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**“Corporate Governance:
International Outlook”**

June 5, 2025

名誉

Meiyo
Honor

良心

Ryoushin
Conscience

高貴

Kouki
Nobility

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INTRODUCTION TO GOVERNANCE INTEGRATION: REFLECTIONS AND ANALYSIS

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The international academic conference “Corporate Governance: International Outlook”, held online on June 5, 2025, under the auspices of Virtus Interpress, served as a valuable forum for interdisciplinary reflection and scholarly exchange. The event brought together senior academics, emerging scholars, and practitioners around a shared field of inquiry, bound by a spirit of *φιλία* (“philia”, meaning intellectual affinity and collaborative pursuit of knowledge in the classical Greek sense), rooted in a deep concern for institutional quality, decision-making integrity, and ethical responsibility in organizational governance.

The contributions gathered in this volume approach the topic from multiple, often complementary perspectives, addressing the interplay between board structures and strategic orientation, the opportunities and challenges posed by artificial intelligence (AI) in governance processes, the evolution of sustainability and non-financial reporting, and institutional transformations in both public and hybrid governance contexts. These are not separate topics but rather intersecting research pathways, reflecting the increasingly complex and interconnected nature of governance systems.

The section dedicated to boards of directors expands the debate beyond structural dimensions, focusing instead on cognitive, adaptive, and strategic functions. Several contributions underscore how board composition, independence, and diversity influence a firm's ability to generate value and navigate uncertainty (Capuano & Carabelli, 2023).

AI emerges in this volume not merely as a set of technologies, but as a new epistemological horizon for governance. Its adoption redefines boundaries between control and discretion, raises questions around responsibility attribution, algorithmic transparency, and the enduring role of human oversight. In this light, AI becomes not only a lens through which to observe organizational transformation but also a critical challenge to regulatory categories. Recent contributions (Comite et al., 2025; Gallo & Comite, 2024) offer empirical insight, while reflections by Floridi (2023) and Mökander et al. (2025) call for integrated approaches that bridge ethics, law, technology, and management.

In this context, a vision of corporate governance is emerging as an increasingly cross-disciplinary field, where economic, legal, technological, and ethical perspectives must be integrated to interpret contemporary institutional dynamics. Such an approach allows for a more effective understanding of the growing complexity in governance systems (Kostyuk, 2023).

Sustainability, as a transversal dimension of governance, is at the center of many of the contributions, addressing environmental, social, and governance (ESG) metrics, integrated reporting, and social impact measurement. These studies emphasize that sustainability should no longer be treated as an external constraint, but rather as a driver of legitimacy and innovation (Pastore et al., 2025; Esposito et al., 2023). Other contributions show how public-sector entities, especially municipally owned enterprises, can act as laboratories for financial accountability and democratic transparency (Capalbo et al., 2024).

Finally, the volume engages with broader governance challenges in public institutions, where the proliferation of actors and interdependence of systems demand new forms of coordination and accountability. Several authors offer both conceptual and practical tools to interpret these dynamics (Cepiku et al., 2022; Borgonovi et al., 2022).

This work stems from a collaborative effort developed within the Virtus research network. As editors, we aimed to foster critical insight and analytical depth into the evolving models of governance. We believe that academic research, to be relevant, must strike a balance between scientific rigor and meaningful engagement with the ongoing economic, technological, and social transformations.

The contributions included in this volume reflect the richness and dynamism of a field that continues to evolve at the intersection of economics, law, technology, and the social sciences. They offer valuable insights not only for advancing academic knowledge but also for supporting the design and evaluation of public and corporate policy.

We hope this volume contributes to strengthening the connection between critical thinking and social responsibility that has long inspired the study of governance.

We extend our sincere thanks to all authors and reviewers for their thoughtful contributions, and to the editorial team at Virtus Interpress for their dedication and editorial care. Conferences such as this one help foster a scientific community that is open, pluralistic, and capable of renewing itself over time.

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SESSION: BOARD OF DIRECTORS' PRACTICES

INTERLOCKED AND FEMALE DIRECTORS IN FINANCIAL DISTRESS COMPANIES

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Abstract

The board of directors acts as the strategic brain of the firm, guiding managerial decisions and shaping business direction. Owing to its central role, a broad body of literature has explored the board from various perspectives and with diverse emphases. Among the most examined streams: gender diversity has attracted growing scholarly and practitioner interest, as women remain underrepresented in boardrooms and are often appointed primarily for compliance reasons (Bianchi et al., 2020; Paoloni et al., 2019; Teigen, 2012); interlocked directors (Mizruchi, 1996) have drawn attention due to the ambiguous role they play in influencing firm outcomes (Ramsawak et al., 2024; Smith & Sarabi, 2021); and boards of distressed firms have been studied for their potential to prevent corporate bankruptcy (Guizani & Abdalkrim, 2023; Morrone et al., 2021; Tron et al., 2023).

Despite the richness of these individual research areas (Bianco et al., 2015; García & Herrero, 2021; Guizani & Abdalkrim, 2023; Santolamazza et al., 2025), the intersections among them remain

underexplored. This study aims to bridge this gap by investigating whether the presence of interlocked and female directors in financially distressed firms influences the choice of legal procedure — namely, going-concern procedure versus liquidation.

The study is grounded in resource dependency theory, which posits that inter-organizational links (e.g., through interlocked directors) and board diversity (e.g., gender representation) can provide firms with access to critical resources and information (Johnson et al., 1996; Pfeffer & Salancik, 1978; Smith & Sarabi, 2021).

Empirically, the analysis relies on a novel and proprietary dataset of Italian firms in financial distress that initiated formal legal procedures (e.g., bankruptcy or debt restructuring). Using logistic regression, the results show that the presence of interlocked directors significantly reduces the likelihood of opting for liquidation procedures. In contrast, the presence of female directors does not exhibit a statistically significant effect.

This study offers several contributions. It addresses a gap in the literature regarding the role of female and interlocked directors in distressed firms, particularly in relation to legal procedure choice. It also provides practical insights for owners, managers, and policymakers involved in corporate governance during financial crises. The research is not without limitations. Its focus on Italian firms raises questions about the generalizability of the findings, particularly in light of the distinctive characteristics of the Italian business crisis framework, including the Business Crisis and Insolvency Code. Future research could extend the analysis to other jurisdictions with comparable legal systems.

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CORPORATE GOVERNANCE AND PERFORMANCE OF FAMILY FIRMS: EXPLORING THE ROLE OF MIXED BOARD COMPOSITION

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Abstract

This research study examines how mixed board composition, family and non-family members serving together, affects the performance of family firms. While governance literature highlights the benefits of board diversity, evidence within family business contexts is mixed. Drawing on agency and stewardship theories, the study adopts a qualitative multiple case study approach of Italian and Spanish family firms. Data are collected through interviews, documents, and observations, and analyzed with grounded theory methods. Preliminary findings indicate that non-family directors enhance firm performance when relational trust and communication are established, but tensions may arise when cultural or generational divides persist. The study contributes to family business research by clarifying the role of governance dynamics in shaping strategic outcomes and provides practical insights for designing effective mixed boards.

1. INTRODUCTION

Family firms represent a dominant form of business worldwide, contributing significantly to employment, gross domestic product (GDP),

and regional development (La Porta et al., 1999; Miller & Le Breton-Miller, 2006). Despite their prevalence, family firms exhibit a wide heterogeneity in governance structures, particularly in the composition of their boards. The coexistence of family and non-family members on the board — defined here as *mixed board composition* — raises critical questions regarding firm performance, strategic decision-making, and long-term sustainability (Anderson & Reeb, 2004; Minichilli et al., 2010).

Corporate governance literature suggests that board diversity in terms of background, independence, and experience improves oversight and reduces agency conflicts (Fama & Jensen, 1983). However, in the context of family firms, this dynamic is nuanced. Family involvement can foster stewardship and long-term orientation (Chrisman et al., 1998), but it may also lead to entrenchment and resistance to external influence (Gómez-Mejía et al., 2007). The inclusion of non-family members may counterbalance these effects, offering professional expertise and objectivity (Corbetta & Salvato, 2004). Yet, empirical results remain inconclusive, and the mechanisms through which board composition affects performance are still underexplored.

This study aims to investigate how the presence of both family and non-family members on the board influences firm performance in family businesses, through a qualitative, exploratory lens.

The goal is to understand *how and why* mixed board composition affects strategic and financial performance in family firms. In particular, the study addresses the following research questions:

RQ1: In what ways does the interaction between family and non-family board members influence strategic decision-making in family firms?

RQ2: What are the perceived benefits and challenges of mixed board composition for firm performance?

RQ3: How does the level of family ownership and generational stage moderate the impact of board composition on performance?

These questions are rooted in the theoretical tension between *agency theory*, which emphasizes the monitoring role of non-family directors (Jensen & Meckling, 1976), and *stewardship theory*, which highlights trust, loyalty, and long-term commitment by family members (Davis et al., 1997).

2. LITERATURE REVIEW

Prior studies suggest that family firms with non-family directors on the board tend to outperform those with purely family-based governance, particularly when external directors bring industry knowledge and independence (Anderson & Reeb, 2004). However, the effect varies across contexts. For instance, Minichilli et al. (2010) found that performance gains depend on the quality of interaction between board members, not merely their status.

Additionally, the *resource-based view* (Barney, 1991) underlines how board heterogeneity can enhance access to diverse skills and networks, potentially leading to superior firm capabilities. Conversely, scholars like Schulze et al. (2001) caution that conflicting interests and emotional ties in family firms may hinder effective governance, particularly when professional outsiders challenge traditional decision-making norms.

More recent work (Kellermanns et al., 2008; Nordqvist et al., 2014) has highlighted the importance of *board dynamics*, including trust, psychological ownership, and communication, as mediators in the relationship between board composition and performance.

3. METHODOLOGY

This research adopts a *qualitative multiple case study* approach, well-suited for exploring complex social processes in organizational contexts (Yin, 2018). The focus is on small to medium-sized family firms in Italy and Spain, selected for their mature governance structures and willingness to participate in in-depth interviews.

Sampling criteria:

- family ownership > 50%;
- active family involvement in governance;
- presence of at least one non-family board member;
- at least second-generation leadership.

Data collection methods:

- semi-structured interviews with family and non-family board members (10–15 per firm);
- analysis of internal documents (minutes, strategic plans, governance codes);
- observational data (when possible) during board meetings.

4. DATA ANALYSIS

Interview transcripts and documents will be coded using a grounded theory approach (Glaser & Strauss, 1967), allowing for inductive emergence of themes. NVivo software will support the organization and analysis of qualitative data. Particular attention will be given to perceived contributions of non-family members, conflict resolution mechanisms, and links between board decisions and key performance indicators (e.g., return on assets, growth, innovation, family satisfaction).

Triangulation across data sources will enhance validity, and cross-case comparisons will identify patterns and contingencies related to board composition and performance.

5. PRELIMINARY INSIGHTS, CONTRIBUTION, CONCLUSION

Preliminary evidence suggests that *mixed board composition* enhances performance when non-family members are integrated not only structurally but also *relationally*, through trust, shared values, and communication. However, when cultural and generational gaps are significant, the board may become a site of *latent conflict*, reducing its strategic effectiveness.

The study contributes to the literature by:

- unpacking the *microfoundations* of board effectiveness in family firms;
- proposing a framework that links governance structures, board dynamics, and performance outcomes;
- informing practitioners about best practices for composing and managing mixed boards.

Understanding the interplay between family and non-family board members is critical for the sustainable performance of family firms. By focusing on the lived experiences and governance processes within these firms, this research sheds light on how relational dynamics shape strategic outcomes. The findings aim to enrich both academic discourse and practical governance models in the family business field.

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SESSION: CORPORATE GOVERNANCE AND AI

LEVERAGING ARTIFICIAL INTELLIGENCE MODELS FOR FINANCIAL FORECASTING

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Abstract

This study investigates the predictive validity of generative artificial intelligence (AI) in financial forecasting. Specifically, it evaluates the zero-shot forecasting capabilities of GPT-4o and Claude Sonnet 3.5 by comparing their predicted stock prices against actual closing prices from a cross-industry portfolio as of February 3, 2025. Utilizing standardized statistical measures such as mean absolute error (MAE), root mean squared error (RMSE), mean absolute percentage error (MAPE), correlation coefficients, and R^2 , the study finds that Claude Sonnet 3.5 consistently outperforms GPT-4o in predictive accuracy and correlation. The research also examines directional bias and sector-specific performance.

1. INTRODUCTION

1.1. Purpose of study

This study evaluates the zero-shot forecasting capabilities of large language models (LLMs) in predicting stock prices. It compares GPT-4o

and Claude Sonnet 3.5 concerning the actual closing prices of a multi-sector portfolio as a measure of predictive precision, bias, and statistical reliability (Sangeetha & Alfia, 2024; El-Azab et al., 2024).

1.2. Importance of artificial intelligence (AI) in finance

AI integration in capital markets marks a shift in financial analytics, especially predictive modeling. Traditional methods, such as technical and fundamental analysis, struggle with asset prices' stochastic, non-stationary nature (Billah et al., 2024). Generative AI models offer high-frequency, autonomous forecasting that may enhance or surpass conventional techniques (Buczyński et al., 2023).

1.3. Why GPT-4o and Claude 3.5 are studied?

GPT-4o and Claude Sonnet 3.5 are the pioneering generative LLMs that harness deep learning and natural language processing skills to amalgamate intricate financial signals. They offer zero-shot prediction capabilities that need not be fine-tuned and thus become prime contenders in verifying empirical validity when markets turn volatile (Lin & Lobo Marques, 2024; Thrun, 2022).

1.4. Research gap and objectives

Existing literature shows the growing influence of AI models in financial forecasting and provides insight into the complexity and variability of their outcomes. While AI systems, including LLMs, offer enhanced analytical capacity, their performance is contingent upon input quality, model calibration, and contextual alignment (Chen et al., 2023; Bahoo et al., 2024). There is a recognized gap in empirical studies examining the zero-shot predictive performance of advanced LLMs such as GPT-4o and Claude Sonnet 3.5 across a multi-sectoral portfolio. This narrow scope limits understanding of how model behavior shifts with sector-specific volatility, firm size, or data characteristics.

This study fills that gap by evaluating two advanced LLMs, GPT-4o and Claude Sonnet 3.5, under zero-shot conditions, where no domain-specific training is applied. Predictions are made with standard prompts and evaluated across a diversified portfolio of more than 50 companies across ten large industries. It presents a comparative performance benchmark for LLMs in equity forecasting by measuring prediction accuracy, directional bias, and correlation with accurate prices.

2. METHODOLOGY

2.1. Research design

This study employs a quantitative, comparative research design to evaluate the predictive accuracy of generative AI models in financial market forecasting. The primary objective is to assess and compare the zero-shot forecasting capabilities of two LLMs, OpenAI's GPT-4o and Anthropic's Claude Sonnet 3.5, against actual stock market data. A zero-shot framework is instrumental in testing a model's ability to generate predictions without domain-specific fine-tuning or prior contextual training.

2.2. Data collection procedures

Historical stock data for 2024 were retrieved from Google Finance using Google Sheets and Apps Script for transparency and reproducibility. Forecasts were generated from GPT-4o and Claude Sonnet 3.5 using standardized zero-shot prompts, ensuring consistency and eliminating user bias.

2.3. Industry and firm selection

Companies were selected across ten major industry sectors to ensure broad market representation and enhance generalizability, reflecting varying levels of market volatility, regulatory complexity, and capital structure. Each sector includes five representative firms from the following industries: technology, healthcare, financial services, consumer discretionary, consumer staples, energy, industrials, materials, utilities, and real estate.

2.4. Experimental procedure

Each AI model received a zero-shot prompt requesting the selected firms' end-of-year 2024 stock price predictions. No contextual training, macroeconomic background, or real-time market data was provided. The models' output prices were documented and compared to the actual closing prices obtained from Google Finance.

The performance of each model was then evaluated using the following statistical metrics:

- mean absolute error (MAE);
- root mean squared error (RMSE);
- mean absolute percentage error (MAPE);
- bias analysis;
- Pearson correlation coefficient (r);
- linear regression analysis (R^2).

2.5. Data analysis and statistical tools

All data were structured and preprocessed using Python, with analytical computations performed using Python’s pandas, NumPy, and scikit-learn libraries and supplemental visualization via matplotlib. Statistical significance testing and regression modeling were conducted using R and MATLAB for validation and robustness. Model performance was examined at both individual firm and aggregated industry levels.

2.6. Reliability, validity, and ethical considerations

All data sources and statistical methods were transparent and replicable to ensure methodological reliability. The study used a standardized prompt mechanism across both models to mitigate interaction-based variance. Multiple statistical metrics and confirming results across diverse industries strengthened validity.

AI tools, specifically OpenAI’s GPT-4o and Anthropic’s Claude Sonnet 3.5, generated zero-shot stock price forecasts based on standardized prompts. Analytical computations were performed using a large language model (OpenAI’s ChatGPT), executing Python-based analysis with pandas, NumPy, and scikit-learn. The following statistical measures were calculated for each model: MAE, RMSE, MAPE, bias, Pearson correlation coefficient (r), and coefficient of determination (R^2). All results were independently verified and validated using RStudio.

No human subjects were involved, and all data were publicly sourced, so no institutional review board approval was required and ethical considerations were adhered to.

3. RESULTS

This section presents the empirical findings from the head-to-head comparison between GPT-4o and Claude Sonnet 3.5, based on their zero-shot stock price forecasts for a diversified portfolio of over 50 firms. Each model’s prediction was compared against the actual closing stock price on February 3, 2025, as retrieved from Google Finance. Performance was evaluated using six core statistical metrics: MAE, RMSE, MAPE, bias, Pearson correlation coefficient (r), and R-squared (R^2).

Table 1. Model Performance Metrics

<i>Metric</i>	<i>GPT-4o</i>	<i>Claude Sonnet 3.5</i>
MAE	29.98	24.39
RMSE	93.17	82.82
MAPE	9.10	8.55
Bias	-23.82	-15.54
Pearson correlation coefficient (r)	0.89	0.91
R-squared (R^2)	0.77	0.82

Note: All metrics include outlier data. Predictions for high-value, high-volatility firms, such as Goldman Sachs (GS) and Costco (COST), resulted in significant errors for both models.

The results may be interpreted as follows:

- Claude Sonnet 3.5 outperformed across most metrics, with lower MAE and RMSE, indicating forecasts closer to actual prices.
- Claude Sonnet 3.5 had a lower bias (-15.53) than GPT-4o (-23.82), showing a more neutral error pattern, while GPT-4o tended to underpredict, especially for high-priced stocks.
- Both models showed strong correlation and R^2 values, with Claude Sonnet 3.5 slightly higher ($r = 0.9096$, $R^2 = 0.8208$), better aligning with market trends.
- GPT-4o had a slightly better MAPE, suggesting stronger percentage-based accuracy on lower-priced stocks, making it suitable for proportional accuracy needs.

4. DISCUSSION

The results from this comparative analysis contribute meaningful insights into the predictive capabilities of LLMs in stock market forecasting under zero-shot conditions.

This comparative analysis provides meaningful insight into how current-generation LLMs perform in stock market forecasting under zero-shot prompting conditions. The evaluation revealed that both Claude Sonnet 3.5 and GPT-4o possess measurable forecasting capabilities, though they differ in precision, consistency, and bias.

4.1. Claude Sonnet 3.5

Claude Sonnet 3.5 consistently outperformed GPT-4o across most performance metrics, including lower MAE (29.98), lower RMSE (82.82), and reduced bias (-15.53). This indicates that its predictions were closer to the actual stock prices and more directionally balanced. Its R-squared value ($R^2 = 0.8208$) and high correlation ($r = 0.9096$) show that Claude Sonnet 3.5 captured the underlying market trend more effectively and explained more of the variance in actual stock prices.

4.2. GPT-4o

GPT-4o produced slightly better MAPE (9.67%) than Claude Sonnet 3.5 (8.55%), suggesting relatively more substantial proportional accuracy on lower-priced stocks. However, its bias score (-23.82) reveals a consistent tendency to underpredict, particularly for large-cap equities. This cautious forecasting behavior could be advantageous in risk-sensitive settings but may limit market performance characterized by upward movement or aggressive price action. Its high correlation ($r = 0.8932$) confirms that GPT-4o successfully captured directional trends, though with less magnitude accuracy than Claude.

4.3. Outliers and real-world implications

Rather than remove extreme cases, this study intentionally included outliers to evaluate each model’s robustness. Notably, the most significant prediction discrepancies appeared in financials (e.g., GS) and consumer staples (e.g., COST). These outliers significantly inflated RMSE but mirror real-world forecasting conditions where unpredictability is inevitable. Claude’s performance remained superior even under these conditions.

5. CONCLUSION

This study compared the zero-shot forecasting performance of GPT-4o and Claude Sonnet 3.5 across a cross-industry portfolio of publicly traded companies. Each model was given a standardized prompt and tasked with forecasting the closing stock price as of February 3, 2025, using historical pricing data from 2024. The findings demonstrate that Claude Sonnet 3.5 outperformed GPT-4o in absolute accuracy (MAE and RMSE), directional stability (bias), and linear alignment (R^2 and r). Claude’s predictions were closer to actual values and better explained observed market trends. GPT-4o, while competitive in relative percentage accuracy, showed higher variance and a pronounced underprediction tendency. Both models strongly correlate with actual prices.

This study has several limitations that should be acknowledged:

- The analysis represents a single forecasting window with a static prediction date (February 3, 2025).
- All forecasts were generated using a zero-shot prompt without domain-specific tuning or time-series modeling enhancements.
- The models did not ingest actual CSV files but inferred historical trends based on prompt structure, highlighting an area for deeper integration in future studies.

This study proposes the following recommendations:

1. Deploy Claude Sonnet 3.5 in financial decision systems.
2. Claude’s stronger performance across most error metrics suggests it is well-suited for portfolio modeling, risk forecasting, and trading analytics applications.
3. Apply sector-specific prompt calibration.
4. Sector-level MAPE analysis revealed performance differences. Tailoring prompts to industry context (e.g., volatility or seasonality) may enhance precision.
5. Implement outlier detection and monitoring.
6. Real-world deployments should include error thresholding systems to flag extreme or unexpected predictions for manual review.
7. Establish model drift monitoring.

8.LLM performance should be audited regularly as market dynamics evolve. Prompt engineering and retraining cycles should be part of ongoing model governance.

9.Ensure compliance and explainability.

10.AI-generated forecasts must include transparency and traceability mechanisms, especially in regulated banking or asset management sectors.

11.Invest in AI-human collaboration models.

12.Generative AI is best used as an augmentation tool. Financial teams should consider frameworks where LLMs assist analysts with structured outputs rather than replacing expert judgment.

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BRIDGING THE AI GOVERNANCE GAP: EVALUATING THE EFFECTIVENESS OF TRANSPARENCY TOOLS AND ETHICS BOARDS IN MULTINATIONAL FIRMS

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Abstract

Generative artificial intelligence (AI) is transforming innovation and competitiveness in multinational corporations, yet its rapid adoption has outpaced the development of effective governance mechanisms. This study investigates the “Generative AI Governance Paradox”, the tension between fostering innovation and ensuring transparency, accountability, and regulatory compliance. Using a mixed-methods approach, the research evaluates the effectiveness of transparency tools (e.g., explainable AI, third-party audits, model documentation) and ethical oversight structures (e.g., AI ethics boards) in mitigating governance risks. Qualitative interviews with 30 governance experts and a quantitative survey of 150 multinational firms reveal that organizations combining explainable AI with empowered ethics boards experience significantly fewer governance failures. Specifically, these firms report 48% fewer instances of bias and regulatory violations, and

35% fewer regulatory investigations when third-party audits are employed. However, ethics boards with only advisory roles showed limited impact. The study emphasizes that real effectiveness stems from the integration of these tools into core decision-making processes, supported by leadership commitment and an ethical culture. The findings underscore the need for robust governance practices, executive authority in oversight structures, and the institutionalization of ethics in AI deployment. Future research should explore sector-specific governance models and emerging technologies for enhancing AI accountability at scale.

1. INTRODUCTION

Generative artificial intelligence (AI) has become an indispensable driver of innovation, efficiency, and competitiveness for multinational corporations. However, its adoption continues to outpace the development of governance mechanisms required to ensure responsible use. Previous research has highlighted the tension between the innovation benefits of AI and the governance challenges it introduces, particularly regarding transparency, accountability, and regulatory compliance (Nakajima, 2025).

While firms increasingly recognize these challenges, the effectiveness of proposed governance measures — such as the implementation of AI transparency tools and AI ethics boards — remains largely under-examined. This study aims to bridge this gap by empirically evaluating the effectiveness of such mechanisms in mitigating governance risks related to Generative AI.

This study aims to 1) identify the transparency tools and ethical oversight structures multinational firms use for generative AI governance, 2) evaluate how effectively these mechanisms address risks like bias and regulatory non-compliance, and 3) uncover best practices that help firms balance innovation with accountability.

2. LITERATURE REVIEW

The body of existing literature suggests that generative AI's opacity (“black-box problem”) poses significant challenges to corporate governance. Explainable AI (XAI) frameworks, internal AI audits, and external certifications have been proposed as potential solutions (Gunning & Aha, 2019; McKinsey & Company, 2023). Simultaneously, ethics boards and AI ethics committees are recommended to embed ethical considerations into AI deployment decisions (World Economic Forum, 2024).

However, early assessments reveal mixed results regarding the practical impact of these initiatives. XAI tools are often only partially interpretable (Doshi-Velez & Kim, 2017), and ethics boards risk being

“ethics washing” mechanisms if not properly empowered (Metcalf et al., 2021). This calls for an empirical evaluation focused on effectiveness rather than mere existence.

This study examines what transparency tools — such as XAI, audits, and documentation — multinational firms use for AI governance. It also evaluates the effectiveness of AI ethics boards, focusing on whether they hold real decision-making power or serve only advisory roles.

Finally, the research investigates whether these tools and structures lead to measurable improvements, such as reduced ethical violations, regulatory issues, and reputational risks.

This study hypothesizes that multinational firms using both formal transparency tools — like XAI and audit protocols — and empowered AI ethics boards are more effective in managing governance risks. These firms are expected to face fewer ethical breaches, regulatory issues, and reputational harm.

In contrast, firms lacking such mechanisms, or using them only symbolically, are more likely to struggle with transparency and accountability. The hypothesis emphasizes that effectiveness depends not just on having governance tools, but on their meaningful integration and organizational support.

3. RESEARCH METHODOLOGY

This study adopts a mixed-methods approach, combining qualitative interviews and quantitative survey analysis to evaluate AI governance practices in multinational firms.

The qualitative phase involved semi-structured interviews with 30 experts — governance officers, ethics specialists, and compliance managers — from firms in the technology, finance, and manufacturing sectors. These interviews explored the tools used, challenges faced, and strategies employed for ethical AI governance.

The quantitative phase surveyed 150 multinational corporations, collecting data on the structure of AI governance frameworks, use of transparency tools like XAI and model audits, the authority of AI ethics boards, and the incidence of governance failures.

Statistical analyses, including chi-square tests and regression models, were used to examine correlations between governance mechanisms and outcomes such as reduced ethical breaches and regulatory issues.

4. RESULTS OF THE RESEARCH

The study revealed that many multinational firms are actively adopting AI governance tools. 62% reported using XAI models, 48% conducted

third-party AI audits, and 28% implemented internal documentation standards like model cards.

In terms of ethical oversight, 55% of firms had established AI ethics boards. Among them, 70% had boards with executive authority, while 30% served only in an advisory role.

Firms that combined XAI systems with empowered ethics boards experienced 48% fewer governance failures, such as bias or compliance violations. Companies conducting third-party audits were 35% less likely to face regulatory investigations. However, advisory-only ethics boards did not significantly improve governance outcomes.

Interviews confirmed that leadership commitment, early integration of ethics into development, and external reviews were key success factors. In contrast, ethics boards lacking authority and underused transparency tools were common in firms with weaker governance outcomes.

