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VIRTUS INTERPRESS®

NEW OUTLOOKS FOR THE SCHOLARLY RESEARCH IN CORPORATE GOVERNANCE

Conference proceedings

Proceedings

of the

International Online Conference

"New Outlooks for the Scholarly Research in Corporate Governance"

June 8, 2023

名誉 良心 高貴

Meiyo *Ryoushin* *Kouki*

Honor *Conscience* *Nobility*

VIRTUS INTERPRESS

Published in Ukraine by Virtus Interpress

Virtus Interpress
Gagarina Str. 9, 311
Sumy, 40000
Ukraine
www.virtusinterpress.org

Tutino, M., Santolamazza, V., & Kostyuk, A. (Eds.). (2023). *New outlooks for the scholarly research in corporate governance*. Virtus Interpress. https://doi.org/10.22495/nosrcg

Book Managing Editor — Olha Lytvynenko

ISBN 978-617-7309-23-8

Conference Editorial Committee:

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RETHINKING CORPORATE GOVERNANCE: EMBRACING CHALLENGES AND SEIZING OPPORTUNITIES

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How to cite: Tutino, M., Santolamazza, V., & Kostyuk, A. (2023). Rethinking corporate governance: Embracing challenges and seizing opportunities. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 6–8). Virtus Interpress. https://doi.org/10.22495/nosrcged

Received: 26.07.2023
Accepted: 28.07.2023
DOI: 10.22495/nosrcged

Scholars are aware that the term "corporate governance" still lacks a clear and shared definition, despite being in use for over fifty years (Zattoni, 2020). In fact, various scholars have offered different definitions, considering both the range and diversity of stakeholders involved in governance and management, as well as the extensiveness and variety of corporate bodies responsible for the functioning of corporate governance (Zattoni, 2020; Mantovani et al., 2022).

Regarding the concept of governance, while some authors still focus on the closer managerial bodies responsible for company management, there is a noticeable trend towards adopting a broader definition of corporate governance. This broader perspective sees corporate governance as the whole set of legal, cultural, and institutional arrangements that determine what publicly traded corporations can do, who controls them, how that control is exercised, and how risks and returns from their activities are allocated (Blair, 1995). This inclusive definition suggests the need to move beyond researching only the functioning and composition of corporate governance bodies, which remains a highly appreciated topic, as evident from the number of papers presented at the 2023 conference entitled "*New Outlooks for the Scholarly Research in Corporate Governance*". Instead, it encourages analyzing these mechanisms in the context of new scenarios that arise in the 2023 world.

Firstly, corporate governance must confront the pervasive trend of digital transformation. Several papers are focusing on the significance of digitalization, its strengths, and the competitive advantages it could bring to corporate governance mechanisms (Varoglu et al., 2021). The link between corporate governance and digitalization becomes a dynamic stream of corporate governance research (Grove et al., 2018) and intensively demanded by the owners of the companies to improve the overall performance of the strategic decision-making as a process (Quarato et al., 2020). Therefore, it will be essential to explore the potential impact of artificial intelligence and digital transformation in the following years, especially considering the exponential pace of digitalization (Correia & Água, 2023).

Secondly, another relevant topic concerns how corporate governance is adapting to meet new sustainability requirements. These needs extend beyond the new disclosure requirements introduced by the EU Directive 2022/2464 ("CSRD Directive") (Baumüller & Grbenic, 2021) and relate to a fundamental change in the ethos of companies. In recent years, the presence of benefit companies has grown in several countries, beginning with the United States and expanding to Europe and other continents (Nigri et al., 2020). These companies expressly aim not only to make a profit but also to satisfy the needs of their stakeholders (Clark & Babson, 2012). It is vital to explore how governance increasingly integrates with these sustainability needs. Analyzing the impact companies have on sustainability objectives becomes crucial: How can they contribute to achieving these objectives? What sustainable actions can influence company competitiveness? What are the performance payoffs of taking sustainable actions?

Finally, it is essential to acknowledge that governance has now become a mechanism for social justice and equality. Future contributions should address the impact of topical issues such as gender equality, social justice, and minority involvement (Paoloni et al., 2019; Kavadis & Thomsen, 2023). Furthermore, this outlines an outlook for large-scale research in the field of board diversity and firm performance (Arnardottir et al., 2023; Mateus et al., 2020; Guedes & Monteiro, 2020).

Like every year, scholars have contributed to the 2023 Virtus Conference "*New Outlooks for the Scholarly Research in Corporate Governance*", discussing these issues of general interest. These discussions not only contribute to advancing the literature on the topic but also serve as key elements for entrepreneurs who strive to keep their companies competitive in the global market, which is increasingly digital and sustainable.

