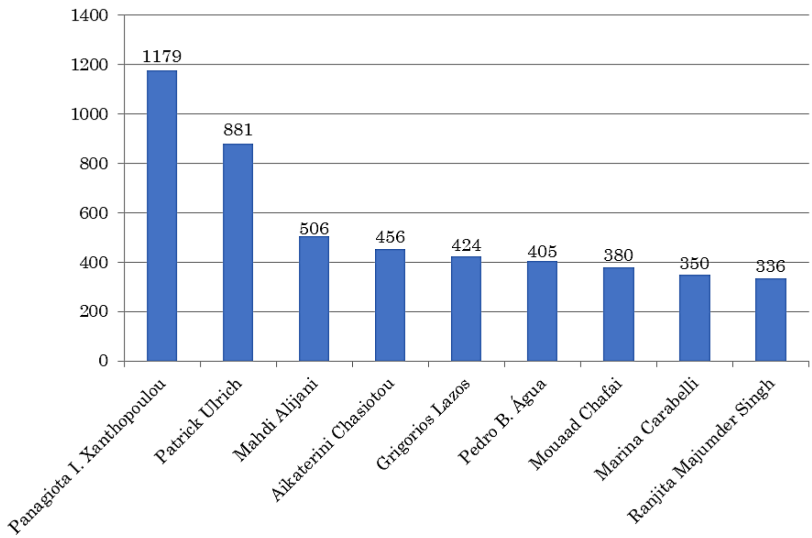


Conference forum comments — top most commenting presenters (by number of comments)



Conference forum comments — top most commenting presenters (by volume of comments (words))



CONFERENCE FORUM DISCUSSANTS INDEX

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