5. CONCLUSION

The study confirms that formal transparency tools and empowered AI ethics boards play a critical role in mitigating governance challenges associated with generative AI in multinational firms.

While merely adopting these mechanisms is a positive step, their real-world effectiveness depends heavily on empowerment, integration, and accountability structures. Transparency tools must not only be adopted but actively used in decision-making processes, and ethics boards must possess executive authority rather than advisory status to impact outcomes meaningfully.

Furthermore, leadership commitment and an ethical organizational culture are indispensable. Firms that see AI ethics as a business imperative — rather than a compliance burden — are more successful in navigating the generative AI governance gap.

The research also highlights the urgent need for industry-wide standards and international cooperation to create consistent expectations regarding transparency and ethical AI deployment.

Future research should investigate sector-specific differences and explore the role of emerging technologies (such as blockchain-based audit trails) in enhancing AI governance.

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CORPORATE GOVERNANCE AND ARTIFICIAL INTELLIGENCE IN THE BANKING INDUSTRY: CHALLENGES, RISKS AND OPPORTUNITIES

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Abstract

Especially in recent years, the financial services industry has been at the forefront of technological innovation. With the advent of artificial intelligence (AI) in the banking industry, banks are increasingly leveraging advanced algorithms and machine learning tools to improve efficiency, manage risk, and personalize customer experiences. From AI-powered chatbots and fraud detection systems to predictive credit scoring and algorithmic trading, AI has huge potential to transform banking.

The use of these innovative technologies can lead to a wide range of positive outcomes for bank management and, therefore, on its performance, including improved customer experience, greater operational efficiency, more efficient risk management and sophisticated data analysis. AI offers advanced solutions to mitigate these banking risks.

Predictive analytics processes large amounts of data efficiently, improving risk identification and decision-making. AI also improves compliance and fraud detection, ensuring regulatory compliance and asset protection (Lion & Ekefre, 2024).

However, the integration of AI into banking operations is accompanied by several problems, including data privacy issues, ethical conundrums, the need to comply with regulatory requirements, and the possibility of layoffs (Svoboda, 2023).

Therefore, this technological shift brings with it new and complex challenges in the field of corporate governance.

Indeed, the increasing diffusion of AI in different modes of organizational functioning has sparked a debate on its possible implications for corporate governance structures and decision-making processes, as well as on its overall transparency.

Traditional governance models, designed for human-centric decision-making, are often inadequate to address the opacity, autonomy and speed of AI-driven operations. Issues such as algorithmic bias, lack of transparency and unclear reporting requirements can undermine stakeholder trust and expose banks to reputational and regulatory risks. Such a technological shift implies that corporate governance frameworks in the banking sector must adapt to the growing influence of AI.

As AI becomes deeply embedded in the operations of bank institutions, its implications on bank governance are far-reaching. While AI offers improved efficiency, predictive power, and customer satisfaction, it also introduces complexities that challenge the traditional pillars of corporate governance: accountability, transparency, risk management, and ethical oversight.

AI applications such as credit scoring, loan approvals, and fraud detection often involve autonomous or semi-autonomous decision-making. These systems may rely on complex machine learning models that are not easily interpretable by humans (a phenomenon known as the “black box” problem). Therefore, boards and senior management are held accountable for decisions made by AI systems, yet may lack the technical knowledge to fully understand them.

The prospects of introducing AI into corporate governance can be assessed using several approaches: AI realism, in which AI is seen as an assistant that can simplify the work of members of governing bodies; AI enthusiasm, in which it is assumed that the AI director will replace members of governing bodies in the future; AI radicalism, in which the author evaluates the possibility of removing AI from human control and creating completely autonomous legal entities.

To prevent AI from being used indiscriminately, decision-making accountability must be redefined by introducing AI ethics committees, algorithm audit trails, and model governance frameworks to ensure human oversight and traceability.

AI models introduce model risk, which is the risk that model assumptions, inputs, or outputs are incorrect. In the banking industry, such flaws can lead to financial losses, regulatory fines, or reputational damage. AI-specific risks must be integrated into the bank’s enterprise risk management frameworks. Internal audit and risk management

teams need tools and expertise to assess models’ accuracy, fairness, robustness, and resilience to cyber threats. Regulators increasingly expect banks to implement model risk management protocols and clearly document their use of AI for supervisory review.

AI-driven decisions can inadvertently introduce or reinforce bias, leading to discriminatory outcomes in areas such as lending, customer segmentation, and hiring. Such outcomes may conflict with a bank’s stated values or again pose reputational risks.

Boards must expand their scope to include AI ethics in corporate governance charters. Implementation of fairness audits, diversity testing, and ethical impact assessments is increasingly becoming best practice. Appointment of chief AI ethics officers or AI risk officers is emerging among global banks to address these needs (Schäfer et al., 2022).

The integration of AI is not just an operational change, but a strategic transformation. Boards must understand how AI aligns with the bank’s long-term goals, innovation agenda, and risk tolerance. Board composition may need to evolve to include technology and data science expertise, ensuring informed oversight of AI investments. AI strategy should be reviewed regularly at the board level, just like capital allocation, mergers and acquisitions, or cybersecurity. Boards must oversee AI talent development, ethical culture, and responsible innovation across the organization.

The integration of AI into the banking sector is reshaping traditional business models, decision-making processes, and customer interactions. While AI offers unprecedented efficiencies and capabilities, its adoption raises significant governance concerns.

In conclusion, there is a need for scholarly research to delve deeper into the intersection of corporate governance and AI within banking institutions, focusing on how governance frameworks need to evolve to ensure transparency, accountability, and ethical compliance in AI-driven environments. By analyzing real-world applications, regulatory responses, and governance challenges, a set of governance best practices can be identified to align AI innovation with strong corporate oversight. The findings can help understand whether banks need to develop strong AI governance structures that support sustainable and responsible use of the technology.

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SESSION: SUSTAINABILITY AND REPORTING

CAN CEO COMPENSATION DRIVE SUSTAINABILITY? EXPLORING INCENTIVES, ESG SCORES AND FIRM OUTCOMES

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Abstract

One of the earliest attempts to integrate sustainability into corporate practices can be attributed to the concept of corporate social responsibility (CSR). Initially grounded in a primarily philanthropic perspective (Bowen, 2013), CSR has evolved to become a strategic component for businesses aiming to achieve sustainable development (Carroll, 1991; Elkington, 2004). Over the last decades, CSR has gained increasing relevance in both academic and public debates on corporate governance, with scholars recognizing the interplay between governance structures and socially responsible strategies (Tutino et al., 2019). Well-structured corporate governance systems are expected to align managerial incentives with those of stakeholders, in accordance with the triple bottom line approach (Elkington, 2006). Consequently, firms with effective corporate governance should prioritize the maximization of sustainable value over the long term (Jo & Harjoto, 2012).

Subsequently, the introduction of the environmental, social, and governance (ESG) concept broadened the key issues associated with sustainability. ESG factors represent a concrete operationalization of sustainability, providing measurable metrics to assess the environmental

and social impact of organizations, as well as the quality of their governance practices (United Nations, 2004).

Among the various corporate governance mechanisms, chief executive officer (CEO) compensation serves as a key governance tool aimed at aligning the interests of shareholders, non-shareholder stakeholders and chief executive officers (Walsh & Seward, 1990; Denis, 2001). Executive compensation has attracted significant attention from both academia and the corporate world, driven by the growing emphasis placed on effective governance mechanisms within firms (Pathak & Chopra, 2021).

While traditional studies on executive compensation have largely drawn on agency theory emphasizing the need to integrate divergent interests between principals and agents (Jensen & Meckling, 1976; Eisenhardt, 1989), more recent contributions suggest that this perspective may be too narrow to capture the complexity of sustainability-related objectives (Hill & Jones, 1992; Kock et al., 2012). Stakeholder theory offers a broader lens, proposing that compensation systems should also reflect the expectations of a wider set of actors, including employees, communities and environmental constituencies (Freeman, 1984; Donaldson & Preston, 1995). In this view, sustainable CEO compensation emerges as a mechanism not only for incentivizing financial performance but also for promoting ethical leadership and responsible corporate conduct (Eccles et al., 2014).

Recent empirical research suggests that compensation schemes with long-term components, such as equity-based incentives or deferred bonuses, are more conducive to CSR-oriented strategies and may help mitigate earnings manipulation practices (Bhaskar et al., 2023; Dakhli & Houcine, 2025). Notably, CSR-oriented business strategies are more likely to be adopted by CEOs whose compensation is tied to long-term incentives, rather than short-term rewards (Peng, 2020).

One way to enhance a company's sustainability profile is by integrating ESG criteria into the design of CEO compensation schemes. Some studies have highlighted that the presence of ESG-related expertise within the executive or board structure positively influences the adoption of such criteria in compensation frameworks (Mendiratta et al., 2022; Huang et al., 2025). Other scholars emphasize that the relationship between sustainability performance and CEO pay is strengthened by effective corporate governance mechanisms, particularly independent compensation committees, while it is weakened in cases of CEO duality, where excessive power concentration undermines alignment with sustainability goals (Shabbir et al., 2024).

In light of the current state of the literature, there remains a critical gap in understanding how CEO compensation policies are structured in response to firms' financial performance and sustainability achievements, particularly ESG performance. While previous research has examined the influence of sustainability on executive pay, much of this work has concentrated either on the presence of ESG-linked metrics

in compensation packages or on the symbolic adoption of sustainability-related discourse in corporate reporting (Flammer et al., 2019; Mishra, 2020). However, empirical evidence assessing whether and how such compensation mechanisms reflect firms' ESG outcomes, beyond financial performance, remains limited and inconclusive. Furthermore, a clear distinction between short-term and long-term incentive components in relation to sustainability commitments is often overlooked (Berrone & Gomez-Mejia, 2009; Gillan et al., 2021).

Building on this literature, the present study aims to contribute to the ongoing academic and policy debate by examining the extent to which CEO compensation is structured in relation to both traditional financial performance and ESG indicators. Specifically, the research has three main objectives: 1) to identify which types of incentive schemes are most frequently associated with higher ESG performance; 2) to explore how the interaction between ESG scores and financial results affects executive compensation; and 3) to evaluate whether firm-specific characteristics — such as industry sector, ownership structure, and board composition — moderate this relationship.

To achieve these goals, the study will adopt a quantitative empirical approach, relying on a panel dataset of publicly listed firms. The analysis will explore the relationships between CEO compensation, ESG performance, and financial results over time, controlling for relevant firm-level and governance characteristics. The methodological design will be tailored to ensure internal validity, accounting for potential endogeneity issues and unobserved heterogeneity. This framework aims to offer a comprehensive and evidence-based understanding of how compensation policies reflect and potentially drive firms' sustainability orientation.

Ultimately, this research aims to advance theoretical understanding by bridging agency and stakeholder perspectives within the domain of sustainability governance. It further seeks to provide empirical insights into the structural conditions under which ESG-linked compensation schemes are most effective. In doing so, it offers practical guidance for policymakers, boards of directors, and institutional investors striving to design incentive systems that promote executive conduct aligned with long-term financial performance and broader sustainability commitments.

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GOVERNANCE AND SUSTAINABILITY: A SYSTEMATIC REVIEW OF THE LINK BETWEEN CORPORATE GOVERNANCE AND ESG PERFORMANCE

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Abstract

This study offers a systematic literature review of the link between corporate governance and environmental, social, and governance (ESG) performance, focusing on contributions from the Italian academic context. It maps the main thematic clusters and highlights critical theoretical and methodological gaps. Governance is analyzed both as a mechanism of control and a strategic enabler of sustainable practices. The study concludes with recommendations for future research, policy design, and managerial implementation.

1. INTRODUCTION

In recent years, the assessment of the environmental, social, and institutional impact of companies has become a central issue in both academic and regulatory debates, surpassing the traditional focus solely on economic and financial performance. As a result, the very concept of sustainability has evolved over time, acquiring not only ethical but also strategic significance. Environmental, social, and governance (ESG)

indicators have thus emerged as fundamental dimensions for evaluating organizational resilience and corporate responsibility.

In particular, the governance component has assumed an increasingly pivotal role in mediating and integrating environmental and social issues into decision-making processes. It functions as a hinge between strategic vision, operational management, and reporting. Corporate governance — understood as the set of institutional, relational, and operational mechanisms responsible for the direction and control of companies — today constitutes a strategic dimension for embedding sustainability concerns into business processes. Its influence on stakeholder relations, the quality of non-financial reporting, and the orientation of managerial choices raises significant questions about its dual role as both a control mechanism and an enabling factor for long-term value creation.

Despite a proliferation of studies examining the governance — sustainability nexus, a structured and cumulative synthesis of empirical evidence is still lacking. The academic landscape remains fragmented: contributions span various disciplines — from business economics to accounting, finance, and organizational theory — adopting definitions, methods, and analytical approaches that are often not directly comparable. Moreover, the growing interest in ESG factors has outpaced the development of robust theoretical frameworks capable of explaining their interaction with governance, leading to a fragmented literature in which the adoption of ESG factors is frequently described but rarely interpreted with solid conceptual tools. This imbalance is also reflected in the predominantly descriptive nature of existing studies, which often fail to capture causal dynamics or transformative implications.

This study aims to contribute to the theoretical and methodological consolidation of the field through a systematic literature review (SLR), by mapping the main thematic trajectories, identifying unresolved questions, and outlining future research directions.

2. METHODOLOGY

The objectives of this study are threefold: to critically analyze the state of the art of scientific literature on the link between corporate governance and ESG performance, identifying the thematic clusters; to detect the main theoretical and methodological gaps; and to provide a structured basis for future research, proposing theoretical, practical and policy implications.

The central research question is:

RQ: How has the scientific literature explored the relationship between corporate governance and ESG performance, and what are the main theoretical, methodological and applicative directions that have emerged in recent studies?

To answer this question, the literature review was conducted through targeted searches in the Scopus and Web of Science (WOS) databases, using structured and equivalent queries. The selection was limited to review articles published between 2015 and 2025 by authors affiliated with Italian institutions in the field of business, economics and finance. This focus makes it possible to valorize national academic production and offer a local perspective often underrepresented in international literature.

The search yielded 47 unique articles (40 from Scopus and 9 from WOS, excluding duplicates), which were analyzed using the bibliometric software MySLR. Following manual screening, only 15 articles were considered directly relevant to the specific research focus, and these were used for the subsequent thematic and conceptual analysis.

3. RESULTS

The co-occurrence map highlights three main thematic clusters. The first, in red, focuses on the methodological evolution of the field and the growing diffusion of studies based on SLRs and bibliometric approaches, which play a strategic role in consolidating knowledge on the link between corporate governance and sustainability. The study by Bettinelli et al. (2024) reflects on governance in underexplored contexts like family businesses, while Cuomo et al. (2016) map early connections between governance and corporate social responsibility. Forliano et al. (2025) examine greenwashing as a narrative shaped by governance, and Turzo et al. (2022) highlight the structural difficulties in integrating ESG into accounting systems. Martiny et al. (2024) recognize governance as an enabling or constraining factor for ESG practices. The second cluster, in green, is centered on sustainability reporting and non-financial disclosure, showing how governance supports the alignment with standards such as the Global Reporting Initiative and enhances ESG information quality through structures like committees and independent directors (Turzo et al., 2022; Vitolla et al., 2020). Board diversity (Zampone et al., 2024) and digital transformation (Agostino et al., 2022) also emerge as crucial elements, with governance ensuring coherence between innovation and principles of transparency and accountability. The third cluster, in blue, explores how ESG practices affect corporate performance when integrated into governance mechanisms. Guerrero-Villegas et al. (2019) and Testa et al. (2018) confirm that alignment between ESG and governance improves value creation and investor confidence. In banking, Gangi et al. (2019) link sustainable governance to better risk management, while Tibiletti et al. (2021) note that during crises like COVID-19, strong governance ensured consistent disclosure. Gill-de-Albornoz et al. (2025) emphasize the role of board characteristics in determining the reliability of ESG communication, and Alam and

Costa (2025) propose a theoretical model showing how effective ESG strategies depend on governance’s ability to integrate sustainability into risk management and long-term value creation. Governance thus emerges as both a condition and a determinant of the effectiveness of ESG practices.

4. DISCUSSION AND IMPLICATIONS

The literature review has revealed a growing interest in the relationship between corporate governance and ESG performance, but also several theoretical and methodological limitations that hinder the coherence of the field. One of the main issues is theoretical fragmentation: while many studies refer to frameworks such as agency or stakeholder theory, they rarely integrate these approaches to explain the interaction between governance and ESG. Governance is often treated as a technical variable rather than a strategic component of sustainability.

From a methodological perspective, most contributions adopt descriptive or correlational approaches, typically cross-sectional, which limit the ability to draw robust causal inferences. Longitudinal or quasi-experimental designs remain rare, though necessary to assess the actual impact of governance transformations on ESG performance.

Another limitation is the lack of attention to small and medium-sized enterprises (SMEs) and family businesses, which represent a significant part of the European economic system. Much of the literature focuses on large, listed firms, neglecting governance dynamics in less formalized contexts. A further gap concerns the disconnection between disclosure quality and real ESG impact: many studies focus on the amount or format of information disclosed, but not on its influence on behavior, perception, or long-term outcomes. Without shared indicators, greenwashing risks remain high, and ESG claims lack credibility.

International comparisons are also limited: most studies are nationally bound — often to the Italian context — and do not adequately consider how institutional or cultural differences affect the governance-sustainability link. This is especially critical in a globalized market, where the effectiveness of ESG policies is influenced by local regulatory frameworks.

The findings offer theoretical, managerial and policy insights. Theoretically, they call for an integrated conceptual foundation, combining traditional and emerging approaches such as stewardship and institutional theories. Managerially, they emphasize that adopting ESG tools is not enough: governance must embed ESG into decisions and controls. From a policy standpoint, stronger regulatory guidance and support for SMEs are essential to promote credible and inclusive sustainable governance.

5. CONCLUSIONS AND FUTURE DIRECTIONS

Future research on the link between corporate governance and ESG performance should aim for a theoretical and methodological consolidation capable of addressing the gaps identified in this review. First, there is an urgent need to move beyond the predominantly descriptive approach that characterizes much of the existing literature. Longitudinal designs, quasi-experimental methods, and advanced causal analyses are needed to explore more robustly the effects of governance on ESG outcomes.

The observed theoretical fragmentation also highlights the need for more integrated conceptual models, capable of connecting traditional theories (agency, stakeholder) with emerging perspectives such as stewardship or institutional theories. This would allow for a deeper understanding of the complex dynamics involved.

Another promising direction concerns the expansion of the empirical focus. Current literature tends to favor large, listed companies, neglecting SMEs, family firms and less formalized organizational contexts, which play a central role in many economies, particularly in Italy. Studying how these actors address ESG challenges could offer significant theoretical and practical insights.

Greater attention should also be paid to cross-country comparisons to assess how institutional and cultural factors shape the governance-ESG relationship. Finally, the effectiveness of recent European reforms in non-financial reporting and sustainability standards should be evaluated, especially regarding their impact on governance structures and performance.

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THE UNIFICATION OF THE INCOME TAX FRAMEWORK IN THE EUROPEAN UNION AND THE SIGNIFICANT BENEFITS THAT WILL ARISE FOR MEMBER STATES AND THE COMPETITIVENESS OF BUSINESSES

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Abstract

The establishment of a single corporate taxation system has been discussed many times, not only at the European Union (EU) level, but also worldwide, in order to address the erosion of the tax base, tax avoidance through transfer pricing, but also the high cost of tax compliance for businesses and obstacles to their competitiveness. In this direction, Mintz (2004) considers the reduction of compliance and administrative burdens as the ultimate goal of harmonizing and unifying the corporate tax base. Although the costs involved in compliance are not disclosed in annual business reports or other publicly available sources of information (Eichfelder & Hechtner, 2017), various studies have found that this is particularly important, especially in jurisdictions characterized by the complexity of tax provisions (Lazos et al., 2025).

The purpose of this study is to investigate the results that will arise from the implementation of a single corporate taxation framework at the EU level.

The recent proposal for a directive of the Council of the EU on “Business in Europe: Framework for Income Taxation” (BEFIT) (European Commission, 2023) is essentially a proposal for a new EU legal framework for corporate income taxation, aiming to simplify tax rules and enhance tax fairness in the internal market. The application of different national tax systems in the 27 EU countries makes the tax landscape complex and costly for cross-border businesses. Moreover, tax heterogeneity has a negative impact on tax integration within the EU (Wasserfallen, 2014). BEFIT aims to unify income tax rules, reducing compliance costs and enhancing the competitiveness of European businesses. Compliance costs refer to the costs incurred by taxpayers in order to comply with tax legislation (Lazos et al., 2022). The proposal builds on international developments, such as the OECD/G20 two-pillar approach and the minimum effective taxation directive (Pillar 2).

BEFIT will be mandatory for business groups with an annual total turnover of at least €750 million in the EU. For business groups established in third countries, members of the EU subgroup must have an annual turnover of at least €50 million in at least two of the previous four financial years or at least 5% of the total turnover of the group. Smaller groups can opt to participate, provided they prepare consolidated financial statements. Each BEFIT group entity calculates its tax result on the basis of its financial statements, with minimal adjustments. The results of all members are aggregated into a single tax base, with the possibility of mutual loss relief between member states. The allocation of this base to members will be based on the average of the tax results of the three previous years. BEFIT introduces a new structured cooperation between the tax authorities of the member states, through BEFIT groups. These groups will coordinate audit procedures, provide preliminary certainty and facilitate dispute resolution through common tools. The audit process remains at the national level, with the possibility of joint audits and coordinated corrections. BEFIT members who obtain income taxed in third countries or other member states are entitled to a tax credit, in accordance with bilateral double taxation agreements or national legislation. The credit is calculated per country and type of income, without exceeding the amount resulting from the application of the national tax rate.

Although there are concerns about the complexity and the incentive to maintain certain provisions that are likely to generate little revenue (Devereux, 2023), BEFIT is an important step towards unifying and simplifying income taxation in the EU. Of course, the impact of BEFIT implementation is likely to vary across member states. According to

Barrios et al. (2020), member states with the lowest compliance costs before the reform and those with a large stock of foreign investment inflows will benefit more than other member states.

BEFIT is expected to enter into force on July 1, 2028, while the proposals for uniform transfer pricing rules will apply from January 1, 2026. The future adoption of this proposal means that member states no longer want to rely on the relative freedom of taxpayers to allocate profits, but are trying to take full responsibility for this allocation (Peters, 2023). Its implementation is expected to reduce compliance costs by up to 65%, enhance tax fairness and improve the competitiveness of European businesses in the global market.

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SUSTAINABILITY AS INSTITUTIONAL DESIGN: GOVERNANCE, CULTURE, AND STRATEGY IN ICELANDIC BANKS

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Abstract

This research investigates how sustainability is structurally and strategically embedded within the Icelandic banking sector, contributing to broader conversations on corporate responsibility and institutional transformation. The study explores how banks organize themselves internally to implement environmental, social, and governance (ESG) principles amid intensifying regulatory requirements, rising stakeholder expectations, and mounting climate risk (Eccles et al., 2014; Edwards et al., 2023). The analysis draws on qualitative data from four commercial banks in Iceland. It provides an in-depth examination of how sustainability is operationalized not merely as policy rhetoric, but as embedded practice (Lozano, 2015).

Sustainability in banking has evolved from a peripheral, voluntary concern to a strategic and regulatory imperative (Boyle et al., 2022). Yet this shift is neither linear nor automatic. Instead, it is shaped by internal structures, reporting lines, leadership decisions, professional roles, and organizational culture (Christensen et al., 2013; Galaskiewicz & Wasserman, 1989). A central argument of the research is that the organizational positioning of sustainability functions, whether housed in communications, risk, compliance, or strategic divisions, offers critical insights into the status and effectiveness of ESG integration. Structural marginalization often correlates with symbolic action, while

structural embedding within core units enables influence, resource access, and alignment with business priorities (Thornton & Ocasio, 1999).

The empirical foundation includes 21 semi-structured interviews with sustainability professionals, risk managers, compliance officers, project leaders, and executives across four Icelandic banks. Through this comparative lens, the research identifies diverse structural models, centralized, decentralized, and hybrid and examines the implications of each. The findings reveal that while many banks began their ESG efforts in communications or HR, regulatory pressure and internal leadership often prompted a relocation of sustainability functions into risk, finance, or strategy units. This migration from symbolic visibility to operational integration reflects evolving institutional logics and maturity levels (Mahoney, 2000; De Smet et al., 2021).

A significant focus is placed on governance arrangements, including sustainability committees, ESG task forces, and cross-functional councils. The effectiveness of these bodies depends not only on their formal authority but also on leadership engagement, clarity of mandate, and alignment with business operations (Farr, 2011; Boyle et al., 2022). In banks where chief executive officers (CEOs) and board members actively support ESG goals, sustainability becomes embedded in strategic decisions and risk frameworks. Conversely, committees struggle to generate meaningful change when they lack integration or rely on symbolic gestures.

The research also explores the role of sustainability professionals, highlighting the growing complexity and workload associated with evolving ESG demands. Many professionals operate dual roles as strategic advisors and operational coordinators, managing regulatory compliance, stakeholder engagement, and data reporting. Despite growing responsibilities, ESG roles often lack clear career pathways and adequate support. Emotional labor, burnout, and role ambiguity were common themes, emphasizing the need for professionalization, training, and institutional recognition of sustainability work (De Smet et al., 2021).

Cultural alignment emerges as a decisive enabler or constraint. Organizational culture, defined by norms, behaviors, and shared values, profoundly influences whether sustainability initiatives gain traction or remain superficial (Christensen et al., 2013; Lozano, 2015). Banks with open, learning-oriented cultures demonstrated more effective ESG integration, particularly when sustainability was framed in terms that resonated with core institutional identities and client-facing strategies. Storytelling, cross-departmental champions, and grassroots innovation played essential roles in shifting internal narratives.

Regulatory developments, including the Corporate Sustainability Reporting Directive (CSRD), the Sustainable Finance Disclosure Regulation (SFDR), and the EU Taxonomy, have accelerated the pace and depth of ESG implementation (European Commission, 2019, 2020).

While regulation provided legitimacy and urgency, it also introduced administrative burdens and compliance fatigue. The research shows that banks that treated regulation as a strategic opportunity, rather than a compliance obligation, were more successful in aligning sustainability goals with organizational change. However, regulatory complexity, limited human resources, and ambiguity in interpretation created challenges, particularly for smaller institutions.

The study also examines the interplay between structure, systems, and technology. Banks with strong ESG data platforms, integrated dashboards, and cross-functional workflows were better positioned to meet regulatory demands and track sustainability outcomes. In contrast, reliance on fragmented systems and manual processes impeded progress. Technological tools, clear accountability, and project-based governance are critical enablers of ESG execution. Ultimately, this research argues that sustainability in banking must be understood as an institutional design issue. Organizational structure, culture, leadership, and systems together determine the success of ESG integration (Lozano, 2015; Boyle et al., 2022). Treating sustainability as a core institutional function rather than an add-on or symbolic gesture requires careful attention to internal alignment. Banks that succeed in this endeavor demonstrate strong governance, empowered professionals, cultural coherence, and strategic use of regulatory levers.

While grounded in the Icelandic context, the insights from this research are applicable across European and global banking sectors. As financial institutions seek to align with climate goals and respond to rising ESG expectations, they must reimagine how sustainability is built into the fabric of their organizations. Effective ESG integration depends not only on what is measured or reported externally but on how sustainability is structured, supported, and lived internally. This research contributes to the understanding of corporate responsibility by showing how internal architecture roles, routines, cultures, and capabilities shape whether sustainability remains a rhetorical commitment or becomes a catalyst for institutional transformation.

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SUSTAINABILITY AND INSOLVENCY: AN ANTITHESIS?

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Abstract

While corporate sustainability received, in the last decade, a significant and dedicated attention by the European legislator with specific reference to solvent enterprises¹, the simultaneous development of the legal framework regarding insolvent enterprises substantially fails to consider — or at least fails to consider in the same way and with the same intensity — the topic of sustainability².