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SESSION 1: BOARD OF DIRECTORS' PRACTICES

BRIDGING THE GENDER GAP IN MOROCCO'S CORPORATE BOARDROOMS

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OPEN ACCESS

How to cite: Al Arkoubi, K., & Tahari, F. (2023). Bridging the gender gap in Morocco's corporate boardrooms. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 9–12). Virtus Interpress. https://doi.org/10.22495/nosrcgp1

Received: 15.05.2023
Accepted: 22.05.2023
Keywords: Morocco, Corporate Boards, Gender Diversity, Gender Parity, Board of Directors, Corporate Governance
JEL Classification: M14, M16, M19
DOI: 10.22495/nosrcgp1

Abstract

Women's representation in corporate boards is still a critical issue in most countries around the world, including Morocco. Despite the efforts exerted in recent years to achieve gender parity and equal opportunities in corporate leadership, there are persistent gaps and slow progress in reaching gender balance globally (Catalyst, 2021). The global timeline to achieve gender parity in corporate leadership is still alarming. According to the World Economic Forum (WEF, 2022), at the current rate of progress, it is estimated that it will take 132 years to achieve full parity. This projection underscores the need for sustained efforts to accelerate change and create more inclusive boardrooms worldwide. In addition, in 2022, women held only 36.9% of leadership roles globally, indicating that there is still a long way to go in achieving equal representation.

Morocco faces significant challenges in achieving gender parity, as it ranks 136 out of 146 countries. The parity gap in the country remains wide, particularly when it comes to women's representation in top managerial positions. Currently, only 5.40% of women hold these roles, indicating a substantial underrepresentation of women in leadership positions within firms. Furthermore, the percentage of women who own

businesses stands at just 2.5%, highlighting the need for greater support and opportunities for women entrepreneurs (WEF, 2022). Ultimately, the advancement of women to leadership roles is critically low as it represents 4.27% revealing that there is much work to be done to bridge the gender imbalance in leadership positions across various sectors and industries in the country.

The underrepresentation of women on corporate boards worldwide has prompted researchers to examine the benefits associated with gender diversity and its potential impact on board effectiveness. The results consistently demonstrate that companies with more women in leadership positions tend to experience enhanced financial performance (Adams & Ferreira, 2009; Erhardt et al., 2003; Rahman & Zahid, 2021), better decision-making processes, and improved corporate governance (Milliken & Martins, 1996; Adams & Funk, 2012; Perryman et al., 2016; WEF, 2022). Additionally, gender-diverse boards bring a variety of perspectives, skills, and experiences, leading to more robust discussions and increased innovation (Nielsen & Huse, 2010). They also serve as catalysts for change, inspiring organizations to adopt inclusive policies and practices throughout the entire workforce. They contribute to breaking down gender stereotypes, promoting equal opportunities, and creating more inclusive work environments. Most importantly, women on boards also act as role models, encouraging aspiring female professionals to aim for leadership positions and pursue ambitious career (Adams & Ferreira, 2009; Carter et al., 2003; Smith et al., 2006).

Considering, these critical advantages of gender diversity in the boardrooms, companies around the world including in Morocco have been looking for ways to unlock the full potential of their workforce and contribute to more diverse, equitable, and successful boardrooms. Examples of initiatives that have been adopted include implementing quota systems, enhancing transparency and accountability in board appointments, providing training and mentorship programs, and fostering a supportive corporate culture (Kulaksız & Rafi, 2022).

In Morocco, efforts have been made to increase women's representation in corporate boardrooms. The country has implemented legal measures to promote gender diversity in corporations. In 2011, while women were holding only 12% of seats on the boards of publicly traded companies, the Moroccan Parliament passed Law No.°19-20 which mandated a quota of women on publicly traded campanies boards of 30% in 2024 that should reach 40% in 2027. Indeed, the participation of women in corporate governance is now part of legal obligations. Bank Al-Maghrib (the Central Bank of Morocco) was the first to institutionalize gender parity in corporate boards by encouraging credit institutions to ensure parity in the appointment of independent female directors to their boardrooms. While this legislative intervention has led to some progress, the representation of women on boards in Morocco still lags behind the desired levels.

The purpose of this study is dual: 1) to explore the barriers that hinder the inclusion of women in corporate boards and limit their opportunities to access executive positions in Morocco and 2) to specify effective strategies for improvement considering the institutional context of Morocco.

Using secondary data, we will first provide a background of women in corporate governance in Morocco. Second, we will describe the major efforts conducted by the government and other key stakeholders to ensure some progress in this area. Third, we will discuss the impediments inhibiting women from being in corporate boardrooms. Finally, based on other successful experiences in the world, we will offer some recommendations that could enable faster progress toward gender-diverse and inclusive corporate boardrooms.

This study will be highly significant to scholars, practitioners, and decision-makers in the MENA (Middle East and North Africa) region, specifically, as well as other countries that are grappling with the task of improving gender diversity within their corporate boards.