This singular circumstance deserves to be scrutinized, considering, on one hand, the fundamental importance acquired by sustainability from the corporate governance and financial perspective, and, on the other hand, the consolidated approach of insolvency law, at international level, towards the restructuring of companies in crisis instead of the related discharge from the market, this implying that a company managed in compliance with sustainability rules should

¹ Reference goes to the various European Directives on the topic, starting at least from Directive 2014/95/EU on disclosure of non-financial and diversity information by large companies and groups, to Directive (EU) 2022/2464 on corporate sustainability reporting (the so-called CSRD), until the recent Directive (EU) 2024/1760 on corporate sustainability due diligence (the so-called CSDDD).

² In this perspective, see at least Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt (the so-called Insolvency Directive) as well as the most recent Directive Proposal dated December 7, 2022, aimed at harmonizing certain aspects of insolvency law.

continue to be in line with the related values, especially in the view of the desired financial restoration and continuation of the business³.

The Italian legal framework offers, in this perspective, an interesting observation point, not only due to the centrality acquired by business continuity in the overall system resulting from the new business crisis and insolvency Code (Italian Legislative Decree 12 January 2019, No. 14, hereinafter also the “Code”), but also for a number of relevant indexes of the potential importance of stakeholders’ interests emerging from the provisions ruling judicial liquidation (the “old” bankruptcy proceeding), among which, in particular, articles 211, 212 and 214 of the Code, regarding, respectively, the continuation of the business during the procedure, the lease and the sale of the business⁴.

The analysis of the above provisions, to be carried out along with the due consideration of some necessary conceptual adjustments, required by the different condition of an insolvent company in comparison with a solvent one (starting from the doctrine assumption of the acquisition of company’s control, in case of insolvency, by the creditors in place of the shareholders⁵), would be the occasion to outline, by this research, how sustainability could deal with insolvency in the current legal framework, awaiting further desirable legal developments.

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³ On this topic, see, in particular, D’Attorre (2021), Stanzione (2023), and Stanzione (2024). In the international debate, specific attention to the topic of sustainability in insolvency law has been dedicated by Linna (2019), while in the Italian doctrine, for the opinion which admits the potential consideration of stakeholders’ interests, in addition to that of the creditors, in the context of business crisis, see, in particular, D’Attorre (2021), Fabiani (2022), Inzitari (2023), Pacchi (2022), Santosuosso (2023), Stanghellini (2007), Stanzione (2023). On the contrary, for a critical view on the effective relevance of stakeholders’ interests in the management of business crisis, see, with a variety of arguments, Ballerini (2023), Fauceglia (2023), Galletti (2021), and Galletti (2023).

⁴ In this perspective, see, in particular, D’Attorre (2021) and Stanzione (2023).

⁵ See on this, in particular, in the Italian doctrine, Stanghellini (2007), Stanghellini (2004), and also, within the international doctrine, previously, Easterbrook and Fischel (1983).

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SUSTAINABILITY REPORTING: WEIGHING BENEFITS AND COSTS IN THE WAKE OF THE EU’S OMNIBUS PACKAGE

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Abstract

In recent years, sustainability reporting has evolved from a voluntary good practice into a cornerstone of corporate accountability. With the adoption of the Corporate Sustainability Reporting Directive (CSRD), the European Union mandated environmental, social, and governance (ESG) disclosures for thousands of companies, aiming to enhance transparency, improve capital allocation, and promote a culture of sustainable business. However, the introduction of the 2024 Omnibus Simplification Package marked a shift in direction. In response to growing concerns over regulatory burdens, the European Commission proposed reducing reporting obligations for 80% of small and medium-sized enterprises (SMEs) and exempting 70% of non-EU firms, raising questions about the future integrity and effectiveness of ESG disclosures.

Academic literature strongly supports the benefits of sustainability reporting. Foundational studies (Christensen et al., 2021) show that mandatory ESG transparency reduces information asymmetry and improves market efficiency. Meta-analyses by Friede et al. (2015) and

Atz et al. (2023) confirm that strong ESG practices are associated with better financial performance. Further research shows that ESG reporting aligned with the EU Taxonomy reduces firms' cost of capital and strengthens investor trust (Alves & Meneses, 2024; Jang et al., 2020). Buallay (2019) finds that financial institutions with transparent ESG disclosures achieve stronger market performance, albeit with slightly reduced operational efficiency.

The reputational value of sustainability is another critical factor. Fatemi et al. (2018) and Khan (2022) highlight that ESG reporting has a positive impact on firm valuation — provided the disclosures are of high quality. In emerging markets such as Malaysia, sustainability reporting has been shown to reduce both debt and equity financing costs. According to Li et al. (2018), internal governance and chief executive officer (CEO) power influence how ESG disclosures create firm value.

In this context, Degregori et al. (2025) and Santos et al. (2022) also highlight the growing importance of sustainability reporting in SMEs and the value derived from incorporating ethical approaches into decision-making. They argue that the adoption of sustainability frameworks within SMEs can yield significant long-term advantages, contributing to enhanced reputation and trust among stakeholders, despite the challenges posed by the complexities of reporting compliance.

Moussa and Elmarzouky (2024) investigate how ESG reporting impacts the cost of capital in UK firms, suggesting that transparency can reduce financing costs and foster financial stability. Rahman et al. (2024) explore the mediating role of sustainability reporting quality, showing that high-quality ESG disclosures enhance the relationship between green banking initiatives and firm value. Sunny and Apsara (2024) add further evidence from emerging economies, demonstrating that sustainability reporting can significantly influence financial performance, particularly in volatile markets. Meanwhile, Valentinetti and Rea (2025) focus on the role of digitalization in sustainability accounting and reporting, offering insights into how technological advancements can streamline ESG reporting processes, ensuring more accurate and efficient data management.

Despite these benefits, the costs of reporting are not negligible. CSRD compliance can require significant annual investments. Kiesnere and Baumgartner (2019) identify administrative complexity, compliance costs, and limited internal expertise as key barriers — particularly for SMEs. Aragón-Correa et al. (2008) argue that small firms often lack the resources to implement formal environmental strategies, making uniform CSRD requirements excessive. Rudžionienė and Brazdžius (2023) highlight the balance between the costs and benefits of sustainability reporting, showing that while the adoption of comprehensive ESG frameworks offers firms long-term strategic advantages, it also imposes considerable immediate costs.

The Omnibus Package was designed in response to this tension between regulatory ambition and operational feasibility and introduces the principle of regulatory proportionality. It proposes simplified reporting for SMEs, exempts many non-EU companies, and allows for the gradual adoption of third-party verification to ease initial burdens. The Commission also expressed interest in leveraging digital tools and IT systems to automate ESG reporting, a move supported by studies such as Lombardi and Secundo (2021) and Pizzi et al. (2024), which advocate for integrated digital platforms to reduce costs and improve data quality.

However, simplification carries significant risks. Without strong regulatory obligations, the likelihood of symbolic or superficial reporting (i.e., greenwashing) increases. Lozano et al. (2016) and Morioka and de Carvalho (2016) warn against ESG practices lacking genuine strategic integration. Empirical studies by Cahan et al. (2015) and Pérez et al. (2020) show that voluntary disclosures often receive less media attention and lack comparability. Serafeim and Yoon (2022) find that markets react more strongly to negative ESG news, suggesting that inconsistent reporting can damage corporate reputation.

The absence of uniform requirements may also undermine global competitive fairness. As Christensen et al. (2021) and Lukács and Molnár (2025) highlight, firms subject to different regulations operate on uneven playing fields.

The core dilemma remains: how can we preserve the effectiveness of ESG reporting without stifling the competitiveness of firms, especially SMEs? According to Bielawska (2022) and Cantele and Zardini (2018), small companies can benefit competitively from sustainability when practices are well integrated into business processes. Bacinello et al. (2021) show that SMEs with coherent corporate social responsibility (CSR) strategies can match or outperform larger firms. Dragomir and Dumitru (2023) reiterate that the perceived value of non-financial information depends on clear structuring and external assurance.

In light of this evidence, we propose a study to assess the differentiated impact of the Omnibus Package on three categories of firms:

- EU-based SMEs are subject to simplified reporting;
- non-EU firms exempt from CSRD obligations;
- large firms subject to full reporting requirements.

The aim is to evaluate whether simplified reporting can maintain integrity and competitive value, and to identify critical success factors (e.g., digitalization, organizational culture, external verification). The study will propose a scalable model of “Proportionate Sustainability Reporting” that calibrates requirements and tools based on firm size, sector, and operational capacity — ensuring strategic alignment while minimizing unnecessary burdens.

In a context of escalating environmental and social pressures, the challenge is not whether to simplify or regulate, but how to design

a reporting system that is effective, credible, and accessible. The Omnibus Package may offer an opportunity for innovation — but only if guided by empirical evidence and oriented toward sustainable value creation.

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WHAT KIND OF GOVERNANCE FOR BANKING INFORMATION SYSTEMS IN CAMEROON?

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Abstract

As banks are called upon to step up investments in information systems (IS), questions remain regarding their contribution to value creation. The objective of this research is to understand the governance orientation that banks in Cameroon give to their information systems so that they serve value creation. The method used is qualitative and focused on multiple cases. The study was conducted on a sample of six banks distributed according to their origins (two Western subsidiaries and four African banks). The results obtained using the verbatim technique reveal that information technology (IT) governance is still embryonic within banks. Indeed, few banks are truly interested in the deep needs of the priority stakeholders of banking IT: customers and employees. IT governance in banks remains primarily oriented towards the creation of shareholder value, materialized by the revenues generated.

1. INTRODUCTION

Investment in information systems (IS) remains a major challenge for banks in emerging countries (Saïdane, 2015; D'Orazio & Free, 2024).

However, the question of the value created by IS remains a central concern for researchers and business leaders. For some authors, value is created when organizations have made significant investments in IS (Matlin, 1979). For others, the value created stems rather from the ability to govern their IS (Alreemy et al., 2016).

The issue of IT governance remains fundamental in banks in Cameroon, as significant investments are being made to adapt to the digital revolution driven by artificial intelligence (AI). This sector also includes subsidiaries of Western banks with more advantageous IT strategies than those of local banks. Incidentally, the results of Kenfang's (2020) study show that subsidiaries invest mainly in the intangible aspect of IT, while local banks prioritize the tangible dimension. Local bank managers would then suffer from a “managerial myopia” which would lead them to focus their attention only on investments in tangible resources generating short-term profits, while those of subsidiaries would be endowed with the strategic intention that leads them to invest in intangible resources, generating long-term profits. In addition to their strong capacity for innovation and the important partnerships they establish with Western technology solutions companies, Western subsidiaries come from territories where large companies have created structures¹ of IT governance, which is not the case for companies in Africa.

While the shareholder orientation of governance advocates that IS serves the creation of value for shareholders alone (Loh & Venkatraman, 1993), the partnership orientation posits that value must be created for all priority stakeholders of IS (Almaqtari, 2024). This latter orientation is now the most widespread in the literature, particularly since the existence of the COBIT (Control Objectives for Information and Related Technology) standards, which, in the fifth version, integrate the consideration of stakeholder needs in IS governance.

In the Cameroonian context, where work on IT governance has so far remained non-existent, we draw on the literature on social responsibility. This paradoxically shows that Western subsidiaries are less inclined than African banks to adopt a partnership orientation, while shareholder orientation was at the origin of the 2008 financial crisis. The preceding developments raise the following central research question:

RQ: What governance orientation do the information systems of banks in Cameroon follow?

The objective of the research is to understand the governance orientation that banks in Cameroon give to their information systems so that they serve the creation of value.

¹ This is the case of the Computer Club of Large French Companies (CIGREF) created in 1970.

2. LITERATURE REVIEW

The debate on the value of IS is based on the resource-based view (RBV), which considers IS as a resource whose mere possession by a company is sufficient to ensure its financial performance. Research following the RBV path has produced ambivalent results, ranging from a positive correlation between the level of investment in IS resources and financial performance to a negative correlation. This ambivalence is likely because IS have become commonplace, no longer constituting rare resources and difficult to duplicate. Thus, it is no longer enough to invest in information systems but to know how to govern them. The ability to govern information systems, therefore, appears as a skill to be classified as an intangible asset that provides significant long-term revenues. IT governance is borrowed from corporate governance, defined as the set of incentive and control measures implemented by the board of directors to limit the managerial latitude of the director or to encourage him to work in the interest of shareholders. This shareholder perspective of IT governance, the pioneering work of which dates back to Jarvenpaa and Ives (1990), has gradually given way to the partnership approach, which questions the responsibility of decision-making power and the needs of the stakeholders. Indeed, the responsibility for decisions lies with the board of directors and senior management, who take them while taking into account the needs of the IT stakeholders (Weill & Ross, 2004). Better still, this approach seeks the creation of shareholder value through that of priority stakeholders in the sense of Mitchell et al. (1997). The partnership governance of IS must then serve the interests of shareholders, employees, and customers, who are the priority stakeholders of banking IS according to Dubois et al. (2008). For customers, it is above all a question of using servuction or co-creation to involve them in all phases of the construction of multichannel banking technologies, to guarantee their satisfaction. The actions to be taken on employees consist of raising their awareness of the technologies to be implemented, training them, motivating them, etc., and involving them in the implementation process, to avoid resistance, deviations, misuse, and even rejection. It is important to note that information systems also pose ethical problems for employees and can lead to psychosocial risks (Kenfang, 2024). Biwolé-Fouda (2011) shows that shareholder value is created when customers' and employees' value is guaranteed. Ultimately, only the stakeholder perspective of governance promotes the alignment of information systems, risk management, and value creation for the company (Kabbaj & Aliouat, 2018).

3. METHODOLOGY

The study adopts a qualitative approach focused on the study of multiple cases. It is justified by the lack of research on the subject in the African

context in general, and in Cameroon in particular. The sample is made up of six banks because Hlady-Rispal (2002) recommends working on at least three and at most six cases. These are two Western subsidiaries out of the three in operation, and four African banks out of sixteen. The data are collected from information systems directors and technology directors within the various banks. They are analyzed verbatim.

4. RESULTS

The effectiveness of IT governance practices remains mixed within banks. While subsidiaries use exported technologies, African banks also emphasize innovation through intrapreneurship. This is the case for two of the four African banks in the sample, which appear to be interested in customer-centric IT governance, sometimes developing technologies internally to meet customer needs. In most cases, technologies are implemented without considering the needs of customers and employees. In all banks, the only actions aimed at employees involve training and support for management. The ethical aspect, which involves taking into account employee privacy (video surveillance, for example) or the impact of IT on employee health, is not considered by the banks. IT governance is primarily oriented toward creating value for shareholders alone, in that the managers interviewed tend to talk more about the financial gains generated by their IT investments.

5. CONCLUSION

This reflection is of particular interest in a digitalized banking environment facing significant technological challenges. The ideological bias posits that only partnership-based IT governance is likely to serve value creation. The results reveal that IT governance is still embryonic, as it is carried out by a minority of African banks. Western subsidiaries, for their part, do not seem interested in understanding customer needs. This situation is detrimental in light of bank customer complaints in Cameroon. Finally, subsidiaries seem to have retained their historical mentality of focusing only on large and less risky Western companies, turning away from the needs of local customers, whom they deem at risk. The results of this study would have been more interesting if the perspectives of other priority stakeholders (customers and employees) had been collected. Nevertheless, this limitation could be addressed in future work.

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SESSION: GENERAL ISSUES OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AS A PERFORMANCE DRIVER: PANEL DATA EVIDENCE FROM GREEK LISTED FIRMS DURING THE 2010–2017 CRISIS PERIOD

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Abstract

This study explores the influence of corporate governance practices on the financial performance of firms listed on the Athens Stock Exchange (ASE) during the period 2010–2017, a timeframe that captures the aftermath of the Greek sovereign debt crisis and precedes the disruptions caused by the COVID-19 pandemic. The research focuses on understanding whether the adoption of sound governance structures can act as a driver of firm profitability, particularly in times of heightened economic and institutional uncertainty.

Drawing on the framework established by the Cadbury Report, the study operationalizes corporate governance through measurable board and audit committee characteristics, including board size, board independence, audit committee size, and the frequency of audit committee meetings. These factors reflect the principles of transparency, accountability, responsibility, independence, and fairness that underpin modern governance systems. Firm performance is assessed primarily through return on assets (ROA), supplemented by traditional

profitability indicators such as return on equity (ROE) and Tobin's Q to capture both accounting-based and market-based perspectives.

The analysis utilizes panel data from 120 non-financial firms listed on the ASE, spanning diverse industries, with financial institutions excluded due to their unique regulatory frameworks. Employing panel regression techniques, the study demonstrates a statistically significant and positive relationship between corporate governance variables and firm profitability. Specifically, board independence emerges as the strongest determinant of improved performance, highlighting the importance of independent directors in safeguarding shareholder interests and providing objective oversight. Board size also shows a positive effect, suggesting that larger boards, when effectively structured, can enhance decision-making through diverse expertise. Similarly, both the size of the audit committee and the frequency of its meetings are positively correlated with profitability, underscoring the role of active financial monitoring in reducing risks and ensuring the integrity of reporting. Firm size, included as a control variable, further confirms that larger firms tend to exhibit stronger financial performance, likely due to economies of scale, market influence, and greater institutional capacity. The above results are in accordance with the relevant literature (Xanthopoulou et al., 2021; Kalantonis et al., 2022; Skordoulis et al., 2022; Sotiropoulos et al., 2023).

The findings contribute to the growing body of empirical evidence that positions corporate governance not only as a regulatory or ethical requirement but as a strategic asset capable of enhancing firm value and resilience (Delegkos et al., 2022; Balios & Zaroulea, 2020; Kalantonis et al., 2021; Balios et al., 2022). In the specific context of Greece, the results suggest that the adoption of robust governance mechanisms can provide firms with a buffer against external shocks, reinforcing stability and operational efficiency during crisis periods (Xanthopoulou et al., 2024; Kalantonis et al., 2023).

The study concludes that strengthening corporate governance practices is essential for improving the competitiveness and long-term sustainability of Greek firms. While the results are robust, the research acknowledges certain limitations, including reliance on ROA as the primary profitability metric, potential selection bias due to data availability, and the exclusion of external governance factors such as ownership structure or shareholder activism. Future studies could extend the analysis to the post-2020 period, incorporating the impacts of updated Greek governance legislation and the COVID-19 pandemic, as well as exploring additional performance indicators and ESG-related governance dimensions.

Overall, the evidence presented here reinforces the critical role of corporate governance as both a stabilizing and performance-enhancing mechanism, particularly in environments marked by economic turbulence and institutional transformation.

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RESEARCH TRENDS IN PUBLIC SECTOR ACCRUAL ACCOUNTING: A BIBLIOMETRIC ANALYSIS

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Abstract

The purpose of this research study is to critically analyze the evolution of the academic debate on accrual accounting in the public sector. Specifically, it identifies emerging themes, highlights the main findings, and proposes insights for future research.

The adoption of accrual accounting in the public sector is closely linked to new public management (NPM) principles (Hood, 1991, 1995). It developed to enhance governmental efficiency and effectiveness (Connolly & Hyndman, 2006), often replacing cash-based accounting systems (Lapsley, 1999).

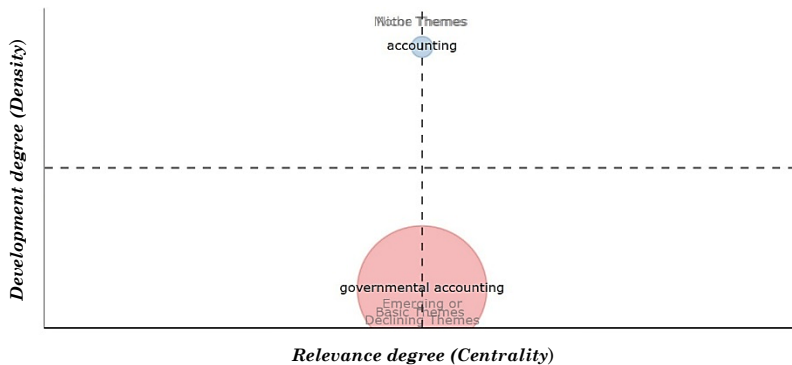
Previous literature suggests that accrual accounting improves the accuracy of information on government solvency and public assets, facilitates public service cost determination (Pina & Torres, 2003), and supports financial management (Fédération des Experts Comptables Européens [FEE], 2007). However, some scholars remain critical (Guthrie, 1998; Christiaens & Rommel, 2008; Lapsley et al., 2009), arguing that it does not effectively address financial control issues, as it provides a narrow perspective on performance by focusing primarily on costs and efficiency (Hepworth, 2002).

Despite these concerns, accrual accounting was first adopted by Anglo-Saxon countries, followed by its gradual implementation across some European nations (Pina et al., 2009). This led to the need for an international standard-setting body, resulting in the establishment of the International Public Sector Accounting Standards Board (IPSASB). Moreover, the 2008 financial crisis and the 2010–2011 sovereign debt

crisis marked a turning point in its adoption in Europe, raising the need for greater transparency and accountability in the public sector, which led to Directive 85/2011 and the development of the European Public Sector Accounting Standards (EPSAS) framework (Rossi et al., 2016).

This study investigates the state of the art and the conceptual structure of accrual accounting in the public sector through an extensive bibliometric literature analysis through the software Bibliometrix (Aria & Cuccurullo, 2017; Moral-Muñoz et al., 2020). Data were collected from Scopus and Web of Science (WoS), providing a comprehensive perspective of Scopus's extensive coverage and WoS's rigorous selection (Martín-Martín et al., 2018). A Boolean search strategy was applied to titles, abstracts, and keywords using the query: ["Accrual*" AND ("Public Sector*" OR "Public Govern*" OR "Public Administration*")]. The research was limited to English-language journal articles and book chapters examining the topic from an economic perspective. To ensure academic rigor, only publications from journals ranked at level 1 or higher in the Association of Business Schools' Journal Quality Guide were considered. The initial search yielded 311 publications and resulted in a final dataset of 211 publications after removing duplicates. According to the regulatory developments, the reference period was spitted into three phases: from the first published paper to the adoption of accrual accounting by a major public organization (1992–2000); from 2000 to the publication of Directive 85/2011 (2000–2011); and from the Directive's adoption to the present (2011–2024). This classification enabled the identification of four thematic categories — basic, niche, motor, and emerging/declining — offering a perspective on the evolution of the academic debate.

Figure 1. Thematic map: First period



The thematic map of the first period reveals only two main themes. The basic theme is broadly defined as accounting, reflecting the general and unstructured nature of early research. The emerging theme,

The third period is characterized by a proliferation of research topics. Accrual accounting remains the basic theme, alongside IPSAS, underscoring its established role in the field. However, EPSAS is categorized as a niche theme, highlighting the relatively recent development of European accounting reforms. Accounting reform transitions into a motor theme, reflecting its increasing influence on the academic debate.

Further investigation will explore, through a co-citation analysis, the connections between the research themes across the reference periods and within the thematic areas. Additionally, a more detailed examination will assess key findings and critical issues, determining whether the literature presents consistent results or remains fragmented, with mixed findings.

Ultimately, the proposed analysis underscores the strong academic recognition of accrual accounting in the public sector and highlights the need for further research to deepen the understanding of the issues identified and discussed in this study.

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TOWARDS A REGULATORY FRAMEWORK FOR THE GOVERNANCE OF ENDOWMENT ORGANIZATIONS IN SAUDI ARABIA

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Abstract

This research study examines the significance of a regulatory framework for the governance of endowment organizations in the Kingdom of Saudi Arabia (KSA). It underscores the urgent need for such a framework in light of the growing interest in the role of endowments in the nation's social and economic development, and the importance of leveraging government supervisory efforts to support the endowments sector. The study outlines the rationale for endowment governance and its benefits to endowment organizations and institutions by reducing systemic, operational, and institutional risks. Drawing on governance practices suited to the endowments sector, this study offers recommendations for a regulatory framework for endowment governance in the KSA, along with the core principles and provisions that should be included. It concludes by recommending the prompt issuance of a regulatory framework to complement existing advancements in organizing and enhancing the effectiveness of the endowments sector, while enabling its growth and alignment with KSA's strategic vision.

1. INTRODUCTION

Interest in governance related to the management and development of endowments has grown significantly in recent years. This increased focus is attributed to the regulatory and administrative structures that governance provides, which help enhance the operational efficiency of endowment institutions (Al-Khateeb & Amuda, 2024). Accordingly, there is an urgent need to establish a regulatory framework for the governance of endowment organizations in the Kingdom of Saudi Arabia (KSA). Such a framework is now more essential than ever, given the importance of these institutions and their expanding role in supporting the growth of the national gross domestic product. Furthermore, ensuring their sustainable development is critical to maximizing their societal impact and accelerating the achievement of the Kingdom's Vision 2030 objectives. Endowments constitute a key component of KSA's nonprofit sector, supporting eleven goals within sustainable development plans and programs. They also play a vital role in strengthening other social and service sectors, including education, healthcare, social welfare, and housing. In addition, endowments contribute significantly to social protection efforts that benefit various community groups, as illustrated by the Health Endowment Fund and university endowment funds (Saudi Central Bank [SAMA], 2021; United Nations [UN] & Islamic Corporation for the Development of the Private Sector [ICDPS], 2021).

The growth of the endowment economy has not kept pace with the overall expansion of the Saudi economy. An estimated 120,000 endowment facilities or properties currently exist in KSA, led by the Endowments of the Two Holy Mosques (General Authority for Endowments [GAA], 2023). In recent years, there has been a notable rise in institutional efforts grounded in a deep understanding of the developmental role of endowments within frameworks supported by the state. The government has demonstrated a strong interest in complementing societal and community initiatives in this area. According to published data, the value of public endowments managed by the GAA is approximately 14 billion Saudi riyals, while private and nonprofit sectors manage an estimated 40 billion Saudi riyals (GAA, 2023).

2. TYPES OF ENDOWMENTS IN THE KINGDOM OF SAUDI ARABIA

In Islamic jurisprudence, an endowment is defined as the dedication of an asset and the allocation of its benefits (Al-Zahrani, 2023). This entails retaining the endowed asset and prohibiting its ownership by any means, including its sale, mortgage, or gifting. Instead, the asset's benefits, returns, or revenues must be allocated to charitable purposes specified by the endower.

In practice, endowments in Islamic countries serve several vital roles, particularly in providing stable funding for sectors such as healthcare, education, social services, and religious affairs (Yunus et al., 2024; Zulkifli et al., 2022). As governance practices in KSA's endowment organizations continue to improve, endowments operate more efficiently, achieving their goals and supporting the Kingdom's strategic vision for charitable and endowment work and its developmental impact.

Endowments are classified into three types based on the beneficiary (Al-Azmi, 2023; Farhan, 2023):

1) Family endowment: This type designates benefits for specific individuals, such as descendants (children, grandchildren, great-grandchildren) or relatives (uncles, aunts, and their children), or the poor.

2) Charitable/public endowment: This type is created to allocate proceeds to charitable causes of a perpetual nature. These causes may be specific, such as aiding the poor and needy, or general, such as supporting mosques, schools, and hospitals.

3) Joint endowment: A hybrid of family and charitable endowments. It may begin as a family endowment and, upon the extinction of the beneficiaries, convert to a charitable endowment if specified by the founder.

3. LEGISLATIVE AND REGULATORY DEVELOPMENTS IN THE SAUDI ENDOWMENT SECTOR

The KSA has taken a significant step toward regulating the endowment sector through the issuance of Royal Decree No. (M/11) dated 26/02/1437H, which defined the responsibilities of GAA across three main areas (Awqaf, 2023a, 2023b; Awqaf, 2022a, 2022b; GAA, 2023):

1) Regulating the endowment sector: This includes drafting regulations, stimulating the sector, exercising supervisory oversight over endowment trustees, and taking legal measures to ensure fulfillment of endowment objectives, without directly managing the endowments. It also involves preparing policies, regulations, and frameworks.