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SELF ASSESSMENTS OF CORPORATE BOARDS: SHORT OVERVIEW OF THE LITERATURE

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OPEN ACCESS

How to cite: Thorarinsdottir, A. S., Sigurjonsson, T. O., & Arnardottir, A. A. (2023). Self assessments of corporate boards: Short overview of the literature. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 13–18). Virtus Interpress. https://doi.org/10.22495/nosrcgp2

Received: 15.05.2023
Accepted: 24.05.2023
Keywords: Corporate Boards, Board of Directors, Board Dynamics, Board Evaluation, Board Self-Assessment
JEL Classification: M140, M10, M12
DOI: 10.22495/nosrcgp2

Abstract

Boards of directors play an important role when it comes to decision-making within companies, but board members as a team are ultimately responsible for their activities. There are three main roles of boards: monitoring, consulting, and strategic planning (He et al., 2020; Levrau & Van den Berghe, 2007; Zahra & Pearce, 1989). The role of boards has been debated in research, e.g., what tasks boards should perform. In addition, scholars have approached the role of boards from different theoretical perspectives and defined the role of boards in a broad, even in some cases contradictory way (Åberg et al., 2019; Jansen, 2021; Levrau & Van den Berghe, 2007; Nicholson & Kiel, 2004a; Zahra & Pearce, 1989). Furthermore, it is unclear how boards work; how they go about fulfilling their roles and the various tasks that come with it (Leblanc & Schwartz, 2007; Jansen, 2021). Since the year 2000, scholars have increasingly focused on the elements and processes that take place in board activities from behavioral and social perspectives (Heemskerk, 2019; Ong & Wan, 2008; Sur, 2014). But before the year 2000, it was common to rely on financial and economic perspectives or the perspective of agency theory in research on boards (Dalton & Dalton, 2011; Forbes & Milliken, 1999; Leblanc & Gillies, 2003; Levrau & Van den Berghe, 2007).

Following failures and high-profile corporate governance scandals of the 1980s, regulations targeting listed companies were introduced. In addition, new compliance requirements and guidelines were formulated for boards to follow (Ingley & Van der Walt, 2005; Pettigrew, 1992). In the years 2000–2009, significant reforms were then made to the corporate governance guidelines. Then again, in response to a series of high-profile scandals and mistakes. These failures and scandals in corporate governance led to increased pressure being placed on boards and how they can manage their business adequately (Van der Walt & Ingley, 2000). Shareholders and other stakeholders began to demand that boards show more responsibility and professionalism in board work (Kiel & Nicholson, 2005; Long, 2006; Minichilli et al., 2007; Van der Walt & Ingley, 2000). For boards to demonstrate better and more efficient governance, it was considered important that boards evaluate their own performance (Kiel & Nicholson, 2005). A board evaluation was supposed to confirm that all board members are working and fulfilling their roles (Spencer Stuart, 2004). The reasoning behind the introduction of board evaluation is on the one hand to promote the efficiency of boards (Berg, 2007) and on the other hand to increase the responsibility of boards, in the sense that boards do what they are supposed to do (Huse, 2007).

Discussions about board evaluations began in the 1990s. However, the idea of board evaluations was not properly recognized until after the global financial crisis that took place in the years 2007–2009. Then the policy on board evaluation began to spread more widely and more countries began to implement board evaluation requirements in their guidelines for good corporate governance (Nordberg & Booth, 2019a; Booth & Nordberg, 2021; Pho, 2022).

Today, many companies or boards generally recognize the importance of performing and evaluating their performance regularly (Booth & Nordberg, 2021; Fenwick & Vermeulen, 2018). In addition, it is generally believed that board evaluation is a useful tool for evaluating the success of board performance (Ingley & Van der Walt, 2002, 2005; Leblanc, 2005; Leblanc & Schwartz, 2007; Long, 2006; Minichilli et al., 2007; Gabrielsson & Huse, 2004; Kiel & Nicholson, 2005). But the prerequisite for that is that the evaluation is well organized and that clear goals and criteria are set in advance based on those goals (Huse, 2007; Kiel & Nicholson, 2005; Minichilli et al., 2007; Rasmussen, 2010, 2015). Systematic and well-planned evaluation can then bring about various benefits for companies, boards as a whole and individual board members. For example, improved leadership skills, clearer roles and responsibilities, better collaboration, more responsibility, better decision-making, better communication, and more effective board operations (Kiel et al., 2018).

On the other hand, there is no standard assessment tool, as no "one size" can fit all boards (Carretta et al., 2010; Kiel & Nicholson, 2005; Minichilli et al., 2007; Soana & Crisci, 2017). Since boards can differ in terms of e.g., competitive environment, tasks, and problems (Kiel & Nicholson, 2005). The ways of success can, therefore, be of all kinds, which is reflected in the different models of board success that have been presented (Nicholson et al., 2012; Nordberg & Booth, 2019b).