2) Developing endowments: This includes empowering and building the sector's capacity, establishing a reliable database of endowment assets, approving applications for new endowments, taking necessary development actions, raising public awareness, conducting endowment research, enhancing governance and management systems, and strengthening institutional capacity.

3) Operating and managing endowments: Responsibilities include managing and developing public endowments, registering and documenting endowments, inventorying endowed assets, maintaining a verified database, acting as trustee for public and unspecified endowments, collecting revenues, and disbursing proceeds according to the founders' purposes.

4. PRINCIPLES OF THE REGULATORY FRAMEWORK FOR ENDOWMENT GOVERNANCE

The essential principles and provisions that should be incorporated into the governance framework for endowments are summarized as follows:

1) Compliance with Shari’ah (Islamic law): In Islamic thought, the establishment of endowments is fundamentally an act of worship and a means of seeking closeness to Allah. Therefore, strict adherence to Shari’ah rules is essential, whether in investing endowment assets, managing funds, or disbursing proceeds. This requires Shari’ah supervision, overseen by a Shari’ah board or legal advisor, to ensure that all institutional activities fully comply with Islamic legal standards and conditions specific to endowments (Bashir & Babiker, 2023; Farhan, 2023).

2) Interest as the basis for managing endowments: The core principle of endowment governance is serving the legitimate interests of the endowment. This entails ensuring that decisions by trustees or management are directed toward maximizing benefits for the endowment and its beneficiaries. It also requires a commitment to fulfilling beneficiary rights by facilitating access to endowment proceeds and ensuring their fair and effective use (Al-burshaid & Alomair, 2022).

3) Establishing conditions for the trusteeship: To prevent potential misuse of authority by the trustee, governance emphasizes selecting qualified trustees based on clear, objective criteria, rather than relying solely on the founder’s opinion, which may lack sufficient knowledge of suitable candidates. Establishing selection conditions for the Board of Trustees is therefore essential. These may include, but are not limited to, diligently collecting and distributing the endowment’s revenues to rightful beneficiaries and supervising and managing its assets.

4) Competence in the management of trustees: Whether the trustee is an individual or a collective Board of Trustees, competence is a requirement under Islamic law to ensure effective management, development, and optimal use of endowment assets.

5) Appropriate institutional management for endowment organizations: Institutional management should be established within a unified legislative framework, adapted to suit the nature, activities, and founding conditions of each endowment. This framework must also remain flexible, allowing for revisions to better achieve endowment goals.

6) Organizing relationships among stakeholders: Governance must define and regulate the relationships among all endowment stakeholders, including founders, beneficiaries, and supervisory or regulatory bodies. This should be accomplished through clear bylaws outlining responsibilities, authorities, and roles, including the administrative structure. Authority matrices must also be established to define administrative, financial, and legal responsibilities and boundaries, along with a system of internal and external auditing.

7) The importance of having governance standards: The effectiveness of governance depends significantly on sound evaluation and control practices, which serve as key tools in protecting endowment organizations from corruption, negligence, and misconduct (AlNemer, 2022).

8) The necessity of internal and external auditing: Internal auditing is crucial for improving operational efficiency and protecting the endowment from harmful practices. The governance framework must emphasize the independence of internal auditors to ensure effective application of governance principles and compliance with relevant regulations and standards. Similarly, appointing an external auditor to review financial statements and conduct accounting audits (Al Abdulghani, 2022; Al-Azmi, 2023).

5. CONCLUSION AND RECOMMENDATIONS

Establishing a governance framework for endowments is essential, as it enhances the organization, protection, and management of endowments while maximizing their social and economic impact. The governance framework should aim to increase the sector's attractiveness by broadening its scope, strengthening and directing endowment expenditures, and introducing innovative models that address contemporary needs.

The governance framework should incorporate clear evaluation and oversight metrics as essential tools for protecting endowment organizations from corruption, negligence, and harmful actions by trustees or executive management. It must serve as a catalyst for the broad implementation of governance systems across all endowment organizations and generate a positive impact both within the sector and across the broader economy. Through this framework, the sector can be empowered and encouraged to play an active role in sustainable development, including the diversification of endowed assets such as real estate, movable property, usufruct rights, shares, and contracts.

There is an urgent need to establish governance for endowments in the KSA. Such governance would support the development of a comprehensive economic vision for the endowment and charitable work sector, recognizing it as a vital third sector alongside the public and private sectors. This, in turn, would contribute to achieving sustainable economic growth and socioeconomic development. Expediting the issuance of a regulatory framework for endowment governance is necessary to incorporate recent developments and enhance sector effectiveness. Providing the sector with the necessary enablers for growth and development will directly support the achievement of KSA's strategic vision targets.

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SME FINANCING AND GOVERNANCE REQUIREMENTS OF INTERNATIONAL BANKS: ANALYSIS OF OBSTACLES SPECIFIC TO THE CAMEROONIAN CONTEXT

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Abstract

This study analyzes the obstacles that prevent Cameroonian small and medium-sized enterprises (SMEs) from meeting the governance requirements of international banks in order to access financing. The results reveal structural and informational weaknesses, as well as limited public support and policies. To improve this situation, the study recommends that SMEs strengthen their internal controls and adopt recognized accounting standards, while the state should intensify its support and put in place comprehensive public policies as well as effective guarantee and risk-sharing mechanisms.

1. INTRODUCTION

In Cameroon, as in other developing countries, small and medium-sized enterprises (SMEs) are essential to the economy, employment, and poverty reduction (Torres, 2001) and promote inclusive development

(Mahaillet, 2019). Nevertheless, their growth is frequently limited by obstacles, notably bank financing.

Bank financing for SMEs represents a major challenge for economic development (Hefnaoui & Darkawi, 2020). It is exacerbated by banks' perceived risk (St-Pierre & Fadil, 2011) and lack of collateral (Hefnaoui and Darkawi, 2020). International banks further intensify the importance of governance criteria, namely: structure, management, financial reporting, internal control, risks, stakeholders, etc. For these institutions, good governance signals sound management and sustainability (Nana Kuindja, 2022), thus reducing perceived risk (Bédu & Granier, 2018).

The governance requirements of international banks hinder SMEs' access to financing (Machiche & Maalemi, 2024). Characterized by informal structures and limited financial information, local SMEs are perceived as risky (Mbama & Éloundou, 2024; Bocquet & Mothe, 2009), leading to high interest rates and credit refusals. Improving their governance is crucial for access to international financing (Moungou Mbenda & Niyonsaba Sebigunda, 2015), but structural and informational deficiencies (Allegret & Dulbecco, 1998) as well as inadequate public support (Nana Kuindja, 2022; Mbama, 2021), complicate this task. Theories such as information asymmetry (Spence, 1978) and agency (Jensen & Meckling, 1976) help to understand this situation.

Based on a sample of 345 Cameroonian SMEs in 2025, this study analyzes managers' perceptions of the obstacles they encounter in their attempts to comply with the governance requirements of international banks, in order to facilitate their access to financing.

2. LITERATURE REVIEW

In developing countries, SMEs struggle to meet the governance requirements of international banks, which complicates their access to financing. Obtaining credit increasingly requires compliance with these rules. However, their small size and internal organization lead to structural and informational problems, making compliance difficult. These financing difficulties are amplified by the often-limited role of public support actors in these economies.

According to Ngoungo (2023), establishing effective internal controls is a major challenge for these SMEs, hampering their good governance. Their limited financial resources (Robert-Huot & Cloutier, 2020) restrict investment in sophisticated systems and skilled personnel. Their culture also favors flexibility over formalization (Mazra et al., 2019) and oversight (Moungou Mbenda & Niyonsaba Sebigunda, 2015), exposing them to operational and financial risks. Arbitrary decisions, inadequate performance monitoring (Bédu & Granier, 2018), and financial mismanagement (Bocquet & Mothe, 2009) result. Hence, their disadvantages in accessing international financing limit their growth.

According to Hoarau and Teller (2007), the adoption of reliable accounting standards is also a major challenge for SME access to international financing, as banks rely on transparent financial information (Mbama & Éloundou, 2024). Thus, non-compliance with the International Financial Reporting Standards (IFRS) makes it difficult to assess performance and solvency (Maimoun & Billal, 2024), leading to refusals or less favorable terms. Compliance with this requirement is complicated for SMEs with limited resources due to the cost and complexity of implementation (Hoarau & Teller, 2007), requiring specific skills and huge investments (Feudjo, 2010). Yet non-compliance with standards makes financial statements difficult for banks to interpret (Maimoun & Billal, 2024; Mbama & Éloundou, 2024), increasing perceived risk.

According to Gallais and Boutary (2014), adequate institutional support, characterized by access to information, training, markets, etc., supports SME development. Its inadequacy leaves them vulnerable to economic challenges. This exposes them to administrative and legal difficulties (Mbama, 2021), financial (Pouka Pouka & Nomo, 2022), competitiveness (Cueille & Recasens, 2010), and international credibility (Boutillier & Dokou, 2006). Yet international banks rigorously assess the financial strength, management, potential, and compliance of companies. Thus, SMEs operating in an environment of weak institutional support present structural weaknesses (Pouka Pouka & Nomo, 2022; Mbama, 2021), increasing the risk perceived by these banks.

The absence of strong government measures for transparency and good governance (Nana Kuindja, 2022; Mbama, 2021) is also a major obstacle. The lack of regulatory frameworks and support specific to SMEs (Gallais & Boutary, 2014), with inappropriate macroeconomic policies (Mahaillet, 2019), hinders their financial management and compliance with their obligations. Insufficient public investment in infrastructure (Lanneau, 2023) also affects the competitiveness and profitability of SMEs, increasing their operating costs and reducing their repayment capacity (Lanneau, 2023). The lack of effective mechanisms for resolving commercial and financial disputes (Ouchekkir & Ndinga, 2021) leads to collection difficulties (Collectif, 2005). In addition, limited access to reliable economic and financial information (Mbama & Éloundou, 2024) puts SMEs in emerging countries at a disadvantage. The lack of accurate data and efficient information systems (Ngongang, 2005) makes it difficult to present a convincing financial profile to banks. All these developments show why international banks are reluctant to finance companies operating in such an environment (Haddad, 2010).

Based on these ideas, the following hypotheses are put forward:

H1: SMEs' difficulties in setting up solid internal control structures make international banks less willing to grant them financing.

H2: The less rigorously an SME adopts and applies reliable accounting and financial standards, the less likely it is to be financed by an international bank.

H3: Insufficient support for SMEs from public institutions significantly reduces their chances of accessing financing from international banks.

H4: The more government policies and actions are insufficient, the more SMEs have limited access to financing from international banks.

3. METHODOLOGY

The quantitative study was carried out in 2025 among Cameroonian SMEs by means of a questionnaire. The aim was to identify the obstacles hindering their compliance with international banks' governance requirements for financing. A preliminary phase, carried out in December 2024, made it possible to adjust a questionnaire initially based on existing models and enriched by contributions from banking experts and SME managers. In February 2025, 350 SMEs in Douala were targeted for questionnaire distribution. Collection was completed in March 2025, with a high response rate of 99.4% (348 questionnaires returned). Analysis of these questionnaires revealed a usability rate of 99.1%, i.e., 345 questionnaires usable for the study.

4. RESULTS

The results of this study reveal a strong link between the weakness of internal controls in Cameroonian SMEs and the reluctance of international banks to finance them, thus confirming *H1*. This is in line with El khamlichi's (2015) analysis of banks' perceived risk. This lack of financing, compounded by weak governance (Allegret & Dulbecco, 1998), hampers their growth.

Furthermore, failure to comply with accounting and financial standards hinders access to international financing, a point emphasized by Mbama and Eloundou (2024) regarding the importance of transparency. This confirms *H2*. Accounting standardization is therefore crucial to the credibility of SMEs (Maimoun & Billal, 2024), requiring targeted support (Moussa, 2020).

The study also confirms *H3*, as insufficient public support hinders access to financing from international banks. The absence of effective public support does not strengthen the credibility of SMEs (Gallais & Boutary, 2014), thus underlining the need for active public involvement (Pouka Pouka & Nomo, 2022) for a favorable institutional environment.

Finally, *H4* is also confirmed, as insufficient government policies significantly limit access to international financing, in line with the work of Hefnaoui and Darkawi (2020). A clear policy framework and concrete government action (Mbama, 2021) are essential to improve access and unlock the potential of Cameroon's SMEs.

5. CONCLUSION

This study sought to identify the obstacles to compliance by Cameroonian SMEs with the governance requirements of international commercial banks, in order to facilitate their access to financing.

The results revealed that the difficulty these SMEs have in proving good governance by international standards, notably due to fragile internal control linked to limited capital and resources, difficulties in adopting reliable accounting standards, and insufficient public support, explains the rationing of credit by international banks.

Although the study's objective was achieved, it focuses solely on the obstacles from the managers' point of view. Future research could explore the factors that facilitate access to finance and incorporate the bankers' perspective. Despite these limitations, this study is essential for understanding SME governance. It recommends that SMEs invest in robust internal control systems and comply with accounting standards. It also suggests that public institutions strengthen their support and set up guarantee and risk-sharing mechanisms.

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BEYOND THE COMPLIANCE: ETHICAL GOVERNANCE IN ITALIAN CORPORATIONS

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Abstract

This study aims to analyze the relationship between corporate social responsibility (CSR) and compliance, focusing on the role that CSR may play in strengthening compliance mechanisms within the corporate governance (CG) system. Specifically, this work intends to investigate whether, and to what extent, CSR practices contribute to the development of a culture of legality and transparency, promoting the alignment of the company with stakeholder expectations. The focus of the study is on the most prominent ten Italian companies, chosen by market capitalization, as they are subject to increasing pressure from various stakeholders. Our purpose is twofold: on the one hand, to understand the role of CSR in supporting corporate compliance dynamics; on the other, to explore how companies communicate and report this interaction in their official documents, with particular reference to sustainability reports.

In a constantly evolving regulatory and reputational context, the topic of compliance has progressively extended beyond mere adherence to legal norms, encompassing ethical and value-based aspects inherent to social responsibility. Historically, the concept of compliance was articulated as a set of procedures and internal controls, aimed at

ensuring the organization's adherence to existing legislative and regulatory provisions, with a predominantly reactive and legal-formalist approach. According to the literature reviewed, compared to the past, compliance today increasingly refers to an integrated governance system that incorporates principles of integrity, transparency, and accountability, positioning itself as a strategic tool for managing reputational risks and strengthening stakeholder trust. In parallel, the concept of CSR has also evolved over the past 20 years. Once regarded as a set of voluntary and peripheral initiatives relative to the core business, often aimed at improving corporate image, CSR is now increasingly considered as a structural element of corporate strategy, integrated into decision-making processes and internal control systems, with a direct impact on organizational performance and the legitimacy of the firm within the socio-economic context.

The research is based on a qualitative approach and employs content analysis as the main methodology. The sample consists of the 10 largest Italian companies by market capitalization, listed on the Italian Stock Exchange (FTSE MIB). The choice of these firms reflects the intent to analyze entities with complex CG systems and subject to high standards in non-financial reporting, pursuant to Legislative Decree 254/2016 and European Sustainability Directives. Content analysis was applied to the sustainability reports published by the companies in the sample, with particular attention to the sections concerning: 1) compliance policies and internal control systems; 2) CSR practices and sustainability governance; 3) code of ethics and training; 4) whistleblowing, audit, and risk management. The textual material was manually coded to identify recurring patterns, divergences, and forms of integration between compliance and CSR. The qualitative approach allowed for the capture not only of the frequency, but also the depth and consistency of the content, providing a solid foundation for theoretical reflection on the interaction between social responsibility and regulatory compliance in the Italian context.

The qualitative analysis of the sustainability reports highlighted a growing convergence between the dimensions of CSR and compliance within the sampled companies. All the documents examined contain explicit references to compliance practices and structures, often integrated into sustainability governance systems. The analyzed companies declare the adoption of an integrated approach to risk management, in which environmental, social, and governance (ESG) issues are systematically considered within internal control models and corporate procedures. Particular attention emerged regarding staff training on ethical matters and the promotion of a corporate culture oriented toward responsibility. Some reports highlight the existence of internal committees dedicated to both compliance and sustainability, suggesting an increasing institutionalization of the link between these

two areas. Moreover, the companies most active in terms of CSR also demonstrate a more articulated structure in whistleblowing procedures and independent audit systems.

The results of the study provide relevant theoretical contributions to the literature on sustainable CG, showing how CSR can serve as a lever for the evolution of compliance systems. In particular, the integration between CSR and compliance appears to facilitate the adaptation of firms to complex regulatory environments, promoting the construction of more robust organizational legitimacy. From a practical perspective, the study suggests that sustainability-oriented governance can strengthen safeguards for legality and risk prevention, transforming compliance from a reactive function into a proactive dimension of corporate strategy. Companies that succeed in coherently integrating CSR and compliance not only respond more effectively to regulatory pressures but also enhance their accountability toward stakeholders.

We are aware that the study presents several limitations. First, the analysis is confined to a limited sample of ten Italian companies, selected based on market capitalization, which reduces the generalizability of the findings. Second, although the content analysis methodology offers interpretative depth, it does not allow for an assessment of the actual effectiveness of the CSR and compliance practices declared in the reports. Furthermore, the study relies on interpretations that, while following logical rigor in the definition of variables, are subject to the authors' subjective evaluations. This issue, in a future implementation phase of the study, could be addressed by strengthening the methodology section and including an explanatory table, outlining the nature of the variables and the specific object of the research, following the reviewed literature.

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PERFORMANCE AFTER MERGERS IN PUBLIC LOCAL ENTITIES, GOVERNANCE, AND PUBLIC POLICY: INTERNATIONAL EXPERIENCE AND THE GREEK CASE

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Abstract

The process of merging functions for organizations, whether in the private or public sector, serves as a vehicle for external growth and serves as a strategic choice that can improve their competitiveness and affect their governance (Healy et al., 1992; Cartwright & Schoenberg, 2006; Golubov et al., 2013; Liu et al., 2024). Additionally, mergers frequently result in considerable structural transformations within the organizations that undergo them, and they often draw both domestic and international attention as current events (Rao-Nicholson et al., 2016; Allers & Geertsema, 2016; Berriategortua et al., 2018).

Furthermore, it is increasingly essential for agile organizations to integrate and take on financially unstable entities, as this approach serves as a vital resource for expansion and aids in tackling everyday challenges, primarily by cutting costs and enhancing the overall quality of products and services offered (Blesse & Baskaran, 2016; Verma & Kumar, 2024). According to the principles of new public management

(NPM), policies from the private sector that may have a positive effect, such as executing mergers, can yield beneficial outcomes in public sector organizations (Jansen, 2008; Giovanis & Chasiotou, 2023, 2024, 2025). Therefore, mergers within public sector entities could result in heightened productivity and lower costs, while also improving the delivery of services and products, as it is stated that happens in the private sector (Tampakoudis & Anagnostopoulou, 2020; Pazarskis et al., 2022; Pazarskis et al., 2023; Tran & Dollery, 2021).

This study employs financial statement analysis and the extraction of public accounting data to explore the course of various local governments in the public sector following mergers (Kenk & Haldma, 2019; Bessho & Hirota, 2023). The methodology utilized from public accounting in this research has been formulated based on previous studies that have applied these research tools in the past (Bellás et al., 2010; Smaraidos et al., 2014; Turley et al., 2015; Turley et al., 2020). The sample under examination includes the twenty-five largest municipalities in Greece, ranked by total revenue collected (over 50 million euros) after the mergers initiated since the start of 2011, according to the “Kallikratis” program. Lastly, the quantitative variables incorporated were partly derived from the earlier study by Pantelidis et al. (2018) concerning Greek municipalities.

Based on the results obtained, although state funding as a public policy was limited to 30% in the period from 2011 to 2018, the total revenues of the organizations did not decrease by a corresponding percentage but by 10% in 2015, while in other years, such as 2018, they increased marginally. Finally, at the level of effective governance, the autonomy index based on the ability of each entity to have financial management without great dependence on the central government improved significantly by up to 30% from 2011 to 2018.

The present study has various limitations. Firstly, it pertains solely to public sector entities related to local government, excluding other public policy domains. Additionally, it depicts a specific situation at a particular moment while analyzing data from just one country, Greece.

Lastly, future research suggestions from this study might include exploring data from other public sector entities in Greece or assessing data from different periods. Moreover, other datasets could be analyzed and compared between Greek public sector entities and those from different countries, either in the same or different periods.

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GOVERNING WITH IMPACT: SCHOLAR-PRACTITIONER APPROACHES TO REAL-WORLD IMPACT

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Abstract

The persistent gap between academic research and practical application in management studies hinders scholarly knowledge’s societal relevance and utility (Booker et al., 2012; Lundsten et al., 2013). This disconnection is especially acute in corporate governance, where theoretical advancements often remain detached from the decision-making practices of boards, executives, and regulators (Khurana, 2007). Despite a growing body of rigorous governance research, its influence on governance reforms, boardroom behavior, and stakeholder accountability remains limited.

This study addresses this critical challenge by examining the strategies employed by recipients of the Academy of Management (AOM) Distinguished Scholar-Practitioner Award (2018–2024), a cohort of academics recognized for successfully integrating theory and practice, including in corporate governance. It investigates how these scholar-practitioners have enhanced the practical relevance and societal impact of their governance-related work.

Using a qualitative, interpretive methodology, the study analyzes these scholar-practitioners’ careers, scholarly outputs, and institutional roles to uncover how they have effectively bridged the research-practice divide. Particular attention is devoted to their contributions to governance discourse and reform (Van de Ven & Johnson, 2006), from board effectiveness and ethical leadership to stakeholder engagement and sustainability governance innovation.

Findings reveal that impactful governance scholarship is often rooted in long-term collaboration with firms, regulatory bodies, and governance institutions. Key strategies include building academic-practitioner networks, participating in governance advisory roles, and disseminating insights through accessible formats (Bansal et al., 2012; Birkinshaw et al., 2016) such as policy briefs, media commentary, and public forums, well beyond traditional academic publishing.

Key enablers of this impact include the presence of interdisciplinary research centers focused on governance challenges, institutional encouragement of engagement activities, and the ability of scholar-practitioners to translate complex governance theories, such as agency theory, stakeholder theory, and stewardship theory, into frameworks that support real-world governance assessment and boardroom decision-making.

However, structural barriers remain. Academic reward systems still emphasize theoretical contributions over applied impact, and traditional metrics fail to value engagement with corporate leaders, regulators, and policy communities. These institutional constraints continue to limit the potential of governance research to inform pressing societal and organizational challenges.

Notably, the scholar-practitioners studied have contributed to governance knowledge (Hopwood, 2007; Irwin et al., 2011) that addresses issues such as board decision-making under uncertainty, ethical oversight in governance systems, and integrating environmental and social concerns into governance practices. Their success lies in acting as “boundary-spanners”, individuals adept at navigating both scholarly and practical governance worlds to create tools and insights that foster accountability, board effectiveness, and long-term value creation.

The study concludes by calling for a systemic rethinking of academic norms. It urges universities, journals, and funding bodies to formally recognize societal impact and practitioner engagement as central to scholarly excellence. This transformation is especially urgent in corporate governance, where leadership decisions reverberate beyond the firm to shape market integrity, public trust, and economic stability (Finkel, 2019).

This research contributes to the ongoing conversation about making governance scholarship more relevant by drawing on the experiences of high-impact scholar-practitioners. It offers a roadmap for academics aiming to strengthen the societal contribution of their governance

research and advocates for a more engaged, impact-driven model of governance scholarship — one that balances theoretical depth with practical relevance.

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COLLABORATION STRATEGY AND THE PERFORMANCE OF SMALL BUSINESSES IN LAGOS, NIGERIA

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Abstract

Any economy that desires equitable development and growth must consider the wellness of small and business enterprises, because of their developmental role in the creation of jobs and accumulation of resources for the people in the economy. Thus, the objectives of the study were specifically to determine the singular and combined effects of both internal collaboration strategy and external collaboration strategy on some dimensions of performance of small businesses in Lagos State, Nigeria.

The study employed the descriptive survey design. This design was employed through the use of a structured questionnaire that was administered, virtually, in Google Forms, and distributed to the selected respondents. The population of the study was the list of owners and managers of small and medium-sized enterprises (SMEs) in Lagos State that are registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The five divisions of Lagos State are Ikorodu (783), Epe (593), Ikeja (4,446), Badagry (5,373), and Lagos Island

(5371). The research adopted a multistage sampling strategy, which included both stratified and random sample procedures.

The results showed that the internal collaboration strategy has a positive and significant effect on employee satisfaction and engagement ($\beta_1 = 0.901$; $\rho < 0.05$). The $F\text{-cal} = 2785.065$, $\rho < 0.05$, showed that the overall model is statistically significant at 5% level of significance. The R^2 revealed that internal collaboration strategy accounts for 0.812 (81.2%) variation or change in the dependent variable, employee satisfaction and engagement, and if any additional variable is added, it will still explain the variable at 0.812 (81.2%). In addition, it showed that the external collaboration strategy has a positive and significant effect on customer retention and loyalty performance at ($\beta_1 = 0.853$; $\rho < 0.05$). The $F\text{-cal} = 1721.638$, $\rho < 0.05$ showed that the overall model is also statistically significant at 5% level of significance. The R^2 of 0.728 (72.8%) explained variation or change in the employee satisfaction and engagement, and if any additional variable is added, it will still explain the variable at 0.728 (72.8%). Lastly, the results of both internal and external collaboration strategies, when combined, have a positive significant effect on service and quality performance ($\beta_1 = 0.397$; $\rho < 0.05$ and $\beta_1 = 0.591$; $\rho < 0.05$). The tables revealed that $F\text{-cal} = 3983.014$, $\rho < 0.05$, which showed that the overall model is statistically significant at 5% level of significance. The R^2 is a measure of the goodness of fit of the regression model.

The findings revealed that the internal collaboration strategy has positive significant effect on employee satisfaction and engagement. It implies that fostering teamwork and open communication can enhance employee morale and commitment. Organizations should invest in collaborative tools, cross-functional projects, and inclusive communication channels to create a cohesive work environment. This can lead to increased productivity, lower turnover, and a stronger organizational culture. Human resource policies should emphasize collaboration as a key competency in recruitment, training, and performance evaluations. Ultimately, prioritizing internal collaboration not only improves employee experience but also contributes to long-term organizational success. Also, the external collaboration strategy has a positive significant effect on customer retention and loyalty performance. It implies that building strong partnerships with suppliers, distributors, and other external stakeholders enhances customer satisfaction and trust. Organizations should focus on strategic alliances, joint problem-solving, and seamless information sharing to improve service delivery and responsiveness to customer needs. This strengthens brand reputation and encourages repeat business. Marketing and customer service teams should align closely with external partners to ensure a consistent customer experience. Overall, effective external collaboration is a vital driver of customer loyalty and long-term business sustainability.

It is therefore concluded that internally, collaboration ensures smooth workflows, quick problem-solving, and consistent standards. Externally, strong coordination with partners leads to reliable inputs, innovative solutions, and efficient service delivery. The combined effect enhances customer satisfaction, reduces errors, and supports continuous improvement across operations. The study recommended that SMEs should institutionalize collaborative practices by encouraging team-based projects, regular cross-functional meetings, and open communication platforms. Leadership should model collaborative behavior and reward teamwork through performance evaluations and incentives. Training programs should also focus on developing interpersonal and communication skills to enhance collaboration. By embedding collaboration into the organizational structure and culture, businesses can sustain higher levels of employee engagement and job satisfaction. SMEs should strengthen external partnerships by fostering transparent communication, joint planning, and mutual goal alignment. Regular feedback loops with key partners and shared performance metrics can improve service consistency. Customer-facing teams should work closely with external collaborators to ensure seamless service delivery. Investing in technology platforms that integrate suppliers and partners into the value chain can further enhance efficiency and customer experience, ultimately drive loyalty and repeat business. SMEs should adopt an integrated collaboration approach that connects internal teams and external partners through shared goals, real-time information exchange, and coordinated service standards. Quality management systems should involve input from both internal stakeholders and external collaborators. Investing in collaborative tools, joint training, and co-development initiatives can help align efforts across the value chain, ensuring high-quality service outcomes and sustained operational excellence.

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THE EVOLUTION OF VIRTUAL GENERAL MEETINGS IN GERMANY: LEGAL DEVELOPMENTS, PRACTICAL IMPLICATIONS, AND INTERNATIONAL PERSPECTIVES

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Abstract

The COVID-19 pandemic necessitated rapid adaptations in corporate governance, particularly in the way shareholder meetings are conducted. One of the most significant responses was the introduction of virtual general meetings (VGMs), initially as a temporary measure and later, as of July 2022, as a permanent option codified in §118a of the German Stock Corporation Act (AktG). This article explores the legal, procedural, and practical implications of VGMs in Germany. Drawing on the theoretical foundations laid by Klaus J. Hopt and the empirical research of Ulrich and Zettl (2023), this research study provides a critical analysis of the new legal framework, highlights key safeguards for shareholder rights, and compares Germany's approach to international developments in corporate law.

1. INTRODUCTION

The COVID-19 pandemic catalyzed a profound transformation in corporate governance structures, particularly in the realm of shareholder engagement. In Germany, traditional in-person general meetings were rendered temporarily unfeasible due to public health concerns. To maintain corporate functioning, emergency legislation permitted companies to conduct virtual general meetings (VGMs). Initially conceived as an interim solution, these virtual formats demonstrated both operational feasibility and unexpected benefits, such as increased shareholder participation. Consequently, the German legislature enacted a permanent regulatory framework through §118a of the German Stock Corporation Act (AktG) in July 2022.

This shift reflects not only the urgency of the pandemic response but also a broader trend toward digitalization in corporate governance. Ulrich and Zettl (2023) provide both a theoretical justification and empirical data supporting this transition. Their study finds that VGMs, when well-executed, can lead to higher participation rates, enhanced transparency, and greater inclusion, especially for shareholders who are geographically dispersed or otherwise unable to attend in person.

2. LEGAL FRAMEWORK OF VIRTUAL GENERAL MEETINGS

The cornerstone of the current legal framework is §118a AktG, which allows for the full virtualization of general meetings, provided the company's articles of association permit such a format. Alternatively, the articles may grant the executive board the authority to decide on holding a virtual meeting. This flexibility enables companies to tailor their approach to the needs of their shareholders and organizational structure.

As Hopt (2022a, 2022b) underscores, this legislative development seeks to balance two primary concerns: maintaining the efficiency and convenience of virtual meetings while safeguarding the participatory and deliberative rights traditionally exercised during physical annual general meetings (AGMs). By embedding these rights into a formal legal structure, Germany provides companies with legal certainty and shareholders with procedural guarantees.

3. CORE REQUIREMENTS FOR VIRTUAL GENERAL MEETINGS

The statutory requirements for holding VGMs under §118a AktG are designed to replicate the functional and participatory elements of traditional physical meetings while introducing the efficiencies of digital technology. This legislative shift reflects a careful attempt to maintain the integrity of shareholder democracy in an online environment, a sentiment echoed by Hopt (2022a, 2022b), who emphasizes

the importance of ensuring substantive parity between virtual and physical formats.

First and foremost, the entire general meeting must be broadcast in real-time using both audio and visual transmission. This provision is intended to ensure that all shareholders, regardless of location or physical ability, can observe the meeting as if they were present. Transparency and real-time access are cornerstones of procedural fairness and are necessary to build shareholder trust in digital formats.

Second, shareholders must be granted the ability to exercise their voting rights electronically. This encompasses voting via postal ballot ahead of the meeting, or directly through a secure electronic voting platform during the session. These mechanisms aim to replicate, if not enhance, the procedural equivalence to voting in person. According to Ulrich and Zettl (2023), the introduction of digital voting platforms has, in many cases, led to an increase in shareholder participation, particularly from international investors who previously faced logistical barriers.

Third, shareholders must have the opportunity to submit motions, propose candidates for elections, and raise questions through electronic means. Submissions may be permitted prior to the meeting, and in more interactive formats, even during the live broadcast. The design of such participation features varies between companies, but as noted in guidance by the Deutsches Aktieninstitut (n.d.), the goal should be to enable genuine two-way communication rather than just one-directional information flows.

Fourth, the management board is legally obligated to respond to shareholder inquiries in a fair and timely manner. This includes the publication of answers to submitted questions either before or during the meeting. Such transparency not only reinforces equal access to information but also safeguards minority shareholder interests. Hopt (2022a, 2022b) points out that this duty enhances accountability and aligns with broader principles of corporate governance.

Despite these procedural innovations, the successful implementation of these rights depends heavily on the technological infrastructure in place. Companies must ensure that digital platforms are not only functional but also secure, inclusive, and user-friendly. As Ulrich and Zettl (2023) warn, poorly executed technology can inadvertently disenfranchise shareholders or reduce engagement, thus defeating the purpose of digital inclusivity.

4. SHAREHOLDER RIGHTS AND PROTECTIONS

A core element of corporate governance is the protection of shareholder rights, and the transition to virtual formats must not dilute these fundamental safeguards. The implementation of § 118a AktG reflects

a structured approach to ensuring that shareholders continue to enjoy the same substantive rights online as they would in a traditional setting.

One of the key protections afforded under this framework is the right to submit questions in advance of the meeting. This ensures that shareholders can raise concerns and seek clarifications from the management board, thereby upholding the principle of informed voting. However, critics such as the DSW (Deutsche Schutzvereinigung für Wertpapierbesitz) have voiced concerns that restricting shareholder questions to advance submissions may limit the spontaneity and discursive nature of AGMs. Hopt (2022a, 2022b) similarly argues that live questioning should be facilitated to strengthen the deliberative quality of corporate decision-making.

The legislation also preserves the right to object to resolutions during the meeting. This is especially critical for safeguarding legal remedies under §§243 ff. AktG, where objections serve as a prerequisite for contesting shareholder resolutions. Shareholders can lodge their objections electronically, and these are to be formally recorded in the meeting transcript.

Another important mechanism for shareholder protection involves the provision for legal recourse in the event of procedural errors or technical malfunctions. If such issues materially affect shareholder participation or the outcome of voting, affected parties can seek judicial review. Ulrich and Zettl (2023) note that while these protections exist, shareholders often face a high evidentiary threshold to prove that their rights were infringed in a way that invalidates meeting results.

In response to these limitations, there is a growing call within the academic and corporate communities for the adoption of hybrid models that combine the best features of both virtual and physical meetings. These models would allow shareholders to choose how they participate, potentially increasing inclusivity and engagement without sacrificing legal certainty.

5. PRACTICAL IMPLICATIONS AND CHALLENGES

While the legal and technical framework for VGMs is now well-established in Germany, practical implementation continues to reveal both opportunities and shortcomings. One of the most frequently cited benefits of VGMs is increased accessibility. According to the Deutsches Aktieninstitut (n.d.), virtual meetings can lead to broader participation, especially from retail investors and international shareholders who may find it difficult or costly to attend in-person meetings. Empirical findings by Ulrich and Zettl (2023) support this claim, showing that the transition to virtual formats led to a measurable increase in attendance across a sample of German listed companies.

Cost-efficiency is another major advantage. Companies can reduce expenditures related to venue rental, printed materials, and event

logistics. Additionally, environmental sustainability may be improved through the reduced carbon footprint of travel and physical distribution. However, these advantages are not without their trade-offs. As Rushton (2025) reports, several German shareholders and advocacy groups have expressed concern that cost savings for companies might come at the expense of shareholder engagement and transparency.

Technical reliability and cybersecurity also present significant challenges. Even a brief system failure during voting or Q&A sessions could undermine the legitimacy of the meeting and expose the company to legal risk. Hopt (2022a, 2022b) stresses the need for companies to invest in robust information technology (IT) infrastructure and to perform stress tests on virtual platforms ahead of the AGM. Furthermore, inclusivity remains a concern. Not all shareholders may have access to high-speed internet or possess the digital literacy required to participate meaningfully in online formats. The law does not currently obligate companies to provide alternative participation formats, which raises concerns about potential discrimination against digitally marginalized groups.

Finally, the risk of management control increasing through the virtual format cannot be ignored. Hopt (2022a, 2022b) warns that virtual environments, while procedurally sound, may subtly shift the balance of power toward executive boards, as they retain greater control over timing, question moderation, and platform access. This calls for a vigilant approach to corporate governance, where supervisory boards and institutional investors remain active in holding management accountable.

6. INTERNATIONAL PERSPECTIVES ON VIRTUAL GENERAL MEETINGS

Germany's regulatory evolution with §118a AktG fits within a broader international context of adapting corporate governance frameworks to digital technologies. Comparative legal developments show a convergence in intent, namely, to enable corporate continuity in crisis and promote shareholder inclusion, yet a divergence in execution.

In the United Kingdom, the Corporate Insolvency and Governance Act 2020 temporarily permitted companies to hold fully virtual AGMs. However, due to legal uncertainties under the Companies Act 2006, many British firms opted for hybrid formats to avoid potential shareholder disputes. The UK Department for Business and Trade has since engaged in consultations to clarify and modernize the legal basis for virtual and hybrid AGMs.

France adopted a series of emergency ordinances during the pandemic to allow virtual AGMs. The framework was later extended, with safeguards introduced to ensure that shareholders retained the right to ask questions and vote. However, the French Association of

Institutional Investors (Afep) has cautioned that virtual formats should remain optional and accompanied by clear accountability mechanisms.

Italy also permitted VGMs through emergency legislative measures. Critics, including academic commentators, highlighted that Italian VGMs often lacked real-time engagement options, thus reducing shareholder influence. As in Germany, there is growing interest in hybrid formats that merge legal robustness with inclusivity.

In the Netherlands, the temporary COVID-19 Corporate Act facilitated VGMs but also prompted a reevaluation of the statutory requirements for AGMs. Dutch policymakers are considering a more permanent regime that includes the option for hybrid formats, especially as institutional investors demand greater transparency and interaction.

Singapore's Accounting and Corporate Regulatory Authority (ACRA) offered detailed guidelines on conducting virtual AGMs during the pandemic, emphasizing technical standards and shareholder protections. Post-pandemic, ACRA continues to promote a flexible legal infrastructure, allowing companies to choose virtual or hybrid formats as best suited to their shareholder demographics.

These examples illustrate that while Germany's §118a AktG is among the more detailed and prescriptive frameworks, the international trend leans toward enabling hybrid solutions that combine digital convenience with participatory safeguards. Ulrich and Zettl (2023) argue that Germany should closely monitor these developments to ensure its own legal regime remains competitive and responsive to shareholder needs.

7. FUTURE OUTLOOK

The institutionalization of VGMs in Germany is a milestone in the digital transformation of corporate law. However, the long-term success of this model will depend on its adaptability, technological reliability, and the continued protection of shareholder rights. While §118a AktG offers a strong foundation, both Hopt (2022a, 2022b) and Ulrich and Zettl (2023) caution that legal frameworks must remain dynamic, capable of incorporating lessons from practical application and international comparison.

One of the most promising avenues lies in the evolution of hybrid formats. These meetings allow shareholders to participate either physically or digitally, depending on preference or capacity. Hybrid models could serve as a bridge between tradition and innovation, retaining the interpersonal interaction of physical meetings while leveraging the reach and efficiency of digital platforms.

To that end, regulatory authorities, corporate boards, and shareholder associations must collaborate to establish clear guidelines for hybrid AGMs. These should address not only technical standards but also governance practices, such as equitable access to questioning and

voting mechanisms. As Rushton (2025) notes, shareholder skepticism of purely virtual AGMs remains high, especially among institutional investors wary of diminished influence.

In conclusion, Germany has taken a significant step by embedding VGMs into its corporate governance framework. However, this should be seen not as a finished product but as part of a broader evolution. By engaging with empirical findings, technological advancements, and international best practices, Germany can refine its approach to ensure that digital transformation serves not only efficiency but also the fundamental principles of shareholder democracy and transparency.

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RESILIENCE IN FAMILY FIRM GOVERNANCE

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Abstract

Family firms represent a cornerstone of the global economy, known for their long-term orientation, strong internal cohesion, and intergenerational outlook. These characteristics are often credited with providing family businesses a unique form of resilience in times of crisis. This research study explores the concept of resilience in family firms, emphasizing the role of family governance structures in fostering adaptability, continuity, and crisis management capacity. Drawing on contemporary literature and empirical studies, it discusses how specific governance mechanisms, such as family councils, constitutions, and succession planning, contribute to the firm's ability to withstand shocks and recover from adversity. The study concludes by considering the future challenges facing family businesses and offering insights into how resilience can be institutionalized through robust family governance.

1. INTRODUCTION

Family firms account for a significant share of businesses worldwide and contribute substantially to employment, gross domestic product (GDP), and social cohesion. They are characterized not only by economic

performance but also by a distinctive structure in which family dynamics intersect with business decision-making. This dual system of influence often becomes a source of both strength and vulnerability, particularly in periods of economic, social, or environmental disruption.

The concept of resilience has gained prominence as scholars and practitioners seek to understand why some family firms are able to survive and even thrive during turbulent times, while others falter. Resilience in this context refers to a firm's ability to absorb shocks, adapt to changing circumstances, and emerge stronger from adversity (Yilmaz et al., 2024). In the case of family businesses, this capability is closely linked to the presence of strong family governance structures that facilitate strategic continuity, knowledge retention, and emotional commitment across generations (Chrisman et al., 2011).

This study seeks to unpack the relationship between resilience and governance in family firms. It explores the theoretical foundations of resilience, identifies the specific governance mechanisms that underpin it, and presents illustrative examples from recent empirical research. The study ultimately argues that institutionalizing resilience through formal and informal governance structures is key to long-term sustainability in family enterprises.

2. DEFINING RESILIENCE IN FAMILY FIRMS

Resilience, in the organizational context, is generally understood as the capacity of a firm to respond effectively to disruption while maintaining core functions and adapting to new realities. For family firms, this concept takes on additional dimensions. Resilience is not just about business continuity but also about preserving family legacy, values, and relationships.

The long-term orientation typical of many family businesses provides a natural foundation for resilience. Unlike publicly traded firms that may focus on quarterly results, family firms often prioritize generational continuity, stability, and reputation. This outlook fosters investment in human capital, trust-based relationships, and prudent risk-taking, all of which enhance resilience (Mzid et al., 2019).

However, resilience is not automatic. It requires proactive planning, communication, and governance structures that align the interests of family members with those of the business. When these systems are absent or dysfunctional, family conflicts, succession disputes, and strategic paralysis can severely undermine resilience.

3. THE ROLE OF FAMILY GOVERNANCE IN BUILDING RESILIENCE

Family governance refers to the institutional frameworks and practices that guide the relationship between the family and the business. Effective governance establishes clear roles, responsibilities, and processes for decision-making, conflict resolution, and succession planning.

One of the most critical instruments of family governance is the family constitution. This document articulates the family's mission, values, and long-term vision for the business. It often includes provisions for ownership rights, employment policies, dividend distribution, and leadership transitions. By setting expectations and minimizing ambiguity, a family constitution helps to reduce conflict and ensure cohesion during crises (Salvato et al., 2022).

Family councils and regular family assemblies also play a vital role in fostering resilience. These forums create opportunities for transparent communication, education, and alignment of goals. They also provide a structured setting in which next-generation members can be introduced to the business and gradually assume responsibility.

Succession planning is another cornerstone of resilient family governance. Sudden leadership vacuums can destabilize even the most successful businesses. A well-designed succession plan, implemented over time and with broad family support, ensures leadership continuity and strategic consistency (DeCiantis, 2022).

4. EMPIRICAL EVIDENCE AND CASE EXAMPLES

Numerous studies have explored the link between family governance and resilience. For instance, research following the 2008 financial crisis found that family firms with formal governance structures recovered faster than those without (Chrisman et al., 2011). These firms were better able to mobilize resources, maintain employee loyalty, and adjust their strategies in response to market changes.

A recent systematic review by Yilmaz et al. (2024) synthesized over 100 articles and confirmed that resilience in family firms is strongly influenced by the quality of governance practices. Their findings indicated that robust governance systems facilitate faster decision-making, effective resource allocation, and higher adaptability.

Similarly, Mzid et al. (2019) observed that family capital, comprising trust, shared values, and emotional bonds, combined with institutionalized governance mechanisms, enhances a family firm's capacity to innovate and recover from crisis.

5. CHALLENGES AND FUTURE DIRECTIONS

Despite their potential for resilience, family firms face several challenges in building and maintaining effective governance. Generational transitions can create power struggles, especially when leadership roles are not clearly defined. Emotional attachments to legacy assets or leadership styles may hinder adaptation to new business realities.

Moreover, globalization and technological change are increasing the complexity of family business management. Younger family members may have different expectations and worldviews, necessitating governance models that are flexible, inclusive, and future-oriented. Cultural differences across branches of multinational family firms may further complicate alignment.

To address these challenges, scholars recommend a continuous review and evolution of governance practices. External advisors, family business consultants, and governance coaches can play a helpful role in facilitating difficult conversations and institutionalizing best practices (Taylor-Martin, 2024).

6. CONCLUSION

Resilience is a defining attribute of successful family firms, but it does not arise spontaneously. It is built through intentional governance mechanisms that promote transparency, continuity, and adaptability. Family constitutions, councils, and succession plans are not mere formalities; they are instruments that channel the family's collective wisdom and long-term commitment into sustainable business practices.

In a world marked by uncertainty and rapid change, the ability of family firms to institutionalize resilience will determine not only their survival but also their capacity to lead with purpose and generational responsibility. By embracing robust governance, family businesses can position themselves as enduring anchors of stability and innovation in the global economy.

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CONFERENCE FORUM DISCUSSION

INTERLOCKED AND FEMALE DIRECTORS IN FINANCIAL DISTRESS COMPANIES

by Giacomo Gotti, Sergio Longobardi, Carla Morrone, and Marco Venuti

Tommaso Beck: Dear author(s), I would like to thank you for your interesting and inspiring contribution. I believe that the topic you have chosen is gaining increasing relevance, from both a theoretical and practical perspective. I will be pleased to follow future developments of this research.

According to that, are you considering improving the methodology and the empirical section of this abstract for a forthcoming full-paper contribution? If so, how would you justify the use of logistic regression and the sample selection? I wish you all the best with your research.

Giacomo Gotti: Dear Tommaso, thank you very much for your feedback. We are indeed planning to develop this abstract into a full paper.

The use of logistic regression is justified by the binary nature of our dependent variable: the choice between liquidation and going-concern procedures. This model best fits the characteristics of our sample, which includes only firms that entered formal financial distress procedures under the Italian Business Crisis and Insolvency Code. Consequently, sample selection is also closely linked to the nature of the analysis to be carried out. Many thanks.

Alexander Kostyuk: Dear Giacomo and colleagues, welcome to our conference forum. You stated that your analysis relies on a novel and proprietary dataset of Italian firms in financial distress that initiated formal legal procedures (e.g., bankruptcy or debt restructuring). Could you describe in detail the dataset you used?

Giacomo Gotti: Dear Alexander, thank you for your interesting question. The dataset originates from a detailed registry of all ongoing legal proceedings in Italian courts as of December 31, 2022, sourced from Fallco (a specialized legal database). From this registry, the analysis focused on SMEs that encountered financial distress starting in 2013. The Fallco data were supplemented with governance-related variables from the AIDA database, resulting in a unique, integrated dataset of Italian firms that faced financial distress between 2013 and 2022, culminating either in a going concern procedure or a liquidation procedure.

Carla Morrone: Sample refers to companies in “open” legal proceedings as of 2023 (in Italian courts).

Alexander Kostyuk: Thank you for the answer, Giacomo. It seems that the Italian legal field is very specific. At the same time, the relevance of this study is important to get through financial distress procedures more effectively.

Chan Du: Dear authors, I find your research very interesting, and it fills a critical gap by being among the first to empirically examine how both interlocked and female directors influence the choice between going-concern procedures and liquidation in financially distressed firms. The finding that interlocked directors significantly reduce the likelihood of liquidation, while female directors show no statistically significant effect, provides important insights into board composition dynamics during financial crises. The use of a unique dataset of Italian firms and the grounding in resource dependency theory strengthen the theoretical foundation of your work. I would suggest that future extensions of your research consider incorporating additional control variables that have been shown to influence bankruptcy outcomes, such as CEO, board size, director independence ratios, CEO tenure, and firm-specific characteristics like industry type and company age. Including these variables could help isolate the specific effects of interlocked and female directors while controlling for other governance mechanisms that may influence liquidation versus reorganization decisions.

Jean Roger Mfelam: Hello, dear colleague, I find this paper interesting. However, I think that beyond resource dependence theory, you could also have leveraged Jensen and Meckling's (1978) agency theory. Indeed, can directors with ties to the company truly control a manager they have appointed?

Marco Venuti: Thank you for your comment, Chan. The next step in our research is indeed to broaden the range of variables under consideration. There are studies that highlight the existence of relationships between the variables you mentioned and business crises, although the results are often mixed. For example, some studies show that larger boards make corporate crises less likely — based on the assumption that the company benefits from greater expertise — while others reach the opposite conclusion, arguing that such boards are less efficient (García & Herrero, 2021). Therefore, it is essential to empirically assess the role of these variables in the context of the ongoing research.

Thank you for your comment, Jean. The topic we investigated can be examined through both resource dependence theory and agency theory. Both provide a solid theoretical foundation and are likely the most commonly used frameworks in studies related to the subject we explored. We will take your suggestion into account in the further development of the paper.

CORPORATE GOVERNANCE AND PERFORMANCE OF FAMILY FIRMS: EXPLORING THE ROLE OF MIXED BOARD COMPOSITION

by *Caterina Cantone*

Pierre Claude Mbama: Dear authors, thank you for your contribution. I would just like to know how the presence of non-family members on the board of directors can actually influence decision-making within family businesses, if the family already owns more than 51% of the capital. We already know that the decision of the majority shareholder always prevails. Furthermore, in your context, is board independence really desired within family firms?

Caterina Cantone: Thank you for your thoughtful question. You are absolutely right in pointing out that in family firms where the family holds more than 51% of the capital, formal authority typically lies with the majority shareholders. However, our research explores how influence in decision-making is not solely determined by ownership percentage, but also by board dynamics, relational capital, and governance culture.

While the family may retain final decision rights, non-family board members can influence strategic choices in several indirect yet meaningful ways:

Advisory power and professional expertise: Non-family directors often bring external knowledge, objectivity, and experience that families may lack. Their presence can reshape how decisions are framed and debated, especially in areas such as internationalization, digital transformation, or risk management.

Relational integration: Our preliminary findings suggest that when non-family members are relationally integrated — through trust, shared values, and mutual respect — they contribute not just structurally, but also through collaborative influence. In such contexts, their input is considered seriously, even if they don't have the final vote.

Symbolic and legitimizing role: Especially in second or third generation family firms, having independent or non-family members on the board can send signals of professionalism and openness to stakeholders — banks, clients, or potential partners — which in turn may shape strategic choices.

Regarding board independence, your question captures a real tension. While full independence is not always desired (and sometimes even resisted), many family firms increasingly value a degree of board diversity to complement the family's knowledge with external perspectives. Our study focuses on firms that are mature enough in their governance to recognize the value — not just the formality — of mixed board composition.

So in summary, while ownership provides control, it does not preclude influence through legitimacy, expertise, and dialogue. That's precisely the nuance we aim to explore through a qualitative lens.

Pierre Claude Mbama: Dear Caterina, thank you for your answers, which help us better understand the direction you are giving to your research.

Syeedun Nisa: If well-managed, a mixed board can offer the best of both worlds: family stability and long-term vision, along with external expertise and market responsiveness. However, at the same time, there are many challenges in mixed boards, such as power imbalance, conflicting interests, emotional involvement, succession and continuity issues, etc. How should these challenges be managed in order to have a more productive environment?

Caterina Cantone: Thank you for this important and nuanced question. Indeed, as you point out, mixed boards in family firms hold great potential by combining family continuity and values with external expertise and objectivity. However, this potential can only be realized if the inherent challenges — such as power asymmetries, emotional entanglement, and succession tensions — are proactively managed.

Based on our preliminary findings and existing literature, we identify several key strategies to foster a more productive and collaborative board environment:

Clarify roles and expectations: Clear governance rules and well-defined roles (e.g., through formal governance codes or board charters) help to avoid overlapping responsibilities and reduce ambiguity that often leads to conflict.

Foster psychological safety and trust: Building a culture of open communication and mutual respect is essential. Our data suggest that relational integration — not just structural inclusion — is a crucial driver of board effectiveness. Trust enables non-family members to speak freely and be genuinely heard.

Balance power through procedural mechanisms: While family control is inevitable in majority-owned firms, establishing structured decision-making processes (e.g., committees, voting protocols) can reduce perceived or real dominance by family members, giving external directors a more meaningful voice.

Succession planning as a shared responsibility: Involving non-family board members early in succession discussions can bring neutrality and help navigate intergenerational tensions. They often play a stabilizing role in ensuring continuity while adapting to changing market conditions.

Continuous board development: Investing in joint training or strategy workshops can enhance mutual understanding and promote

shared vision, particularly in multigenerational contexts where perspectives may differ significantly.

In summary, while mixed boards inherently carry tension, these challenges can be transformed into productive dynamics through intentional design, relational commitment, and shared learning. This is precisely what our research aims to uncover by analyzing board practices not just in structure, but in lived experience.

Syedun Nisa: Thanks for the detailed reply. I truly appreciate the way you’ve highlighted both the promise and the complexity of mixed boards in family firms. Your emphasis on relational integration, psychological safety, and shared learning offers a much-needed lens that moves beyond structural reforms toward the lived realities of governance.

The strategies you’ve outlined — particularly the focus on trust-building, clearly defined roles, and inclusive succession planning — resonate deeply with the evolving needs of family businesses navigating modern challenges. I’m especially struck by the idea that non-family members can serve not just as advisors but as stabilizers in times of transition, provided there is genuine inclusion.

Your research offers a compelling foundation for rethinking how family firms can balance legacy with innovation. I look forward to seeing how these insights further develop and inform best practices in corporate governance.

Alexander Kostyuk: Dear Caterina, we are happy to see you at our conference forum. You introduced the sampling criteria. For example, active family involvement in governance. What does it mean to be “actively family involved in governance”? How do you measure active family involvement in governance?

Caterina Cantone: Thank you very much for your question and for the opportunity to clarify this important aspect of our methodology.

By “active family involvement in governance”, we refer to the direct and sustained participation of family members in formal decision-making structures, particularly the board of directors. This goes beyond mere ownership or symbolic presence and includes roles where family members are actively contributing to strategic deliberations and oversight.

In our study, we operationalize active involvement using the following indicators:

Board participation: At least one family member must hold a formal seat on the board of directors and participate regularly in board meetings.

Decision-making role: Family members must be involved in key strategic decisions, either through voting rights, leadership roles

(for example, chairperson or CEO), or active committee membership (for example, audit or strategy committees).

Regular engagement: We assess whether family members are consistently engaged in governance activities over time — not only during exceptional circumstances — through interview responses and internal documents (for example, board minutes, governance codes).

Multi-generational presence (when applicable): In later-generation firms, we also consider the presence of different generations of the family participating in governance, reflecting a deeper level of strategic continuity.

These criteria are applied during our case selection process and further verified through triangulation of data sources — particularly interviews and internal documentation — to ensure that family involvement is not only nominal but substantively influential in governance practices.

Keith Harman: Dear Caterina, your research reminds us that organizations have explicit and implicit elements that come into play as regards company decisions. I observed this first-hand in my parents’ businesses. “On paper”, they owned their firms. In practice, it was key vendors, key customers, and financial institutions who could “green light” or stop a capital project.

Having been a member of a firm controlled by a family, I found the current paper highly insightful. Mixed boards do impose significant challenges, especially in periods of what Griener & Griener would have called “stages of revolution”. I concur that the study methods could be improved, but the authors have handled the methodological issue brilliantly. It is the challenge we face in disciplines reliant upon the social sciences — people as individuals and groups are “messy” samples and do not provide us data points as one would expect to find in the physical sciences.