Much of the previous (older) research related to board performance focused on how board structure, demographics, or composition affect performance. Then, often, financial indicators are used as a measure. But most of these studies have been contradictory and results unclear (Dalton & Dalton, 2011; Forbes & Milliken, 1999; Kuoppamäki, 2018; Leblanc & Gillies, 2003). In addition, these previous studies provide limited understanding and insight into board performance (Roberts, 2002; Leblanc & Schwartz, 2007; Zahra & Pearce, 1989). This has led scholars to realize that board success has to do with more factors than just those related to board structure, demographics and composition (Forbes & Milliken, 1999; Leblanc & Gillies, 2003; Leblanc & Schwartz, 2007; Pye & Pettigrew, 2005; Zona & Zattoni, 2007).

Today, most academics agree that a multidisciplinary approach is needed and that boards are a group or team that makes decisions. It is also necessary to take into account the behavioral factors that occur in the activities of boards and how it affects the performance or success of boards (Charas, 2015; Forbes & Milliken, 1999; Jansen, 2021; Nicholson & Kiel, 2004b; Nordberg & Booth, 2019a). At the same time, scholars seem to generally agree that board success is fundamentally about the outcomes of "tasks" that occur when certain roles are performed (Nicholson & Kiel, 2004b; Levrau & Van den Berghe, 2007). The models that have been put forward support this, as they all have in common to rely on a multi-theoretical approach. As well as highlighting the complex relationship between corporate performance and board performance and how it can vary from company to company. Furthermore, these models give a good picture of the complexity of the interaction between various factors that are believed to influence the success of boards (Nordberg & Booth, 2019a).

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SESSION 2: ACCOUNTING, AUDITING AND FINANCIAL REPORTING

THE AUDIT OF PUBLIC PROCUREMENTS: EVIDENCE FROM GREECE

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OPEN ACCESS

How to cite: Kontogeorga, G. N., & Angelaras, D. N. (2023). The audit of public procurements: Evidence from Greece. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 19–22). Virtus Interpress. https://doi.org/10.22495/nosrcgp3

Received: 22.04.2023
Accepted: 02.05.2023
Keywords: Public Procurements, Pre-Contractual Audit, Supreme Audit Institutions, Greece
JEL Classification: H57, H83, K12, M42, M48
DOI: 10.22495/nosrcgp3

Abstract

Public procurements represent a significant percentage of gross domestic product (GDP) in Organisation for Economic Co-operation and Development (OECD) countries and are critical to the delivery of services like infrastructure, health and education. Public procurement is a strategic instrument and lever for achieving government policy goals such as stimulating innovation, promoting green public procurement and the circular economy, supporting access to public procurement contracts for small and medium-sized enterprises (SMEs), or promoting responsible business conduct (RBC) in global supply chains. This makes public procurement a strategic tool for achieving policy objectives (OECD, 2020). On the other hand, public procurement can provide opportunities for corruption. When seeking lucrative public contracts, companies look for any opportunity they can take advantage of that will improve their ability to secure a successful bid. Unscrupulous government officials can use their influential positions to attain favors and gifts from businesses pursuing public procurement tenders. Civil society ultimately bears the cost of public procurement irregularities. Collusion and corruption affect the quality of services provided, often to the detriment of service recipients (Bryan, 2015).

The concepts of transparency and accountability are nowhere more significant in public administration than in procurement, which may account for more than a third of all of a government's outlays. Yet while these attributes are paramount regarding good governance, they do not on their own distinguish procurement from many other activities of public process. However, there are many other elements that combine to make public procurement especially enigmatic, one of the least understood and most vulnerable areas of public administration (Schapper et al., 2006).

The financial crisis in Greece opened a wide dialogue concerning the reductions in administrative costs and administrative burdens. In this framework, the public procurement area was identified as one of the priority areas, as only from the codification and the simplification of laws and regulations the calculated reduction in administrative cost and administrative burden was estimated around EUR11.892.156 (OECD, 2014).

These last years, several reforms took place to simplify and harmonize the legal framework of public procurement in Greece with the EU Directives and good practices. The Hellenic Court of Audit (HCA) examines (*ex-ante*) the legality of the draft of public contracts with significant financial value, before its final signature and decides on its legality ("visa" or rejection), hence contributing to the sound financial management and preventing the non-legal disbursement of public money on time.

Procurement literature highlights the various challenges that tend to undermine the effective implementation of procurement in the public sector, that is, to enforce a practice that complies with the established procurement framework. On the other hand, the literature is replete with works proposing remedies for enhancing such compliance. In fact, several studies suggest ways of improving the agents' compliance with the agreed contracts. The mechanisms that have gained prominence in enhancing compliance include the application of monitoring and sanction arrangements (Mwakibinga & Buvik, 2013).