LEVERAGING ARTIFICIAL INTELLIGENCE MODELS FOR FINANCIAL FORECASTING

by Mfon Akpan

Gonca Atici: Dear Mfon Akpan, thank you for this very interesting study. This is a crucial attempt to create a bridge between AI models and financial forecasting. The appendix of the study provides useful information for scholars who have an interest in this topic. You also provide the limitations of the study and future research. Your study compares the zero-shot forecasting performance of GPT-4o and Claude Sonnet 3.5 across a cross-industry portfolio of publicly traded companies. I have some questions on the topic:

1. Could you share more on zero-shot forecasting in finance?
2. Can we expect two new tools instead of GPT-4o and CS 3.5, soon?

What I mean is, while we have an effort to adopt these tools in our studies, creators of AI are also in an effort to create more advanced tools. These tools will ease the studies of scholars in the future, but it seems that scholars lag behind AI, especially in learning and adopting them in their studies. I want to learn your view on this.

3. What was your perspective about the outliers in the dataset (the logic of covering them)?

4. What is the logic of covering banks in the dataset, because related data may behave differently from others?

Alexander Kostyuk: Dear Mfon Akpan, that is great to see you taking part in our conference forum. You outlined in your study the further outlook of the research. For example, you stated that the incorporation of macroeconomic indicators and sentiment analysis would be one of such further research. Could you explain what macroeconomic indicators you propose to include?

Mfon Akpan: Dear Gonca, zero-shot forecasting refers to asking a large language model (LLM) to generate predictions without showing any historical examples or training it on task-specific data. In finance, this means prompting a model like GPT-4o or Claude 3.5 Sonnet to forecast company performance, stock trends, or financial ratios without providing sample inputs and outputs.

The logic is to test the model's pretrained knowledge and reasoning capabilities. For example: “Given the 2023 10-K of Company X, what is your revenue forecast for 2024?” No examples. No fine-tuning. Just a direct ask.

This is a powerful way to test LLMs' out-of-the-box financial reasoning. The study used this method to examine how well these models can generalize across different industries using public company disclosures.

GPT-4/GPT-4o is still in use and not outdated; however, GPT-4 is sunset, and Claude 3.5 has been replaced with Claude 4.

Gonca Atici: Dear Mfon Akpan, thank you for your message. Thank you for the detailed answer. It is quite exciting to experience the intersection of finance and technology that much!

Abdoul-Nasser Ousmanou: Very interesting, original, and relevant article. However, I would like to know if, in another context, financial forecasts from AI models can replace traditional statistical measures?

Ludovic Kenfang Wambe: Dear Mfon Akpan, thank you for this research, which may also help African banks that are gradually embracing artificial intelligence. In a context where financial markets are now tending to be effective, it will be interesting for us banking researchers to take an interest in this. Can your results be generalised to developing countries? Are there any prerequisites for the successful implementation of AI in banking activities in developing countries, such as those in Africa?

Keith Harman: This is a seminal study as it tests the forecasting efficacy of AI tools. The study avoids overfitting the model. In addition, the current study data include outliers. Smoothing financial market data is “risky business”, especially in an era of global, around-the-clock coverage of market activity and news coverage. The issue of overfitting indicates that AI tools used in these circumstances must be applied and interpreted by informed and experienced observers living in the milieu the model attempts to recreate and subsequently extrapolate. A good example would be the stunning engineering achievement represented by the current Formula racing vehicles. The most important “component” remains a human being who can “extrapolate” vehicle performance based on potentially hundreds of variables known only to racing fans, sports coverage experts, and the racing teams.

BRIDGING THE AI GOVERNANCE GAP: EVALUATING THE EFFECTIVENESS OF TRANSPARENCY TOOLS AND ETHICS BOARDS IN MULTINATIONAL FIRMS

by Ryosuke Nakajima

Mohamed Sharif Bashir: Hi, dear Ryosuke Nakajima. Thank you for your important contribution. Could the increased use of decentralized AI lead to the development of good governance standards and ethical commitments at the industry level, both locally and globally?

Gonca Atici: Dear Ryosuke Nakajima, thank you for analyzing such a crucial subject that has considerable gaps, but which also promises significant results in many fields. I have some questions:

1. Can you explain the Black-box problem and XAI framework more?
2. Does your study comprise banking or non-banking institutions under the finance sector? What was your criteria when selecting sectors?
3. Could you explain your sample and findings further?
4. After making this analysis, did your ideas change about the adoption of gen AI? What are the top three issues in bridging the AI governance gap?

Alexander Kostyuk: Dear Ryosuke Nakajima, welcome to our conference forum. You concluded through your presentation that your study evaluates the effectiveness of AI ethics boards, focusing on whether they hold real decision-making power or serve only advisory roles. It would be very valuable to find out your vision of the AI ethics boards. How do you describe it?

Ryosuke Nakajima: Dear Mohamed Sharif Bashir, thank you very much for your thoughtful question.

Indeed, the increased use of decentralized AI presents both opportunities and challenges for advancing governance standards and ethical commitments at the industry level. On the positive side, decentralization can democratize the development and oversight of AI by distributing responsibility across a broader set of stakeholders, such as startups, open-source communities, civil society, and regional regulators, rather than concentrating control within a few dominant firms. This may lead to more diverse perspectives in shaping ethical standards and foster innovation in governance practices.

However, decentralization also risks regulatory fragmentation and uneven enforcement if not accompanied by coordinated efforts. To harness its potential, we need frameworks that promote the interoperability of ethical guidelines and accountability mechanisms across jurisdictions and sectors.

Therefore, I believe decentralized AI can act as a catalyst for more inclusive and adaptive governance, mainly if supported by multi-stakeholder initiatives, industry consortia, and international cooperation aimed at establishing baseline ethical commitments and technical standards.

Thank you very much again for your insightful point. It is a critical area for future collaboration and research.

Dear Gonca Atici, thank you very much for your kind words and insightful questions. I'm pleased to elaborate:

1. Black-box problem and XAI frameworks:

The Black-box problem refers to the opacity of many AI models, intense learning systems, where the decision-making process is not transparent or interpretable to humans. This lack of explainability creates a significant challenge for governance, as stakeholders, including regulators and end users, cannot easily understand or validate the rationale behind AI-driven decisions.

The explainable AI (XAI) framework aims to address this by designing models or tools that provide human-interpretable explanations for AI outputs. Examples include SHAP (SHapley Additive exPlanations), LIME (Local Interpretable Model-agnostic Explanations), and model documentation tools like “model cards”. These tools help increase trust and accountability in AI systems.

2. Coverage of the finance sector and selection criteria:

Yes, my study includes both banking and non-banking financial institutions. Specifically, the finance sector participants ranged from large commercial banks to fintech and insurance companies. The sector selection was based on two criteria:

- the intensity of AI adoption in decision-critical processes (e.g., credit scoring, fraud detection);
- the regulatory scrutiny these sectors face makes governance more complex and vital.

Technology, finance, and manufacturing were selected to represent diverse AI use cases and varying levels of governance maturity.

3. Sample and key findings:

The study involved qualitative interviews with 30 governance and compliance professionals, as well as a quantitative survey of 150 multinational firms.

Key findings include:

- 62% use explainable AI tools; 48% conduct third-party AI audits;
- 55% have AI ethics boards, but only 70% of these boards hold executive authority.
- Firms combining XAI with empowered ethics boards showed 48% fewer governance failures.
- Third-party audits reduced the likelihood of regulatory investigations by 35%. The qualitative insights also highlighted

leadership commitment and early integration of ethical checks as critical success factors.

4. Reflections and top issues post-analysis:

This research has reinforced the belief that generative AI holds transformative potential, but it has also deepened my appreciation for the complexity of implementing it responsibly.

The top three issues in bridging the AI governance gap are:

- Empowerment of ethical oversight bodies — Many ethics boards lack the authority to enforce decisions.
- Operational integration of transparency tools — Tools like XAI must be embedded in actual decision-making, not just used symbolically.
- Cross-border alignment of governance standards — Global firms face fragmented regulatory environments, making consistent compliance challenging.

Thank you very much again for your thoughtful questions. These areas will be crucial for ongoing research and collaboration.

Dear Alexander Kostyuk, thank you very much for your warm welcome and your essential question.

In my view, an AI ethics board should not be seen merely as a symbolic or compliance-driven committee, but rather as a strategic governance body with the authority to influence core decisions about AI development and deployment within an organization.

Ideally, such a board should:

- 1) Have cross-functional representation — including legal, technical, compliance, business, and external ethical experts — to ensure diverse perspectives.
- 2) Be empowered with decision-making authority — meaning its guidance should be integrated into product roadmaps, risk assessments, and go/no-go decisions for AI models.
- 3) Operate with transparency and accountability — with clear mandates, public reporting mechanisms, and alignment with both internal governance frameworks and external regulatory expectations.

From my study, it was clear that boards with executive-level influence — those reporting directly to senior leadership or sitting on risk committees — had a significantly greater impact. In contrast, advisory-only boards, while well-intentioned, often struggled to translate ethical insights into operational outcomes.

Therefore, I envision AI ethics boards as integrated governance structures that not only provide oversight but also actively shape ethical innovation, ensuring that AI systems align with organizational values, regulatory requirements, and societal expectations.

Thank you very much again for raising this critical topic. It will undoubtedly be central to building trustworthy AI ecosystems.

Gonca Atici: Dear Ryosuke Nakajima, thank you for conducting this study and contributing to the literature on this subject. Thank you for the detailed answer. I wish you the best with your studies!

Alexander Kostyuk: Dear Ryosuke Nakajima, thank you for your answer. What best practices do you recommend for the AI ethics board? Director independence, reporting, accountability, and probably even director nomination?

Ryosuke Nakajima: Dear Gonca Atici, thank you very much for your kind words and encouragement. I truly appreciate your engagement and thoughtful questions during the discussion. It has been an honor to contribute to this critical conversation, and I look forward to continuing the dialogue and learning from fellow scholars like yourself. Wishing you all the best in your own research and academic endeavors as well.

Dear Alexander Kostyuk, thank you very much for your excellent follow-up question. Based on my research, the effectiveness of AI ethics boards depends on several structural and procedural best practices:

1. Independence:

At least some board members should be external experts (e.g., ethicists, legal scholars, representatives from civil society) to ensure impartiality and minimize internal bias.

2. Direct reporting:

The board should report directly to the executive committee or corporate board, rather than to product teams, to ensure that ethical concerns are considered at the strategic level.

3. Formal mandate and accountability:

A clearly defined charter should outline the board's scope, responsibilities, and authority, with regular reporting on findings and decisions to ensure transparency.

4. Structured nomination process:

Member selection should follow defined criteria that prioritize diversity of expertise and perspective. Periodic rotation of members can help prevent stagnation and maintain relevance.

5. Operational integration:

The board must be embedded into the AI lifecycle — from design to deployment — to ensure its recommendations are actionable and not merely advisory.

These practices transform ethics boards from symbolic bodies into active governance mechanisms that support the responsible development of AI innovation.

Alexander Kostyuk: Dear Ryosuke Nakajima, thank you for your excellent answer. It is excellent and I entirely support your point of view.

Ryosuke Nakajima: Dear Alexander Kostyuk, thank you very much for your kind words and support. I truly appreciate your engagement in this critical discussion. I'm looking forward to future talks and opportunities to collaborate on advancing responsible AI governance.

Alexander Kostyuk: Dear Ryosuke Nakajima, thank you for your answer. It is absolutely clear.

Ludovic Kenfang Wambe: Dear Ryosuke Nakajima, thank you for your contribution, which you also see through the eyes of a consultant. My research deals precisely with technology in finance. And it is always an honour to benefit from the knowledge produced in the most advanced countries. However, I would like to understand why you have used a mixed method. Did the qualitative study enable you to explore a phenomenon that seemed new to you, and the quantitative study to confirm it? The use of this mixed approach in your research is already very interesting, but it seems to me that the reasons for its use are not explained.

My second concern is whether AI has a positive role to play in banks' internal control, and what are the regulatory challenges in the area of AI in finance?

Ryosuke Nakajima: Dear Ludovic Kenfang Wambe, thank you very much for your kind words and for raising two very important questions. I'm particularly pleased to hear about your focus on technology in finance, as it is a critical area where AI governance must be both precise and adaptive.

Regarding the mixed-methods approach: you are absolutely right to highlight the need for a clear rationale. The reason I adopted a mixed-methods design was twofold. First, the qualitative phase — involving semi-structured interviews with governance officers, compliance leads, and ethics specialists — was essential for exploring a relatively under-researched phenomenon: how AI governance mechanisms like transparency tools and ethics boards are actually implemented within firms. These interviews revealed nuances that existing literature had not fully captured, such as internal political dynamics, symbolic ethics boards, and the operational difficulties of using explainable AI (XAI) tools in real-time decisions.

Second, the quantitative phase allowed me to test and validate those insights across a broader sample of 150 multinational firms. By analyzing correlations between specific governance practices (e.g., use of XAI, third-party audits, board authority) and measurable outcomes (e.g., incidence of regulatory breaches or reputational risk), I could move beyond anecdotal findings to more evidence-based conclusions. This dual approach was necessary not only to understand what firms were doing, but also to assess what actually worked in practice.

On your second question regarding AI's role in banks' internal control and regulatory challenges:

AI, when used responsibly, holds enormous potential in enhancing internal control mechanisms within banks. Applications include anomaly detection in transactions, automated compliance monitoring, risk scoring, and even model governance audits. These technologies can make internal control systems more proactive, data-driven, and scalable.

However, this also introduces new layers of regulatory complexity, especially around issues like:

- algorithmic transparency and explainability (critical in financial decision-making);
- model bias and fairness, particularly in credit risk or fraud detection;
- accountability, especially when AI systems make or influence key decisions;
- cross-border compliance, as multinational banks operate under different regulatory regimes with varying expectations around AI use (e.g., EU's AI Act vs. U.S. SEC guidance).

Therefore, financial institutions must not only adopt cutting-edge AI solutions but also embed robust governance structures — including empowered ethics boards, internal audit protocols for AI, and ongoing risk assessments aligned with regulatory expectations.

Thank you very much again for your thoughtful engagement. I would be very interested in learning more about your own research in the fintech governance space.

Keith Harman: I congratulate the authors on a superbly organized study. AI is a field of study and a field of practice that, like most technology, will probably surprise scholars and practitioners time and again. Technology tends to do that simply because technology is a neutral agent employed by human beings on an individual, group, national, and global scale. So too are the physical aspects of technology. The current study generates far more questions than it “answers”. So, I am of the opinion that the current study is a valuable start on “mapping” AI and where we will take it, and where AI will take us.

Ryosuke Nakajima: Dear Keith Harman, thank you very much for your thoughtful feedback. I totally agree — AI's rapid evolution often raises more questions than answers, and its impact is shaped as much by human choices as by technological capabilities.

This study is indeed an initial step toward mapping the complex relationship between AI and governance. I truly appreciate your recognition of its potential and look forward to continuing this critical dialogue as the field evolves.

CORPORATE GOVERNANCE AND ARTIFICIAL INTELLIGENCE IN THE BANKING INDUSTRY: CHALLENGES, RISKS AND OPPORTUNITIES

by Paolo Capuano

Mohamed Sharif Bashir: Thank you to the author for the wonderful discussion. I have a question: can the use of decentralized AI reduce the significant challenges and risks in governance that centralized AI in banks raises?

Pierre Claude Mbama: Dear author, I would first like to thank you for this interesting and timely research. I would just like to understand whether the challenges, risks, and opportunities you raise will be the same for banks of different sizes within the same banking sector. And even in developed and developing economies? Thank you.

Eveny Ciurleo: Dear author, your paper offers a compelling and well-structured examination of the interplay between artificial intelligence and corporate governance in the banking sector. I particularly appreciated the distinction you made between the different theoretical approaches to AI governance.

May I ask: Considering the increasing reliance on opaque AI systems, what concrete measures would you suggest to enable board members — especially those without a technical background — to effectively oversee and challenge AI-driven decisions, ensuring accountability and ethical compliance?

Paolo Capuano: Many thanks, Mohamed! It's a very interesting question that I will take into account in the development of the research. Cybersecurity is another big unknown in the development of AI, also in the banking sector. My opinion is that the use of decentralized AI can actually reduce the governance risks that centralized AI has been theorized in other sectors. This topic will be the subject of future empirical research on this topic.

Dear Pierre Claude, thank you for the interesting questions. In my opinion, the challenges, risks, and opportunities will be different between large and small banks, considering that the economies of scale connected to the significant investments in innovation and cybersecurity, which are developing in recent years in the banking sector and beyond, could determine significant differences also in terms of risks. Even between the banking systems of developed and developing economies, there could be significant differences in the implementation of technological innovations, and in this area, public support could play a decisive role.

Pierre Claude Mbama: Dear Paolo Capuano, thanks for this response!

Alexander Kostyuk: Dear Paolo, you are welcome to take part in our conference forum. You concluded that to prevent AI from being used indiscriminately, decision-making accountability must be redefined by introducing AI ethics committees. Could you describe the AI ethics committee's recent practices in brief?

Gonca Atici: Dear Capuano, thank you for analyzing such an important topic at the best time! Central banks also conduct studies on adopting AI in their workflows and decision-making processes. An important number of factors that you underlined in your study are a concern for their analysis as well. Do you think the adoption of AI can prevent information asymmetry and protect the global financial system, or create winners and losers among countries (some countries will have strength in terms of financial capability and setting, and implementing corporate governance codes, but some will not)? According to the rich discussions made above, let me add my view about DeFi and CeFi. In my point of view, DeFi has its problems, and AI most probably will not solve the existing corporate governance issues of DeFi.

Ryosuke Nakajima: Dear Paolo Capuano, thank you very much for your comprehensive and insightful analysis on AI and corporate governance in the banking sector. Your discussion on the evolving roles of boards, ethics committees, and risk management frameworks is particularly valuable.

May I ask a question from a slightly different angle: How do you envision the role of AI in shaping inter-bank governance dynamics, particularly in areas like syndicated loans, cross-border transactions, or collaborative risk sharing? In other words, beyond internal governance, could AI tools (centralized or decentralized) influence shared accountability, trust, or risk alignment across institutions, especially in ecosystems where multiple banks cooperate but maintain individual governance structures? Thank you very much again for your excellent contribution.

Paolo Capuano: Dear Eveny Ciurleo, thank you very much for your interest in my research idea and for the very interesting question.

Regarding the question, in my opinion the measures that could be considered by the banks' boards to effectively supervise and challenge AI-based decisions are of various types:

1) the corporate AI governance policy that defines guidelines on the development, adoption and monitoring of AI systems and the obligation of board approval for the implementation or modification of AI systems;

2) a very important measure is constituted by adequate specialist training on fundamental principles of AI and related risks, bias, explainability;

3) the creation of an internal AI Ethics and Technical Committee with internal and external members;

4) the obligation of high standards of information transparency and complete reporting that highlights the decision-making logics, error margins and corrective measures;

5) independent audits with obligation of periodic reviews of the models to verify their alignment with company policies, corporate governance system and regulations.

Dear Alexander, thank you for the welcome you gave me. It is a pleasure to participate in these important events of discussion and improvement of research projects by sharing your ideas. Regarding the recent practices of AI ethics committees, at the moment, I register a lot of interest at the level of academic and theoretical debate, but still little diffusion at the operational level in the banking sector but I believe that already this year we will have significant developments. I believe it is a priority to consider the establishment of an AI ethics committee, placed directly at the level of the board of the bank, with the power and authority to influence strategic decisions before they are consolidated into services or processes intended for the market. I believe that the correct implementation of the committees requires a holistic approach that balances technological innovation with security and privacy and compliance with ethical and regulatory standards. One of the most important regulatory innovations is the standards defined in September 2024, with the signature of the Commission, by the Council of Europe Framework Convention on AI. The Convention has also been signed by the US and other non-EU countries. The Convention provides a common approach to ensure that AI systems are compatible with human rights, democracy and the rule of law, while enabling innovation and trust. It includes a number of key concepts of EU AI legislation, including detailed documentation requirements for AI systems identified as high-risk, with the possibility of introducing bans for AI systems considered a clear threat to fundamental rights. However, the Convention will have to be implemented through a regulatory act that regulates the application aspects. The definition of specific AI ethical committees could be foreseen precisely at the application stage.

Alexander Kostyuk: Dear Paolo, thank you for your answer. I see that the AI ethical committee could deliver more value to the board of directors. At the same time, this practice needs some regulatory input.

Anderson Yannick Mbatchou Ntchabet: Dear Paolo, thank you for this important contribution on corporate governance and artificial

intelligence in the banking sector. I appreciate the continuity of the paper, but I would like to know, do you think that the traditional governance models designed for the European banking sector can also be implemented in Africa?

Also, what do you think of the African context, particularly the case of Cameroon, in terms of the quality of corporate governance and artificial intelligence in the banking sector?

I'd also like to hear your views on the following points:

1. How do the specificities of the African context (e.g., market diversity, weak infrastructure) affect the adoption and use of artificial intelligence in the banking sector?

2. What are the specific opportunities and challenges linked to the use of artificial intelligence in developing African countries?

3. How can African banks work with governments and regulators to create an environment conducive to the adoption of artificial intelligence?

Thank you for providing me with some answers.

Paolo Capuano: Dear Gonca, thank you very much for the interesting thoughts and appreciation of the developing research.

Regarding the question, I believe that AI is emerging as a powerful tool to reduce information asymmetry and enhance the stability of the global financial system, although its adoption also entails significant risks.

Widespread adoption of AI models can amplify both opportunities and challenges, increasing the potential systemic impact of any technological malfunctions or failures. Increased technological penetration leads to increasing dependence on AI technologies.

Furthermore, the concentration of AI technology providers represents a significant risk as it can increase the fragility of the financial system.

Therefore, adequate regulation is essential to limit the risks associated with AI. The adoption of AI in the financial and banking sector needs to be closely monitored, and specific regulatory initiatives may be needed if market failures arise that cannot be addressed by the current prudential framework.

Dear Ryosuke Nakajima, thank you very much for your appreciation of my research and for the interesting question on the role of AI in shaping interbank governance dynamics. I believe that AI can significantly impact shared responsibility among banks, customer trust, and risk alignment among credit institutions. However, the effectiveness of these impacts depends on three factors: 1) the quality of governance, 2) the level of transparency in decision-making processes, and 3) the ability to manage risk.

Regarding the first factor, the adoption of AI in banking has led to an increasing dependency on external technology providers, and this

situation raises concerns in terms of risk generation. There is a need to define governance and shared responsibility models between banks and technology partners that include clear controls and security measures to prevent fraud, ransomware attacks, and other risks associated with the use of AI.

Regarding the second factor, the lack of transparency in automated decision-making processes can erode customer trust in the adoption of AI in financial institutions. In this context, the implementation of AI ethics frameworks and collaboration with regulators can help ensure fully transparent practices.

Third, the use of AI can improve risk management by enabling banks to identify and mitigate risks quickly or even in real time. However, relying exclusively on automated models can introduce algorithmic biases and vulnerabilities, compromising the reliability of risk assessments. Human oversight is essential and indispensable. To ensure effective risk alignment, it is crucial to integrate AI with human oversight, maintaining a balance between automation and human oversight. Furthermore, central banks and regulators, and supervisors must closely monitor banks' use of AI to prevent potential threats to financial and banking stability.

Dear Anderson Yannick Mbatchou Ntchabet, thank you for your appreciation and for your observations and comments. I try to answer the interesting questions.

AI adoption in African banking is influenced by a number of contextual specificities, including market diversity and weak infrastructure. These factors present both significant opportunities and challenges for AI integration across the continent. Indeed, Africa is characterized by a wide variety of socio-economic, cultural and linguistic contexts, and this diversity means that AI-based solutions must be highly adaptable and customized to effectively address the specific needs of each country or region. A major obstacle to AI adoption in Africa is severe infrastructure deficiencies. For example, many regions suffer from unreliable internet connectivity, especially in rural areas, and unstable electricity supply. Additionally, access to high-quality data is limited due to fragmented banking systems and predominantly cash-based economies. These infrastructure gaps hinder the ability of financial institutions to implement and scale effective AI solutions. Furthermore, many African financial institutions, especially smaller ones, face difficulties in sustaining these high upfront costs. Furthermore, there is a shortage of professionals qualified in AI and data analytics, and these shortages further limit the capacity to develop and manage AI-based solutions.

In conclusion, AI adoption in the African banking sector is a complex process that requires a strategic and locally adapted approach. Addressing infrastructure challenges, promoting skills training and

developing appropriate governance policies are key steps to fully exploit the potential of AI in Africa. With targeted investments and close and effective collaboration between governments, financial institutions and the private sector, AI can significantly contribute to the evolution of the African banking sector.

Ryosuke Nakajima: Dear Paolo Capuano, thank you very much for your kind reply and valuable insights. I truly appreciate your clear breakdown of the key factors — governance quality, transparency, and risk management — and the thoughtful perspective on the growing reliance on external tech providers. Thank you very much again for your engagement.

CAN CEO COMPENSATION DRIVE SUSTAINABILITY? EXPLORING INCENTIVES, ESG SCORES AND FIRM OUTCOMES

by Marco Tutino and Francesca Capolini

Tommaso Beck: Dear author(s), I would like to thank you for your interesting and inspiring contribution. I believe that the topic you have chosen is gaining increasing relevance, from both a theoretical and practical perspective. I will be pleased to follow future developments of this research.

This study appears to rely heavily on statistical tools and considerations. Once you develop this abstract into a full paper, how will you choose the sample of listed companies? How do you intend to model the relationships among the variables? I wish you all the best with your research.

Živilė Stankevičiūtė: Congratulations! You have chosen a very interesting topic. I suggest that, at the initial stage of your research, you conduct interviews or focus groups to gain a better understanding of compensation schemes, sustainability aspects, and how both are linked. Since the topic is quite sensitive, case studies would provide you with a broader and more insightful picture than a survey.

Francesca Capolini: Thank you, Tommaso, for your feedback. I truly appreciate your interest in the topic and your willingness to follow the future development of this research.

Regarding your question, the sample will focus on the listed European companies, with the aim of ensuring comparability while capturing different governance and regulatory contexts across countries.

As for the methodological approach, I am currently exploring various options and intend to adopt the most appropriate analytical framework based on the nature of the data and the research objectives. The goal is to model the relationship between CEO compensation and sustainability performance in a way that allows for robust and meaningful insights, while also accounting for relevant control variables.

Thank you, Živilė, very much for your kind feedback and valuable suggestions. I agree that, given the sensitivity of the topic, qualitative methods such as interviews or case studies could provide meaningful insights, especially in the initial phase of the research. I will certainly consider this approach to complement the empirical analysis.

Alexander Kostyuk: Dear Marco and Francesca, welcome to join our conference platform. You stated that the study will adopt a quantitative empirical approach, relying on a panel dataset of publicly listed firms.

Could you explain in detail what dataset you are going to use in this study?

Francesca Capolini: Dear Alexander, thank you for your question and for your interest in our research. The dataset we intend to use will consist of publicly listed European companies from a variety of sectors. This cross-sectoral design aims to capture industry-specific dynamics and allow for meaningful comparisons, especially in relation to how sustainability dimensions may influence executive compensation practices across different contexts.

We believe this approach will enrich the analysis and contribute to a more comprehensive understanding of the topic.

Gonca Atici: Dear Marco and Francesca, thank you for analyzing this important and interesting study. I am excited to see the results. If you have already decided, may I kindly ask about your model or models? What is your expectation about the results?

Francesca Capolini: Dear Gonca, thank you for your questions and interest in our research.

We are currently still defining the most suitable empirical model, as it will depend on the final dataset structure and research priorities.

As for our expectations, we believe that linking executive compensation to sustainability performance may support long-term value creation and better stakeholder alignment. A recent study by the Bank of Italy shows that ESG-linked compensation has become increasingly common among large EU-listed firms, generally without negative effects on financial performance — though concerns about greenwashing and target selection remain. These findings reinforce the relevance of our investigation.

Gonca Atici: Dear Francesca, thank you for your detailed feedback. I am excited about the model and results. I wish you the best with your studies.

Chan Du: Dear authors, thank you for presenting this relevant and timely research on the relation between CEO compensation, ESG score, and financial performance. I find your research objectives are well articulated and comprehensive: identifying incentive schemes associated with high ESG performance, exploring the interaction of ESG and financial performance affecting compensation, and evaluating moderating firm characteristics. For research design, an earlier study by Huang et al. (2025) found that when ESG components are disaggregated, environmental and corporate governance performance positively correlate with executive compensation while social performance has a significant negative impact on executive compensation. I wonder if

the analysis may apply ESG components separately (E-score, S-score, G-score) in addition to the aggregate ESG score. Also, an examination of ESG-compensation linkages from proxy statements may provide additional insight.

Francesca Capolini: Dear Chan, thank you very much for your kind feedback and for highlighting key aspects of our research. We truly appreciate your thoughtful suggestions and the reference to the study by Huang et al. (2025), which we find particularly relevant. We will certainly consider both of these directions as we continue to develop and refine our analysis. Thank you once again for your insightful comments.

GOVERNANCE AND SUSTAINABILITY: A SYSTEMATIC REVIEW OF THE LINK BETWEEN CORPORATE GOVERNANCE AND ESG PERFORMANCE

by Alba Maria Gallo, Eveny Ciurleo, and Ubaldo Comite

Margherita Smarra: Dear authors, thank you for sharing your research with us. Considering your emphasis on the need to adopt longitudinal and causal analysis methods to move beyond descriptive studies, how do you envision researchers practically implementing these methodologies in the ESG-governance field, especially given the theoretical fragmentation and the predominance of studies on large listed companies? Furthermore, how could future research better integrate SMEs, family businesses, and institutional differences across countries to enhance the robustness and applicability of the findings?

Eveny Ciurleo: Thank you very much for your thoughtful question.

Indeed, moving beyond descriptive studies in the ESG-governance field is crucial, but also complex, especially given the fragmentation of theories and the dominance of research on large listed companies.

To address this, we believe that longitudinal and causal methods — such as panel data, fixed effects models, and quasi-experimental designs like difference-in-differences — could be gradually introduced by leveraging the growing availability of ESG and governance data over time. While this is more common in studies on listed firms, there is increasing access to broader datasets that can be explored, and we encourage collaborations with data providers and institutions to expand coverage.

As for SMEs and family businesses, which are often overlooked, we see great potential in adopting qualitative and mixed-method approaches — such as case studies or interviews — that can capture the specificities of governance practices in these contexts, which tend to be less formalized but no less strategic. Building *ad hoc* datasets at the national or regional level, possibly in cooperation with business associations, can also enhance representativeness.

Finally, to incorporate institutional differences across countries, we suggest moving towards comparative and multi-level research designs, where national regulatory and cultural contexts are not just background elements but integral parts of the analysis. This would make findings more robust and generalizable, especially in a field like ESG, where local context deeply influences both practices and perceptions.

So, in short, we see the future of research in this field as moving in two directions: methodological rigor through longitudinal and causal techniques, and broader inclusion through comparative, context-aware, and mixed-method designs.

Thank you again for raising these crucial points.

Syedun Nisa: Thank you for your detailed and well-structured study focusing on governance and sustainability: a systematic literature review of the link between corporate governance and ESG performance. The depth of your review and the clarity of your objectives are commendable.

However, I would like to bring to your attention that one of the stated objectives of your study was to conduct a thematic analysis. Unfortunately, I could not locate a clearly defined thematic analysis section or any explicit presentation of the themes that emerged from the literature. It would greatly enhance the value of your paper if the thematic insights were systematically identified and discussed, perhaps with supporting examples or citations, to highlight the key patterns and trends in the existing literature.

Eveny Ciurleo: Thank you very much for your kind words and for your constructive observation.

You are absolutely right in pointing out that one of the objectives of our study was to conduct a thematic analysis. While we did identify and discuss three thematic clusters — namely:

- methodological contributions and systematic literature reviews;
- ESG reporting and non-financial disclosure;
- ESG performance and the role of governance —

we acknowledge that this structure could have been made more explicitly recognizable as a thematic analysis section.

Our intention was to present these clusters as emergent themes from the co-occurrence analysis and bibliometric mapping conducted with the MySLR software. Each cluster was then elaborated with specific examples and citations (e.g., Bettinelli et al., 2024; Vitolla et al., 2020; Gangi et al., 2019), but we agree that a clearer framing of this part as a thematic analysis, perhaps supported by a dedicated table or matrix of themes, would have enhanced clarity and reader accessibility.

We truly appreciate your suggestion and will definitely take it into account in the next version of the paper, both by explicitly labeling the thematic analysis and by systematizing the discussion of emerging themes with clearer visual or tabular support.

Thank you again for your valuable feedback — it helps us improve the rigor and communicative effectiveness of our work.

Alexander Kostyuk: Dear Alba Maria, it is great to see you at our conference forum. You said that the results demonstrate that, despite a growing body of studies, significant gaps persist. In particular, the literature tends to focus on large listed companies, neglecting the specificities of SMEs and family businesses. What do you think about the reasons for this gap?

Alba Maria Gallo: Thank you for your question. It’s a pleasure to be here.

Yes, the gap you mentioned is quite significant, and in our view, it exists for a few key reasons.

First, data availability: large listed companies are required to publish detailed ESG and governance disclosures, which makes them easier to study using quantitative methods. SMEs and family businesses, on the other hand, often lack this level of transparency.

Second, methodological convenience: many empirical studies rely on existing databases like Refinitiv or Bloomberg, which typically exclude smaller firms. This naturally skews the research toward large corporations.

And third, there’s also a theoretical bias: traditional governance models, like agency theory, were developed with large firms in mind, and may not fully capture the relational, informal, and sometimes personal nature of governance in SMEs or family-run businesses.

So, addressing this gap requires not only better data and methodological creativity — for example, using qualitative or mixed methods — but also a willingness to adapt or expand the theoretical frameworks we use.

Thank you again for highlighting this important issue.

Marco Venuti: Dear authors, one of the clusters examined is ESG reporting and sustainability disclosure. Considering that such disclosure is currently produced only by large companies, and that initiatives (e.g., at the European level) to extend it to small and medium-sized enterprises (SMEs) are facing significant obstacles, do you think a qualitative or mixed research approach could help overcome the lack of publicly available information? What initiatives could be taken to bridge this information gap? For example, could the production of voluntary sustainability reports be encouraged? If so, how? Why should SMEs be interested in bearing the administrative costs of producing such information? Could the informational benefits of these voluntary reports outweigh their costs for entities with limited turnover and a relatively small group of stakeholders?

**THE UNIFICATION OF THE INCOME TAX FRAMEWORK IN
THE EUROPEAN UNION AND THE SIGNIFICANT BENEFITS
THAT WILL ARISE FOR MEMBER STATES AND
THE COMPETITIVENESS OF BUSINESSES**

*by Grigorios Lazos, Stylianos Kafestidis, Andreas Koutoupis, and
Michail Pazarskis*

Alexander Kostyuk: Dear Grigorios Lazos and colleagues, I am pleased to see you at our conference forum. You said there are concerns about the complexity and the incentive to maintain certain provisions that are likely to generate little revenue. It would be great to see your point of view on the complexity and such incentives.

Grigorios Lazos: Dear Alex, thank you very much for giving us the opportunity to present our work at your prestigious conference.

The complexity and differences in the legislation of the different tax systems create an uneven playing field and increase tax uncertainty and compliance costs for businesses operating in more than one member state. Furthermore, this fact enables businesses belonging to groups and operating in different states to carry out intra-group transactions and, taking advantage of the greater flexibility they have in this way, to hide the true amount of taxable transactions, ultimately eroding the tax base, depriving member states of significant taxable revenue.

SUSTAINABILITY AS INSTITUTIONAL DESIGN: GOVERNANCE, CULTURE, AND STRATEGY IN ICELANDIC BANKS

by *Throstur Olaf Sigurjonsson and Svala Gudmundsdottir*

Živilė Stankevičiūtė: Dear authors, excellent topic. One idea would be to include the pressure that sustainability professionals experience from society. What expectations does society have for sustainability professionals, and how do they address this pressure?

Eveny Ciurleo: Dear author, your paper offers a compelling exploration of how sustainability is structurally and strategically embedded within the Icelandic banking sector. The detailed examination of organizational positioning and the evolution of ESG functions provides valuable insights into the institutionalization of sustainability practices.

Considering the challenges you've identified, such as role ambiguity and the emotional labor experienced by sustainability professionals, what strategies would you recommend to enhance the professionalization and support for these roles? Specifically, how can banks ensure that sustainability functions are not only structurally integrated but also adequately resourced and recognized to maintain long-term effectiveness?

Giacomo Gotti: Dear authors, thank you for your interesting contribution on how to manage sustainability in the Icelandic banking sector, which I hope you will be able to expand into a full article.

I suggest justifying and explaining the sample in more detail. Considering that the Icelandic banking sector is based on its own central bank, it would be useful to add a detailed explanation in the full article, in order to enhance the practical (and also theoretical) contributions of your interesting work.

Alexander Kostyuk: Dear Prostur Olaf and Svala, you are welcome to take part in our conference forum. In your study, you mentioned that the empirical foundation includes 21 semi-structured interviews with sustainability professionals, risk managers, compliance officers, project leaders, and executives across four Icelandic banks. Are these 4 banks privately or state-owned banks? What is the type of ownership of these banks — concentrated or not?

Svala Gudmundsdottir: Thank you, Živilė, Eveny, Giacomo, and Alexander, for your thoughtful questions. Živilė, good idea, and we agree, our experience is that sustainability professionals indeed face increasing societal expectations to deliver meaningful ESG outcomes, not just compliance. They act as both strategists and coordinators, often under-resourced and under-recognized, which can lead to burnout and role

ambiguity, highlighting the need for clearer mandates and institutional support. Definitely worth researching further. Eveny, to ensure long-term effectiveness, banks think that they must embed sustainability in core units like risk or strategy while providing adequate resources, leadership commitment, and formal recognition of ESG roles. Giacomo, the four Icelandic banks studied include two privately owned, one majority state-owned, and one with mixed ownership. All exhibit relatively concentrated ownership, which can either support or limit ESG progress depending on stakeholder priorities.

SUSTAINABILITY AND INSOLVENCY: AN ANTITHESIS?

by Daniele Stanzione

Alexander Kostyuk: Dear Daniele, it is great to see you at our conference forum. You stated that there should be a link between the company’s sustainability and insolvency law. Could you describe in brief whether this link is strong or not recently in Italy?

Daniele Stanzione: Dear Alexander, thank you very much for your question. Some authors in Italy deem that a link between sustainability and insolvency may be found, especially based on the current legal framework resulting from the approval of the new business crisis and insolvency code (Italian Legislative Decree 12 January 2019, No. 14, hereinafter also the “Code”). In this perspective, some confirmations may be obtained, in general, not only by the provisions ruling the composition with creditors (the so-called “concordato preventivo”), explicitly aimed at promoting the solution of business continuity rather than that of the liquidation of assets, but also from the provisions ruling the judicial liquidation (the old “*fallimento*”). Indeed, although this procedure is naturally aimed at the liquidation of the assets and not at the recovery of the business, it is possible to find in the relevant legislation some interpretative openings towards the protection of stakeholders’ interests. In this perspective, 1) article 211 of the Code provides for the continuation of the business, once the procedure has been opened, as a physiological solution, provided that the continuation does not cause prejudice to the creditors; 2) article 212 of the Code, regarding the lease of the business, provides that the choice of the lessee, made by the insolvency administrator, must take into account, in addition to the amount of the lease offered, the guarantees provided and the reliability of the plan for the continuation of the business activities, taking into account the maintenance of employment levels; finally, 3) article 214 of the Code, regarding the sale of the business — the final act to guarantee the satisfaction of the creditors —, assigns prevalence, in the order of choices that can be made by the insolvency administrator (to be oriented, in any case, at the greatest satisfaction of the creditors), towards the preservation of the unity of the business, if possible. In other words, the attempt to ensure, as far as possible, the preservation of the business, even in a procedure, such as judicial liquidation, not aimed at the recovery of the business itself, seems to be able to confirm the possibility to guarantee protection of the interests of stakeholders also in the context of insolvency. The protection of such interests, in fact, requires, to some extent, the survival of the business, as far as possible.

Alexander Kostyuk: Thank you, Danele. So, we are talking about how to protect the stakeholder interests in the company’s insolvency process,

which should be aimed first of all at the continuation of the business activity of the company. This is truly important for stakeholders.

Syeedun Nisa: A good topic of research. I hope your work will answer the pertinent questions, like: What are the key challenges in reconciling these seemingly contradictory concepts? How can firms uphold sustainability commitments when facing insolvency risks, resource constraints, and stakeholder pressures? Additionally, how do regulatory frameworks, investor expectations, and reputational concerns influence sustainability practices in financially distressed firms?

Keith Harman: Many thanks to the author and the commentators on this topic of sustainability and insolvency. I spent a decade assisting U.S. small businesses and their creditors in identifying negotiated solutions on debt as an alternative to an actual bankruptcy filing. In many cases, the situation was complicated when the firm operated as proprietorship, relying on the proprietor's access to personal lines of credit.

Daniele Stanzione: Dear Syeedun and Keith, thank you for your interest in my research. I will take your thoughts and comments into due consideration.

Marco Venuti: Congratulations to the author on this interesting line of research. If I have understood correctly, the author aims to assess the impact of sustainability indicators on the type of legal procedure adopted under the Crisis Code (i.e., reorganisation versus liquidation procedures). Considering that almost all such procedures in Italy involve small enterprises (according to FALLCO, a specialised database on the topic), and that small Italian firms rarely provide sustainability-related information, it is unclear which variables the Author intends to correlate in order to examine the relationship between sustainability and the type of legal procedure adopted.

Daniele Stanzione: Dear Marco, thank you very much for your interest in my research and for your comments. The research is based on the rules interpretation, in order to assess if the Code and the legal framework in general allow or not the protection of the interests of the stakeholders (and within what limits) in case of insolvency, not on the sustainability-related information released by the firms.

SUSTAINABILITY REPORTING: WEIGHING BENEFITS AND COSTS IN THE WAKE OF THE EU’S OMNIBUS PACKAGE

by Alba Maria Gallo, Adelaide Ippolito, Margherita Smarra, and Marco Sorrentino

Tommaso Beck: Dear author(s), I would like to thank you for your interesting and inspiring contribution. I believe that the topic you have chosen is gaining increasing relevance, from both a theoretical and practical perspective. I will be pleased to follow future developments of this research.

As the relationship between sustainability reporting and SMEs is the topic of my PhD thesis, I am curious to ask whether, in your opinion, the “Omnibus Package” could be considered a form of simplification or deregulation within the European context. I hope you will further develop this study into a full-paper publication. If so, have you considered focusing on the VSME standard proposed by EFRAG? In my opinion, this could be useful to give empirical reflections. I wish you all the best with your research.

Valentina Santolamazza: Dear author(s), this is a very interesting and timely idea. I was wondering how you intend to assess the impact of the Omnibus on the selected categories. Thank you!

Živilė Stankevičiūtė: Congratulations! You have chosen a very interesting topic. I suggest focusing more on the concept of greenwashing. Please take a look at the following papers:

- Free, C., Jones, S., & Tremblay, M.-S. (2024). Greenwashing and sustainability assurance: A review and call for future research. *Journal of Accounting Literature*. <https://doi.org/10.1108/JAL-11-2023-0201>
- Sundarasan, S., Zyznarska-Dworczak, B., & Goel, S. (2024). Sustainability reporting and greenwashing: a bibliometrics assessment in G7 and non-G7 nations. *Cogent Business & Management*, 11(1), Article 2320812. <https://doi.org/10.1080/23311975.2024.2320812>

Marco Sorrentino: Thank you very much, Tommaso! We could keep in touch in order to develop something on this topic together.

Margherita Smarra: Thank you very much for your kind feedback and valuable suggestion. I truly appreciate your recommendation to deepen the focus on greenwashing, as it is indeed a critical and timely aspect of sustainability research.

Marco Sorrentino: Thank you very much Živilė

Syedun Nisa: I must say that the topic is very good and will significantly contribute to the existing body of literature. Sustainable reporting is very important and very rightly said in your paper that it requires a lot of cost. No standard reporting standard also makes it more complex. I hope the omnibus package and suggestions of your paper will strongly add more value to this field of research.

Margherita Smarra: I really appreciate your kind feedback.

Dear Valentina, thank you for your attention to our work and for your question. The idea is to assess the impact of the Omnibus Package by collecting and analyzing data from EU SMEs, non-EU exempt firms, and large companies through a mixed approach that combines quantitative ESG report analysis and interviews with managers. We aim to explore aspects such as reporting completeness, compliance costs, perceived benefits, and the role of digital tools and external verification.

Alexander Kostyuk: Dear Alba Maria and colleagues, it is great to see you at our conference forum. I see that your study will propose a scalable model of “proportionate sustainability reporting” that calibrates requirements and tools based on firm size, sector, and operational capacity — ensuring strategic alignment while minimizing unnecessary burdens. Do you have any hypothesis you are going to test?

Margherita Smarra: Dear Alexander, thank you very much for your question and for your interest in our research. We are still in the process of defining the hypothesis but one potential research question is whether the digitalization of reporting processes represents a critical success factor for the effective implementation of simplified sustainability reporting practices in SMEs.

Dear Tommaso, I sincerely appreciate your kind feedback and valuable input.

WHAT KIND OF GOVERNANCE FOR BANKING INFORMATION SYSTEMS IN CAMEROON?

by Ludovic Kenfang Wambe and Anderson Yannick Mbatchou Ntchabet

Mohamed Sharif Bashir: Thank you to the authors for the important paper. The paper's results reveal that IT governance is still in its early stages, as it is being implemented by a minority of African banks. How can the governance process in banks be accelerated and the necessary regulatory frameworks developed?

Alexander Kostyuk: Dear Ludovic and Yannick, you are welcome to take part in our conference forum. Could you provide a detailed description of your dataset? You indicated that the sample is made up of six banks. These are two Western subsidiaries out of the three in operation, and four African banks out of sixteen. Is the ownership of these banks concentrated or dispersed? Is it about institutional ownership or individual?

Jean Roger Mfelam: Dear Ludovic and Anderson, very original paper. However, I have some concerns about your research methodological approach. How many people did you interview, and based on what criteria? What technique did you use to analyze your data?

Abdoul-Nasser Ousmanou: Dear Ludovic and Anderson, very good approach. Great contribution to science. However, I would like to know why you opted for a qualitative methodology?

Gladys Gamariel: Dear Ludovic and Anderson, thank you for this interesting study. I am wondering though if your sample of 6 out of the many banks is representative enough to make concrete deductions. That aside, I am not sure about the size/number of information systems directors and technology directors from where the data is collected from — if not substantial enough would that not impact on your conclusions? Lastly, what are some of the recommendations from the findings, more especially in terms of IT regulatory frameworks in that perhaps could assist policy makers.

Keith Harman: After the U.S. financial crisis of 2006 to 2008, many reformers sought to severely limit if not totally eliminate stock trading by depository institutions. Many reformers sought to ensure that fiduciary and non-fiduciary institutions be more clearly delineated. Technology, in my opinion acts as a disruptor so links between governance of banking entities and IT deserves exploration. The ATM, web-based banking, crypto currencies, block chain, AI, and many other disruptors, i.e., emerging technologies, imply the necessity of new forms

of bank structures and subsequent changes in bank governance. In my opinion IT governance is in its nascent stage of development. Thanks to the authors for an excellent overview of the confluence of banking governance and IT governance.

Ludovic Kenfang Wambe: Dear Mohamed Sharif Bashir, thank you for your question. According to research, corporate governance in Africa suffers from a number of shortcomings. In Cameroon, for example, a law passed in the 1990s obliges Western subsidiaries to open up 33% of their share capital to the state, which then appoints the deputy managing director and the chairman of the board of directors. However, studies have shown that, under this law, these managers are appointed for political reasons, without any business management skills. They have installed corruption and embezzlement, and are protected by corrupt judges. These managers work to torpedo banking regulations, and prevent their effective implementation. African-owned banks, on the other hand, appear to be more structured in terms of governance. Most have even appointed independent directors (academics and management experts). Other research show that African banks do not apply regulations because they consider them unfavourable to their activities. However, there is a regulation issued by the Banking Commission for Central Africa which requires banks to comply with certain governance standards. This regulation specifies the organisation of bank governance and defines the responsibilities of its members. However, the regulations are still in their infancy. I recently carried out another piece of research which suggests that the regulations on IT governance of banks should be strengthened. This research is currently being published.

Dear Alexander Kostyuk, thank you for your interest in our research. Initially, we wanted to work on all the banks operating in Cameroon. Unfortunately, the bank remains inaccessible to the researcher. In the absence of a financial market, the only way to obtain information is to go to the banks, which until now have kept their information confidential. Only six banks received us. This fulfils Hlady-Rispa's (2002) recommendation to work on a minimum of three and a maximum of six cases when using the multiple case method.

As for the question on shareholding, elements of an answer are given in the reply to Bashir. The capital of the subsidiaries is held by the parent company in the West and by the Cameroonian state. Historically, the law obliged the state to take a stake in the capital of Western subsidiaries in order to better control them, as they tend to evade the banking regulations of developing countries. The shareholding of African banks is dispersed because it is held by many African partners.

Anderson Yannick Mbatchou Ntchabet: Dear Jean Roger, thank you for the quality of your questions. Please find enclosed some answers. The study adopts a qualitative approach focused on the study of multiple cases. It is justified by the lack of research on the subject in the African context in general, and Cameroon in particular. The sample is made up of six (6) banks, in line with Hlady-Rispal (2002) who recommends working on at least three (3) and at most six (6) cases. These are two (2) Western subsidiaries out of the three (3) in operation, and four (4) African banks out of sixteen (16). The data are collected from information systems directors and technology directors within the various banks. They are analyzed via verbatim.

Dear Abdoul-Nasser, as the effectiveness of information systems governance practices remains mixed within banks in Africa, and in Cameroon in particular, we propose to try and understand this phenomenon in our context, which is one of the reasons why we have adopted a qualitative approach. Thank you for your question.

Ludovic Kenfang Wambe: Dear Gladys Gamariel, thank you for your comments and questions. Regarding the sample, I invite you to read our reply to Alexander Kostyuk. We have explained why our sample is limited to six banks. In view of your comment, we are going to think about including human resources directors, and even customer relations managers, who are in charge of the two priority stakeholders, employees and customers respectively.

We also believe that the regulations on new banking technologies, such as AI and others, need to evolve to adapt to the international environment, as is the case in the European Union with the DORA regulations, or in the USA, where the Office of the Comptroller of the Currency (OCC), the Federal Reserve (FED) and the Federal Deposit Insurance Corporation (FDIC) have worked together to adapt the regulations on AI and the Cloud in banking. In fact, this is what we recommended in previous research currently being published.

Dear Keith Harman, thank you for your comments. Financial institution technologies are indeed at the heart of our research. We are going to do more work on this, given the many challenges you have highlighted. Thank you very much.

CORPORATE GOVERNANCE AS A PERFORMANCE DRIVER: PANEL DATA EVIDENCE FROM GREEK LISTED FIRMS DURING THE 2010–2017 CRISIS PERIOD

by Krystallia Stavrou, Petros Kalantonis, and Michalis Skordoulis

Carla Morrone: Dear authors, thank you for sharing your research with us. I would suggest improving the discussion section by clarifying the originality of the study, since the CG-performance relationship is already much explored in the literature.

Giacomo Gotti: Dear authors, thank you for your valuable contribution that highlights how corporate governance can be strategically managed during crisis periods.

I suggest to develop a stronger theoretical background. As an instance, you could mention some theories to link your findings. As a consequence, the theoretical contribution (in the discussion section) will benefit.

Krystallia Stavrou: Thank you for your questions and suggestions.

Dear Carla Morrone, our study covers the effects of applying CG principles in Greek firms during the last decade. Greece suffered a major debt crisis during the last decade, a crisis which caused a huge negative impact on the profitability and the performance of the firms. Also, since CG appliance was not compulsory on the first years of the century (although the older related was passed in 2002), and since CG appliance was not a priority for many companies, we wanted to see wheter the crisis “forced” the Greek firms to start applying CG priniples and whether their profitabilty (which was greatly diminished due to the debt crisis) was improved because of CG.

Dear Giacomo Gotti, thank you for your contribution. To be completely honest, one must be fully aware of the recent history of Greece (in terms of finance and society) in order to understand the degree of effect from CG principles. We truly understand that this is not as theoretical as it could be, so we will attempt to enforce the theoretical background in a new publication.

RESEARCH TRENDS IN PUBLIC SECTOR ACCRUAL ACCOUNTING: A BIBLIOMETRIC ANALYSIS

by Pietro Fera, Raffaele Morrone, and Gianmarco Salzillo

Alexander Kostyuk: Dear Pietro and colleagues, welcome to our conference forum. You made an excellent contribution. Your analysis underscores the strong academic recognition of accrual accounting in the public sector and highlights the need for further research as it was mentioned by you. It seems to me that this issue of research has emerged remarkably during the last decade. What accelerated the interest of the scholars in this issue in particular?

Raffaele Morrone: Thank you, Alexander, for your question. The push for regulations requiring accrual accounting in the public sector has increased academic interest. More and more international public organizations have started using accrual accounting. The OSCE was the first in 2000. However, researchers are still divided: some support this approach, while others are against it. The debate is still open, and there is a clear need for practical studies that show the differences between accrual and other accounting systems.

Alexander Kostyuk: Thank you, Raffaele, for your answer. I absolutely support your point of view on the role of the regulation. It was some sort of cornerstone of the scholarly interest in this field of research.

Keith Harman: The current study is a superb examination of bibliometric research. The study does an especially effective job of using graphical tools to summarize findings. The presence of documentary evidence generated by business activity makes business data a relatively untapped source of insights about scholars' interests and attention, as well as organizational behavior.

TOWARDS A REGULATORY FRAMEWORK FOR THE GOVERNANCE OF ENDOWMENT ORGANIZATIONS IN SAUDI ARABIA

by Mohamed Sharif Bashir and Zohoor Abdallah Mahmoud Hussin

Mohamed Sharif Bashir: Greetings to all colleagues. I am pleased to receive your comments and questions regarding the developments of governance in Saudi endowment organizations, which are gaining more and more attention in light of the Kingdom's strategic vision.

Alexander Kostyuk: Dear Mohamed and Zohoor, welcome to our conference forum. You provided a strong insight into the issues of the endowment governance. What are the recent practices of endowment governance in Saudi Arabia? What types of endowments are dominating in Saudi Arabia? Do you see a serious difference in governance among three types of endowments you mentioned in Saudi Arabia?

Mohamed Sharif Bashir: Dear Alex, thanks so much for your thoughtful questions. We are grateful for the chance to share the results of our research.

The recent practices of endowment governance in Saud Arabia is based on regulation for organizing the duties of endowment trustees. This regulation aims to enhance the developmental objectives of endowments, raise the professional standards of trustees, establish principles of transparency and oversight over trustees' activities, and clearly define the rights and obligations of trustees.

Alexander Kostyuk: Thank you, Mohamed, for your answer. What type of endowment is the most numerous in Saudi Arabia? Probably, family or not?

Mohamed Sharif Bashir: There are three types of endowments: family endowment, charitable endowment, and joint endowment. It is dominated by family endowment. A family endowment entails holding the endowed asset and allocating its revenue or returns to the founder, their descendants, or others in accordance with the founder's specifications.

Alexander Kostyuk: Thank you, Mohammad, for your answer.

Mohamed Sharif Bashir: It is interesting to note that governance in the three types differs according to the size of the endowment assets, regardless of the type of endowments. Endowments with big assets have more governance practices than small endowments. This is due to the fact that larger endowments are managed by a board of directors or

trustees, whereas smaller endowments are maintained by a single individual without a board of trustees. Thank you for your feedback.