The preventive (*ex-ante*) audit has as an objective to prevent non-compliance, while the repressive audit identifies the non-compliance after its occurrence. Although a good legitimacy control, either preventive or repressive, contributes to the improvement of public administration management (García Crespo, 2005), strict scrutiny of legitimacy causes delays in the provision of public services and weakens the accountability of administrators (Cogliandro, 2000). For this reason, there is a tendency of limiting or even abandoning the *ex-ante* audit. However, in Greece in the field of public procurements, the ex-ante audit still exists for the draft procurements with a significant financial value (above a certain threshold ie: EUR300.000,00 for the Services of Commissioners and above EUR1.700.000,00 for the Judicial Sections respectively)[1].

The importance of the pre-contractual audit is also proven by the fact that this kind of audit is guaranteed by the Hellenic Constitution. More specifically according to Article 98, "*the Hellenic Court of Audit is charged with… b. The audit of contracts of significant economic value in which the counterparty is the State or another legal entity assimilated to the State in this respect, as defined by law*".

This study deals with this issue and presents the first results of the reforms which took place these last years.

From the analysis of the officially published data from the HCA for the financial year 2022, we found that the pre-contractual audit continued to identify infringements in around 9% of the total number of draft contracts submitted each year for audit to the Judicial Sections of the Court, while the number of cancelled contracts on average (for a period of 12 months) was equal to EUR44.382.304,76. As far as the Commissioners' Services is concerned, the percentage of non-legal contracts identified by the auditors was around 4% while the number of cancelled contracts on average (for a period of 9 months) was equal to EUR6.541.873,19.

From the analyzed data, we can make the following observations:

1. The pre-contractual audit remains a quite effective kind of audit since it is preventing the non-legal disbursement of public money thus confirming García Crespos's (2005) view that "pre-audit of public works contracts and acquisition of goods and services usually has an important preventive effect" (p 7).

2. In comparison with the past, the last decade, and the percentage of non-legal contracts fell from 10% to 9% (for Judicial Sections) and 4% (for Commissioners' Services) respectively. This can be the result either of the better compliance of the audited entities or the result of the reforms of the legal framework, which took, place these last years and simplified the public procurement regulation.

3. As the estimated value of the contract is increasing, the possibility of non-compliance is increasing too. We observed that the percentage of non-legal draft contracts is around 4% for draft contracts with an estimated value above EUR300.000,00. However, this percentage is increased to 9% for contracts with an estimated value above EUR1.000.000,00.

Previous research and data showed that pre-contractual audit is the most effective type of audit in comparison with other types of audit. However, future research should also focus on this issue, especially after the increase of the threshold to EUR1.700.000,00 and the reinforcement

[1] With the recent reform of the L. 5016/2023 (Government Gazette A' 21/04-02-2023), Article 51: Transfer of audit competence from the Judicial Sections of pre-contractual audit of the HCA to the Commissioners of the Court, the threshold was increased from EUR1.000.000,00 to EUR1.700.000,00.

of responsibilities of the Services of Commissioners. In addition, Judicial Sections with their decisions contribute also to the clarification of the legislation and to the compliance of audited entities with the laws and the regulations of public procurements, an overly complex and critical area. These decisions can promote compliance by interpreting the ambiguities of the law. The issue of unrestricted and immediate access of controlled entities to the jurisprudence of the HCA is of major importance. Moreover, SMEs can also benefit from free access to this jurisprudence for public procurements, by reinforcing their capacities in the competition, since very frequently, this kind of enterprises do not have enough resources to adequately staff their legal service (if any), especially in such a complex domain.

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THE NEW INCOME STATEMENT OF INSURANCE COMPANIES IN IFRS 17: FIRST APPLICATION ISSUES

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OPEN ACCESS

How to cite: Pucci, S., Lupatelli, U., & Vaccarezza, J. (2023). The new income statement of insurance companies in IFRS 17: First application issues. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 23–26). Virtus Interpress. https://doi.org/10.22495/nosrcgp4

Received: 01.05.2023
Accepted: 18.05.2023
Keywords: Insurance, Financial Accounts, Disclosure, IFRS 17
JEL Classification: M41
DOI: 10.22495/nosrcgp4

Abstract

The introduction of International Financial Reporting Standards (IFRS) 17 represents for the insurance sector a deep change both in the presentation of the annual statements and in the main ratios that will be analyse to understand the key factors of the insurance business. Some of the major changes regard the economic items and the income statement. This study, that is only a first step analysis, will do a comparison of the different accounting principles framework with the scope to verify and evaluate the main impacts of the new contest on transparency and disclosure for the stakeholders.

1. RESEARCH QUESTIONS

The research presented is part of a larger project which concerns the preparation of a comprehensive monograph on the "new" consolidated financial statements of Italian and international insurance companies, both European Union (EU) and non-EU: the changes made by International Financial Reporting Standards (IFRS) 17 are in force since January 1, 2023, with a strong impact on the presentation of economic, financial and equity information to stakeholders and on the main indicators currently used by financial analysts in their evaluations. The research proposed in this extended abstract concerns the changes made to the income statement account and the information connected to it presented in the notes to the financial statements and the expected impact that these changes will have on the transparency of the profitability drivers of the insurance business for the stakeholders.

The analysis started considering both the previous discipline in the international accounting standards and the new Conceptual Framework of the International Accounting Standards Board (IASB) and the consistency of IFRS 17 choices with other IASB standards issued for sectors different from the insurance one. The national regulation was also evaluated with an analysis of the new income statement and of the linked mandatory information required by the Italian Insurance Supervisory Authority (IVASS) with a specific regulation in 2022.

2. THEORETICAL FRAMEWORK

For insurance contracts, it was necessary 20 years to have the IASB definitive accounting, testifying both the complexity of the subject and the non-homogeneous practices existing in the different countries. The first exposure draft on IFRS 17 was issued in 2007 and the original structure of the draft has been subjected to deep changes due also to an extensive debate at the European level in relation to existing practices and to the current Solvency II framework.

With IFRS 4, which was issued by IASB as a temporary principle, a broader number of different insurance liabilities evaluation methods were allowed because the technical provisions could be determined by applying the countries' local regulations with the only limit of the Liability Adequacy Test, with a consequent negative impact on the comparability of the operating and income results. For this reason, IASB, with a series of successive approximations, was identified in IFRS 17 as a "unique" model for the evaluation of insurance contracts and liabilities and the presentation of the profitability of the insurance business. The IASB purpose is ambitious: on the one hand, to make the financial statements of insurance companies more understandable to the capital markets and more comparable with other businesses, financial and non-financial, on the other hand, to ensure that the main value drivers of the insurance contracts are correctly represented in financial accounts and understandable for the stakeholders. Referring to some principles of IFRS 17, the debate at the European level was very long and the approval of IFRS 17 from the European Union with a carve-out referring to the annual cohorts is concrete proof of the relevance of the discussion on the valuation of insurance contracts that almost for one aspect remains without a common solution.

The research intends to contribute, for a specific sector, to the current debate regarding the impact in terms of transparency of the most recently issued international accounting standards as well as their internal consistency with the framework and with the other existing standards

3. METHODOLOGY

Following some papers previously mentioned and in the absence of numerical data given the applicability of IFRS 17 only from the 2023 financial statements, the research is based on a comparative analysis between regulatory systems and includes the effects that will occur as a result of the new regulations, with particular reference to the information level of the income statement and to the related details presented in the notes to the financial statements.

To achieve the proposed objectives, the authors first proceeded to examine the existing and current formats for both the consolidated financial statements and the individual local financial statements, giving particular attention to the technical and insurance items: evaluation changes in insurance liabilities, effects of reinsurance, commissions and income from investments, and to their impact on the return for the year. Subsequently, IFRS 17 was analyzed both as the main text and basis for the conclusion and the recent IVASS regulation in order to identify the main points of divergence as well as the potential impacts in terms of increasing the level of future disclosure compared to the current one, also considering the differences for life and non-life contracts. Comparison tables were created on the most relevant points which then led to the formulation of the first judgments on the potential effects of the new standard.

Remembering that the annual return is an "abstract" quantity because is deeply influenced by judgment, deep changes in the valuation discipline and in the income statement structure determine an important point of discontinuity which is justified only if the increase in the quality of information for stakeholders is significant. An immediate example of this discontinuity is the disappearance of the "premium" from the income statement and the appearance of "insurance revenue".

4. PRELIMINARY RESULTS

The analysis highlighted that the changes deriving from the application of IFRS 17 for the preparation of the income statement usually have a much greater impact on the life contracts than on the non-life contracts. Indeed, in the life businesses, the main drivers of the 2023 consolidated profit or loss statements will be very different from the current ones. In substance, the income statement passes from an "accounting" vision to an "economic" vision. Until 2022, the operating result and the return of the life business depended on technical profits, on the treatment of acquisition costs, on the financial margin and depends significantly on write-downs and realization policies on equity instruments; from 2023, with the simultaneous application of IFRS 17 and IFRS 9, there will be a systematic recognition in the income statement of the contractual service margin and of the risk adjustment as well as the change in the technical assumptions based on experience and the immediate recognition in the income statement of the expected losses on onerous insurance contracts. The income statement will probably be more volatile while the other comprehensive income should be more stable compared to the previous year's accounts.