Gladys Gamariel: Dear Mohamed, this is a very interesting study. The recommendations drawn from the research are quite interesting for policymakers. Hopefully, the proposed framework will be flexible enough to allow for changes in the contemporary world.

Keith Harman: Greetings from the USA. The paper provides an excellent summary of endowment governance in general as well as in the Kingdom in particular. It will be interesting to see how much endowment policies and practices differ from region to region.

I find it interesting that the issues revolving around endowments are some of the same issues that get connected to an estate used as a vehicle to pass on assets to beneficiaries.

Mohamed Sharif Bashir: Dear Gladys, thank you for the feedback! It's really supportive.

Dear Keith, thanks for recognizing the value of our research. I appreciate your valuable comments.

SME FINANCING AND GOVERNANCE REQUIREMENTS OF INTERNATIONAL BANKS: ANALYSIS OF OBSTACLES SPECIFIC TO THE CAMEROONIAN CONTEXT

*by Pierre Claude Mbama, Jean Roger Mfelam, and
Abdoul-Nasser Ousmanou*

Jean Roger Mfelam: Good evening, dear colleagues. Our paper examines the obstacles preventing Cameroonian SMEs from meeting international banks' requirements for accessing financing. The study conducted among 345 SMEs reveals that these obstacles stem from their structural and informational weaknesses, including difficulties with internal control and the adoption of reliable accounting standards, and an insufficient role for public authorities. Your comments are welcome to help us continue improving this paper.

Alexander Kostyuk: Dear Pierre Claude and colleagues, it is great to see your contribution at the conference forum. The role of governance and control is still a research stream to be explored further. You mentioned that there is a significant correlation between the weakness of internal control in Cameroonian SMEs and the reluctance of international commercial banks to finance them, confirming our hypothesis. What about the local banks (not international? Do they behave in the same way? It seems to me that this situation could be evidence of the weak regulation in Cameroon, which should motivate the SMEs to introduce the best practices of internal control.

Pierre Claude Mbama: Dear Alexander Kostyuk, thank you for your insightful follow-up questions and for highlighting the critical role of governance and control in our ongoing research. We truly appreciate your engagement.

Regarding your question about local Cameroonian banks, our preliminary findings suggest a similar, albeit perhaps less pronounced, reluctance to finance SMEs with weak internal control. While international commercial banks often adhere to global risk assessment standards and have stricter compliance requirements, local banks are also increasingly aware of the financial risks associated with poor internal governance. They may not always have the same level of due diligence resources as their international counterparts, but the inherent risk of lending to an SME with inadequate internal controls remains a significant deterrent. Essentially, the core principle of risk aversion in the face of financial opacity holds true for both.

You've also accurately pinpointed a crucial underlying factor: the potential for weak regulation in Cameroon to contribute to this situation. We agree that the current regulatory environment might not sufficiently incentivize or enforce robust internal control practices within

SMEs. This indeed creates a compelling case for Cameroonian SMEs to proactively adopt best practices in internal control, not just to attract international financing, but also to build trust with local financial institutions and enhance their overall sustainability. Strong internal controls, even in a less stringent regulatory landscape, can be a significant competitive advantage, signaling reliability and sound management. Thank you again for your insightful contribution to the discussion.

BEYOND THE COMPLIANCE: ETHICAL GOVERNANCE IN ITALIAN CORPORATIONS

by *Simona Arduini and Tommaso Beck*

Francesca Capolini: Thank you for this insightful contribution. Considering that the current analysis focuses on the ten largest Italian companies by market capitalization, I was wondering whether you plan to extend the sample in future research. Do you foresee the inclusion of medium-sized firms or companies from other national contexts in order to enhance the generalizability of your findings?

Mohamed Sharif Bashir: Thank you to the authors for the important study. What are the key practical policies in the context of governance oriented towards sustainability that can enhance the protections for legitimacy and prevent long-term risks?

Tommaso Beck: Dear Francesca and Mohamed, I'm glad you found the study interesting, and thank you for sharing your feedback and reflections.

In response to Francesca. Yes, we are considering expanding the sample to include other listed companies in Europe. In our opinion, extending the sample to an international context could make firm-level comparisons difficult/impossible. Conversely, it may be useful to compare companies in similar countries such as Italy, France, Spain, etc.

In response to Mohamed. In the context of governance oriented towards sustainability, in my opinion and according to the literature reviewed, practical policies that enhance legitimacy and prevent long-term risks include the integration of ESG criteria into corporate decision-making, the institutionalization of stakeholder engagement, and the improvement of non-financial reporting practices. These measures could help align corporate behavior with stakeholder expectations and regulatory trends, thereby strengthening accountability and transparency. Moreover, embedding sustainability-related issues into risk management systems allows organizations to anticipate systemic threats and increase their resilience. Ethics and compliance programs also play a key role in ensuring integrity and responsible conduct, but, obviously, they are difficult to calculate in terms of numbers or metrics.

Mohamed Sharif Bashir: Dear Tommaso, thank you for your positive response and useful discussion.

**PERFORMANCE AFTER MERGERS IN PUBLIC LOCAL
ENTITIES, GOVERNANCE, AND PUBLIC POLICY:
INTERNATIONAL EXPERIENCE AND THE GREEK CASE**

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

Alexander Kostyuk: Dear Aikaterini and colleagues, this is great to see your contribution to our conference. Could you describe the autonomy index you used in your research? This is a very deep issue.

Aikaterini Chasiotou: Dear Alex, we appreciate the chance to present our paper at this conference and to engage in discussions on the conference forum. In our study, the autonomy index is calculated from the ratio of total regular revenues collected to total revenues collected. It shows what percentage of total revenues collected are regular revenues collected. The higher the value of the index, the more autonomous the municipality can be considered financially. Therefore, it can plan its actions because it is able to rely on predictable sources of revenue. However, the total regular revenues also include regular subsidies from the state, which is why this indicator cannot alone clearly show us the financial independence of the municipality and is, in principle, an evaluation indicator.

Alexander Kostyuk: Thank you very much for your answer, Aikaterini. It is truly contributive and clear.

GOVERNING WITH IMPACT: SCHOLAR-PRACTITIONER APPROACHES TO REAL-WORLD IMPACT

by Murray Bryant and Throstur Olaf Sigurjonsson

Alexander Kostyuk: Dear Murray, thank you for taking part in our conference forum. You mentioned that impactful governance scholarship is often rooted in long-term collaboration with firms, regulatory bodies, and governance institutions. Key strategies include building academicpractitioner networks, participating in governance advisory roles, and disseminating insights through accessible formats (Bansal et al., 2012; Birkinshaw et al., 2016) such as policy briefs, media commentary, and public forums, well beyond traditional academic publishing. I absolutely agree with you. At the same time do you think that the reputation of the university where the academics are employed influence the performance of this strategy?

COLLABORATION STRATEGY AND THE PERFORMANCE OF SMALL BUSINESSES IN LAGOS, NIGERIA

*by Olufemi A. Ogunkoya, Adekunle A. Adeyemi, Tolu Akinniyi,
Ogidan Vera Lawrence, and Olatunji Zacchaeus Sowemimo*

Banjo Hassan: Let me thank the authors for these insights in this paper. I would, however, like to clarify which performance measure of small businesses the paper seeks to use, especially as the paper already said there are three measures: internal non-financial, external, and financial.

Jean Roger Mfelam: Dear colleagues, I would first like to congratulate you on your article, which I find original. However, I looked through your bibliographical references. I didn't find an author like Porter (1985), who seems to me to be an essential reference. Indeed, you want to show that collaborative strategies constitute a source of competitive advantage.

Syeedun Nisa: I must congratulate you on presenting a nice piece of work. Collaboration strategies are a good tool for increasing the overall performance of a firm. The paper has highlighted the three important relationships: internal collaboration strategies on employee satisfaction, external collaboration strategies on customer loyalty and satisfaction, and both internal and external strategies on service/product quality. I would like to know what the items of the questionnaire were. Nothing is mentioned about the survey items in the paper.

Olufemi A. Ogunkoya: Thank you for your feedback. We will include Micheal Porter's work (1985) in the references accordingly, and rework the references appropriately.

Thank you, Dr. Banjo, for your observations. In this paper, performance was operationalized as customer retention, loyalty performance, employee satisfaction, engagement performance, service performance and quality performance. Thank you, your comments are well noted.

Thank you for your feedback. The items of the questionnaire were adapted from the past works of business strategy scholars. The link is attached herewith: https://docs.google.com/forms/d/e/1FAIpQLScWHzdK97Llfz3_RZxMI4dZZhtTK-l2AYUtPrNfAUg9GVZYEQ/viewform. Thank you immensely.

Banjo Hassan: Especially against the backdrop that business is about competition and that to beat that competition, firms must have competencies (internal environment), the paper also showed us that firm

performance can be improved by leveraging external stakeholders. Keep it up, authors!

Olufemi A. Ogunkoya: Thank you for the encouragement.

Abdoul-Nasser Ousmanou: Congratulations, dear authors, for your contribution. Do you think the results of this study can be extrapolated to SMEs in Central Africa?

Olufemi A. Ogunkoya: Thank you. I believe that it can be extrapolated to Central African SMEs, because of the economic, social, government, and technological developmental similarities of the Sub-Saharan countries. SMEs' performance could be enhanced through collaborations.

Keith Harman: Thanks to the authors of the paper and to those scholars providing highly insightful commentary. I think it is safe to concur that Porter's framework is an essential element. In practice, I have found that companies typically struggle with creating and executing strategies if a company is uncertain about what business it is actually in and what companies are the company's main competitors.

Olufemi A. Ogunkoya: Thank you for this valuable perspective. Clarity and understanding of the vision statement, mission statement, and competition analysis will be critical for companies in such situations. Deploring collaborative strategy initiatives could speed up the realization of the goals of the firms. Thank you for your insights. Thank you, everyone, for your valuable contributions.

Adekunle A. Adeyemi: Thank you all for your highly valuable comments. The final output of the paper will benefit substantially from all the comments and reviews. Thank you all.

THE EVOLUTION OF VIRTUAL GENERAL MEETINGS IN GERMANY: LEGAL DEVELOPMENTS, PRACTICAL IMPLICATIONS, AND INTERNATIONAL PERSPECTIVES

by Patrick Ulrich

Živilė Stankevičiūtė: Great topic. I suggest expanding your research by making it a comparative study, examining different countries and their legislation.

Patrick Ulrich: Thank you for the comment. This would indeed be a very interesting, but also challenging project.

Keith Harman: Seminal study on a part of organizational life that deserves greater scrutiny.

RESILIENCE IN FAMILY FIRM GOVERNANCE

by Patrick Ulrich

Živilė Stankevičiūtė: Dear authors, I strongly suggest that, when describing resilience in family businesses, you differentiate among three levels of resilience: individual resilience, employee resilience, and organizational resilience. This approach will provide a more complex picture and allow you to draw valuable conclusions.

Valentina Santolamazza: Dear author, thank you for shedding light on such an important topic. To further strengthen the contextual background of the study, may I kindly suggest considering the work of Professor Alfredo De Massis, who is widely recognized as a leading scholar in this field.

Patrick Ulrich: Dear colleagues, thank you for the great input. The differentiation of resilience is very interesting. As to Valentina's remark: I, of course, included Alfredo's work in the whole project, but had to limit the abstract to some restricted remarks. Thank you!

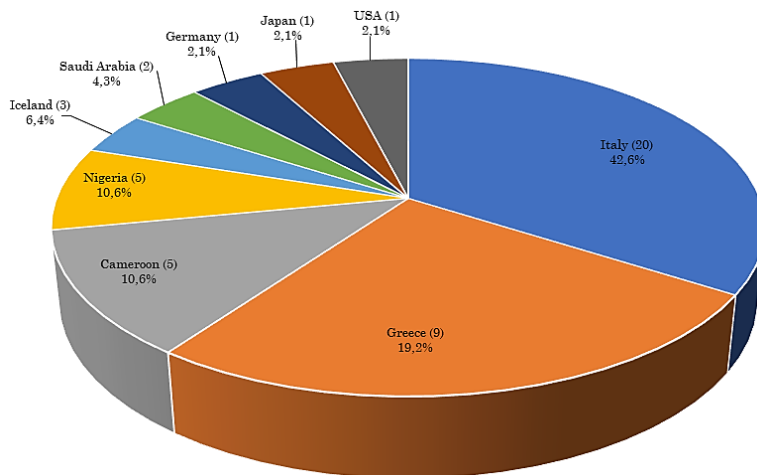
Alexander Kostyuk: Dear Patrick, you are welcome to take part in our conference forum. I think that the issue of CG in family firms still needs more scholarly research. What mechanisms of governance are the most critically important now for family firms? Board of directors, the role of CEO, director remuneration, etc?

Jean Roger Mfelam: Congratulations on your paper on family businesses. In your abstract, you explore the concept of resilience in family businesses. In the sections below, you want to analyze the relationship between resilience and governance in family businesses. So, what do you want to do specifically?

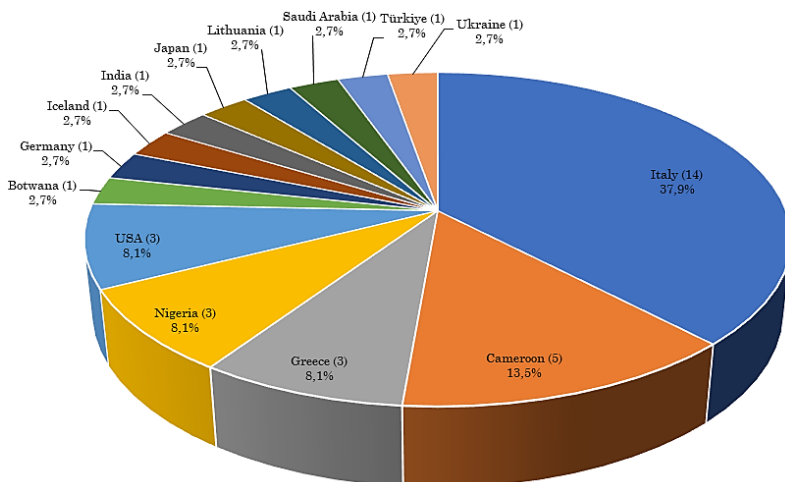
CONFERENCE INFOGRAPHICS

1. Conference forum participants, discussants, attendees

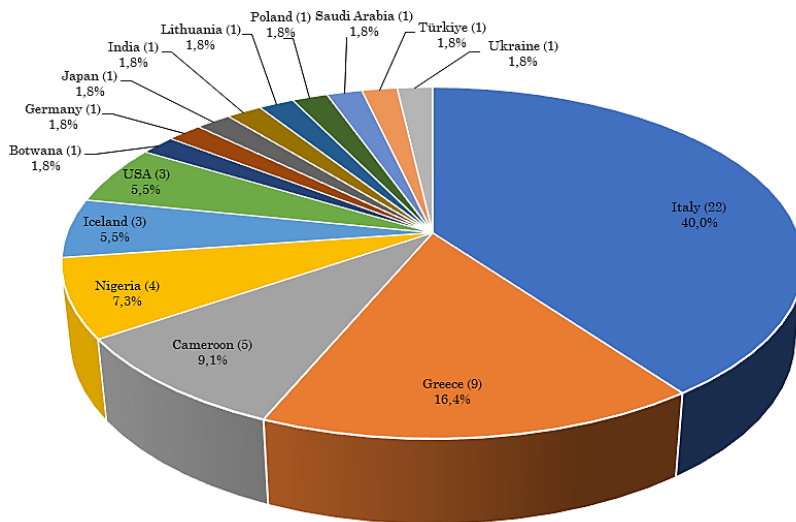
Conference forum presentations authorship — geographical representation



Conference forum comments authorship — geographical representation

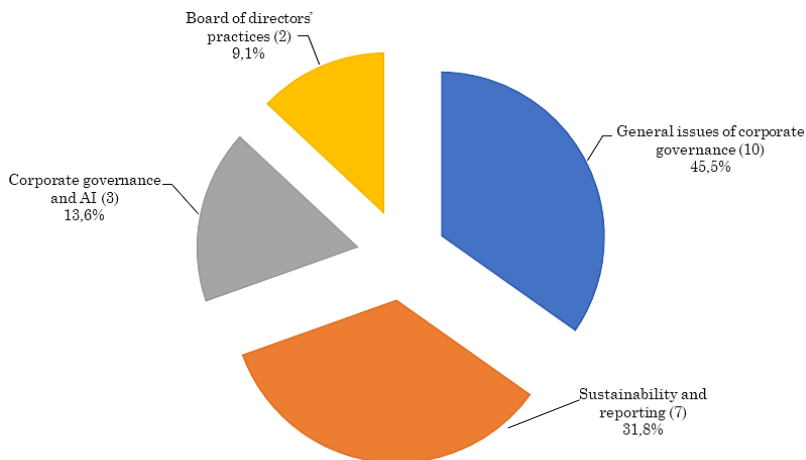


Conference forum attendees — geographical representation

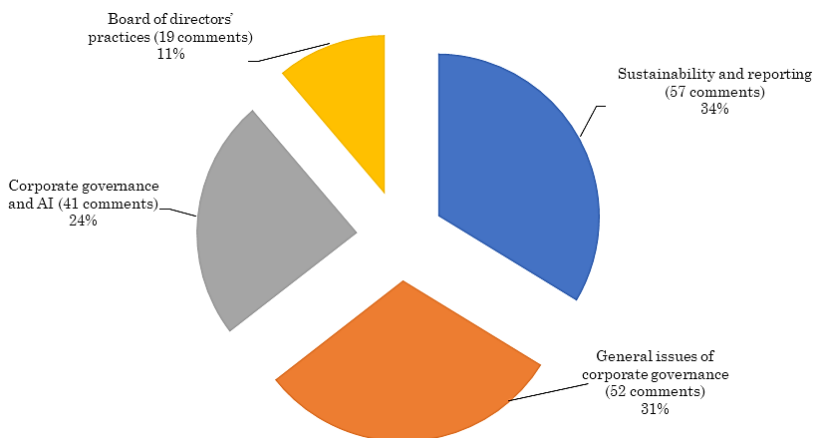


2. Conference forum presentations and comments

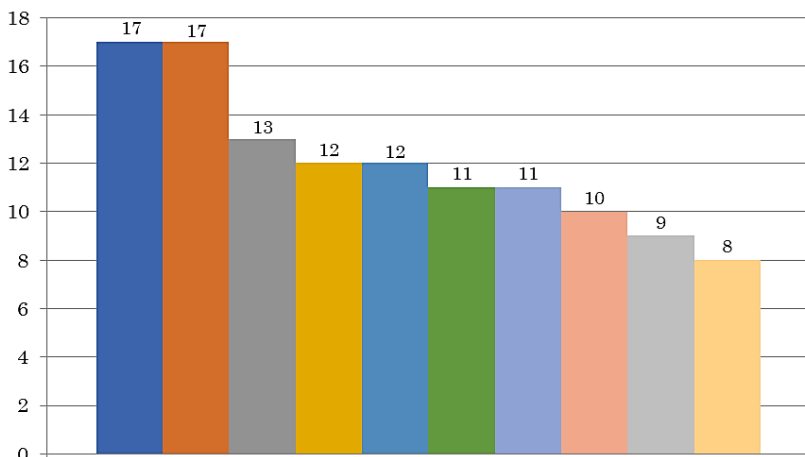
Topics of the conference forum presentations



Conference forum comments — topics discussed

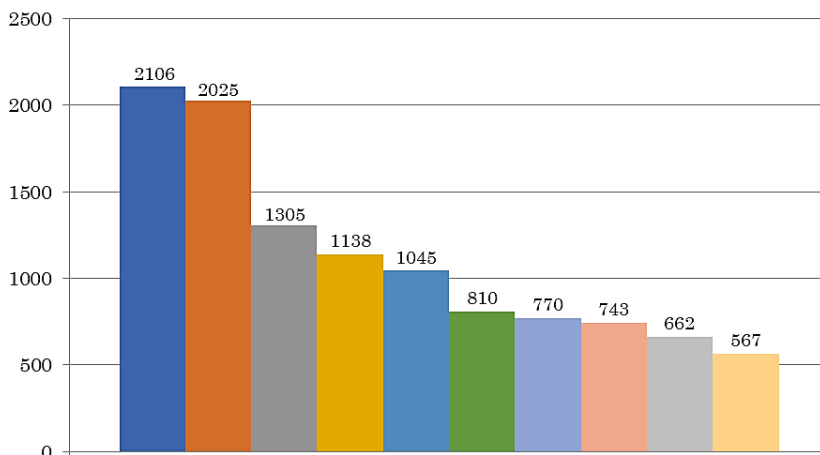


Conference forum comments — top-10 most discussed presentations (by number of comments)



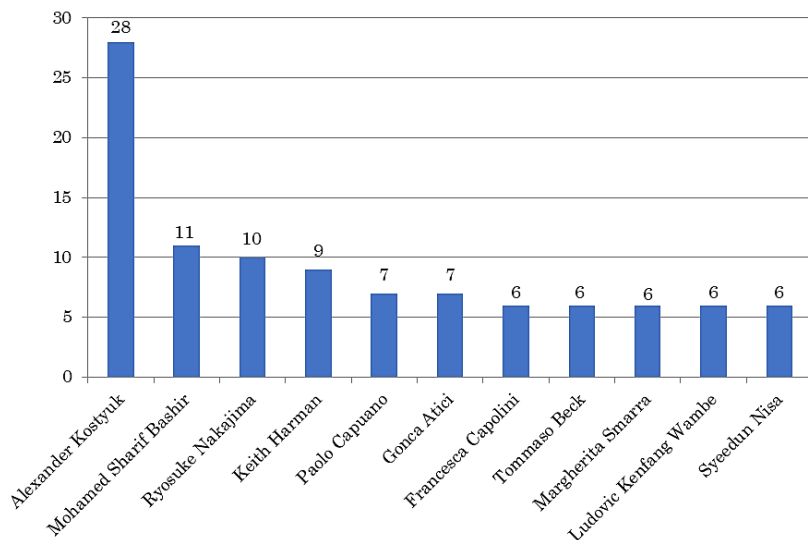
- Bridging the AI governance gap: Evaluating the effectiveness of transparency tools and ethics boards in multinational firms
- Corporate governance and artificial intelligence in the banking industry: Challenges, risks and opportunities
- Collaboration strategy and the performance of small businesses in Lagos, Nigeria
- Sustainability reporting: Weighing benefits and costs in the wake of the EU's omnibus package
- What kind of governance for banking information systems in Cameroon?
- Can CEO compensation drive sustainability? Exploring incentives, ESG scores and firm outcomes
- Towards a regulatory framework for the governance of endowment organizations in Saudi Arabia
- Interlocked and female directors in financial distress companies
- Corporate governance and performance of family firms: Exploring the role of mixed board composition
- Sustainability and insolvency: An antithesis?

Conference forum comments — top-10 most discussed presentations (by volume of comments (words))

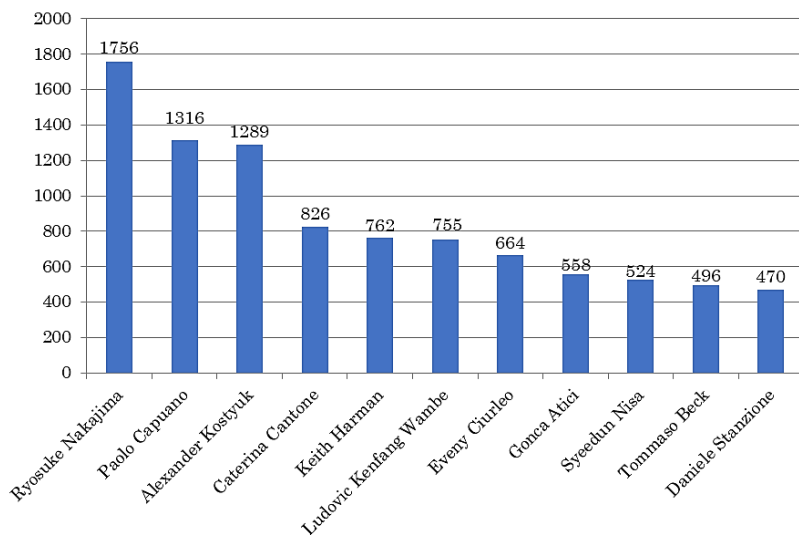


- Bridging the AI governance gap: Evaluating the effectiveness of transparency tools and ethics boards in multinational firms
- Corporate governance and artificial intelligence in the banking industry: Challenges, risks and opportunities
- Corporate governance and performance of family firms: Exploring the role of mixed board composition
- What kind of governance for banking information systems in Cameroon?
- Governance and sustainability: A systematic review of the link between corporate governance and ESG performance
- Can CEO compensation drive sustainability? Exploring incentives, ESG scores and firm outcomes
- Sustainability and insolvency: An antithesis?
- Interlocked and female directors in financial distress companies
- Leveraging artificial intelligence models for financial forecasting
- Sustainability reporting: Weighing benefits and costs in the wake of the EU's omnibus package

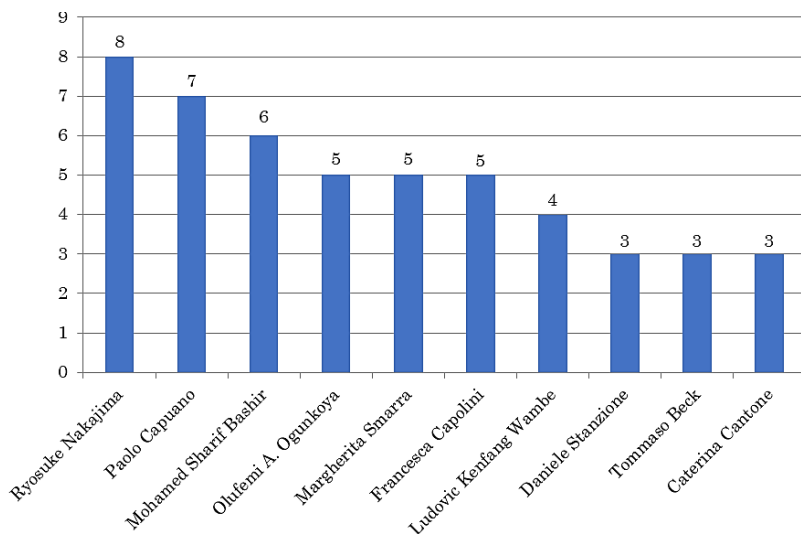
Conference forum comments — top most commenting discussants (by number of comments)



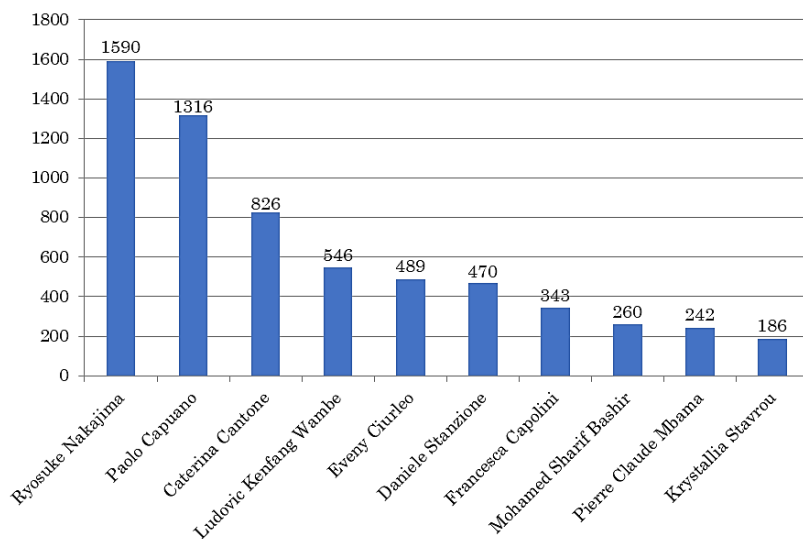
Conference forum comments — top most commenting discussants (by volume of comments (words))



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