Some indicators used until now by the markets should be replaced and the new elements of the liabilities evaluation model will have to be considered. The role of information in the notes will be fundamental in order to better understand the drivers of profitability as well as the assumptions underlying the valuations. IFRS 17 is a principle that, on one hand, should make the insurance income statement more intelligible to a generalist analyst and more comparable with the income statements of the other sectors but, on the other hand, it will require a high level of technicality to an in-depth understanding considering the high technical contents of the information presented in the notes. Furthermore, the distancing of the IFRS regulation of the consolidated income statement from the local individual income statement will add another important complexity, with consequent implications in terms of reconciliations to obtain a complete view of the financial and economic position of a company and of its group.

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THE SOCIAL AUDIT AND SOCIAL ACCOUNTABILITY AMBIGUITIES IN THE CONTEXT OF THE PARTICIPATORY BUDGETING ADOPTION

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OPEN ACCESS

How to cite: Mattei, G., Tutino, M., Regoliosi, C., Macrì, C., & Santolamazza, V. (2023). The social audit and social accountability ambiguities in the context of the participatory budgeting adoption. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 27–30). Virtus Interpress. https://doi.org/10.22495/nosrcgp5

Received: 13.05.2023
Accepted: 22.05.2023
Keywords: Social Audit, Social Accountability, Tool, Mechanism, Process
JEL Classification: M190, M420, M140
DOI: 10.22495/nosrcgp5

Abstract

An interesting initiative introduced in the public sector in recent years is participatory budgeting (PB), which has gained popularity, particularly with the advent of the New Public Governance (Touchton et al., 2023; Wampler & Touchton, 2019).

PB aims to develop democratic strategies that allow communities to exercise popular control over decision-making processes (Mattei et al., 2022). While the preparatory side of PB has been extensively investigated in the literature, the user side remains largely unknown (Bartocci et al., 2022). In this light, it is possible to hypothesize that involving citizens in the evaluation and monitoring phases could improve the alignment between policy-making and citizens' expectations (Mattei et al., 2022).

From this perspective, it becomes interesting to focus on social audit, which is a crucial process for an organization's social accountability. It is characterized by openness, transparency, and accountability, involving all stakeholders (Sathiabama, 2018). It serves as a managerial control mechanism that measures intangible and qualitative issues (Cotton, 2000). The purpose of a social audit is to

enable organizations to evaluate and demonstrate their social, ethical, economic, and environmental benefits, as well as aspects related to health, working conditions, human rights, ethical rights, social protection, and transparency (Cotton, 2000; Humphrey & Owen, 2000; Sathiabama, 2018). It provides an assessment of an organization's performance and non-financial objectives by showcasing the achievement of its social goals and monitoring stakeholders' opinions (Sathiabama, 2018).

However, the literature on this topic is still underdeveloped, and uncertainties persist, particularly regarding the terms used (e.g., "social audit", "social accountability", "voice and accountability", or "social control" used as synonyms) and the implied concepts (e.g., social auditing sometimes seen as equivalent to social accountability, while other times seen as a tool for it) (Baltazar & Sepúlveda, 2015).

Therefore, considering the significance of participatory budgeting and the ambiguities surrounding social audit (or accountability), the aim is to understand how previous studies have analyzed the relationships between "social audit" or "social accountability" and "participatory budgeting" to clarify the existing relations between these terms, given the aforementioned ambiguities about social audit and social accountability.

To achieve this aim, a structured review of the literature (Massaro et al., 2016) has been carried out.

In light of the purpose of the study, the keywords '*participatory budget**' and '*social audit**' and '*social account**' were chosen in the string TITLE-ABS-KEY ("*participatory budget**" *and* ("*social audit**" *or* "*social account**")). This string was searched on Scopus because it is the most widely used and most available database for multidisciplinary scientific literature (De Moya-Anegón et al., 2007).

The search was done in title, abstract and keywords because these are considered the sections' articles that typically contain keywords (Dal Mas et al., 2019; Natalicchio et al., 2017; Paoloni et al., 2020). The available papers were twelve. Then, the search was restricted to papers written in English to avoid translation problems (Mauro et al., 2017). Finally, two contributions were removed: a book that was a duplicate and a paper that was out of topic. Therefore, the eligible sample includes ten contributions.

This analysis highlights the path of social auditing and its implications in the participatory process, like PB.

The ten manuscripts have different natures; in detail: five are articles, and five are book chapters.

Longitudinal analysis shows that the first publication dates to 2010 and that, thereafter, scientific production on this topic is very patchy. In fact, some years (2017, 2018 and 2021) present a couple of publications per year. In other years (2011, 2013, 2014, 2015, 2016 and 2020), no articles are published.

Looking at the geographical content considered by the authors of the eligible manuscripts, following the categorisation used by (Broadbent & Guthrie, 2008; Paoloni et al., 2020), it is possible to highlight that two documents have not considered a particular case because are literature review or conceptual paper. Then, four documents analysed the Asia context, followed by three manuscripts from Central and South America and only one document from Africa and the Middle East.

The eligible studies are carried out with various methodologies; in detail: 7 used qualitative methods, only one author used a quantitative method, one used a conceptual, and one used a literature review.

Finally, analysing the papers' content, it is possible to highlight how, over time, the social audit has become a means used not only by private companies to reconcile economic and social objectives (Evans et al., 1998) but also in the public sector, as the participatory budgeting, a participatory governance tool, even if they do it differently.

Based on the literature review, social audit and participatory budgeting are considered tools within the broader concept of social accountability. Some authors (Chowdhury & Panday, 2018) see them as interconnected, while others view participatory budgeting as a means to enhance social accountability without explicitly mentioning social audit (Touchton et al., 2023).

Future research could try to clarify these grey areas that have been highlighted. Further evidence emerges regarding the need to produce contextualised studies in Europe as well as a lack of quantitative studies analysing the above-mentioned phenomena.

This study aims to emphasize the significance of social auditing, despite the persisting ambiguities surrounding the use of terms like social audit or social accountability in the context of PB. Additionally, it contributes by analyzing the present state of social auditing and social accountability in PB, highlighting the public sector reforms implemented during the analyzed period.

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SESSION 3: ESG, CSR AND SUSTAINABILITY

DOES IT MAKE A DIFFERENCE WHEN INTERNALIZED? EXPLORING DIFFERENT CSR APPROACHES PREDICTING FIRM COMPETITIVENESS

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OPEN ACCESS

How to cite: Sun, T. (2023). Does it make a difference when internalized? Exploring different CSR approaches predicting firm competitiveness. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 31–37). Virtus Interpress. https://doi.org/10.22495/nosrcgp6

Received: 03.04.2023
Accepted: 25.04.2023
Keywords: CSR Approaches, Competitiveness, Core Competence, Financial Capacity, Technological Capacity, Dynamic Capability
JEL Classification: M10, M14, L21
DOI: 10.22495/nosrcgp6

Abstract

Drawing upon signaling and organizational commitment theories, this study clusters unobtrusive corporate social responsibility (CSR) behaviors from the commitment and compliance dimensions to different CSR approaches, and examine how these approaches predict firm competitiveness using secondary data from Chinese public companies. It contributes to the CSR literature by providing empirical evidence that internalized CSR contributes to increasing firm competitiveness. It also contributes to the literature on firm competitiveness by identifying three aspects of core competence — financial, technological and dynamic capabilities — and their corresponding correlations with firm competitiveness, thus integrating both the resource-based view (RBV) and the dynamic capability perspective. The negative correlation discovered between dynamic capability and firm competitiveness challenges the views of the literature and indicates the existence of additional facets and potential boundaries of dynamic capability in the context of strongly collective cultures, such as China.

1. INTRODUCTION

Yvon Chouinard, the founder of outdoor apparel maker Patagonia chose to transfer the ownership of his $3 billion company, and its profits of $100 million per year, to a non-profit organization rather than selling it or listing it publicly. Mr. Chouinard considered the earth to be "our only shareholder", and instead of extracting value from nature and transforming it into wealth for investors, he determined that the wealth created by Patagonia would be used to protect the earth, the source of all wealth. His actions open a new chapter for corporate social responsibility (CSR) and issue a call for truly internalized CSR, instead of mere rhetoric about making the world a better place.

However, key questions do arise: How should CSR activities be internalized? Why do firms need to internalize them? How can one determine if a firm is internalizing CSR? Will internalized CSR make any difference in terms of driving firm competitiveness? Drawing from tenets of signaling theory and organizational commitment theory in behavior science, the study uses unobtrusive measures to cluster different CSR approaches from the CSR compliance and commitment dimensions and examine how the various approaches predict firms' competitiveness differently.

2. OVERALL FRAMEWORK AND HYPOTHESES

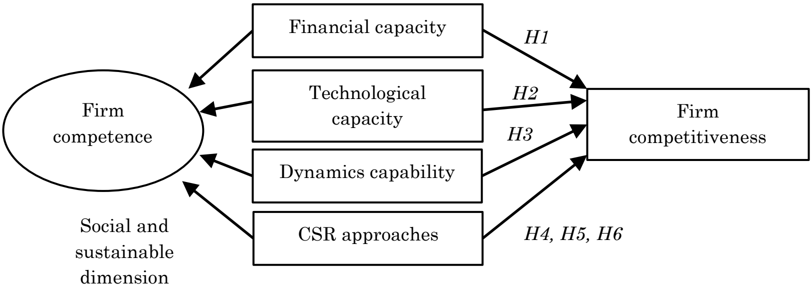
Integrating both the resource-based view (RBV) (Barney, 1991) and dynamic capability theory, three core aspects of core competence are identified, namely financial capacity (Li et al., 2020), technological capacity (McDonald & Eisenhardt, 2020) and dynamic capability (Mousavi et al., 2018, 2019). CSR approaches, which add a social and sustainable dimension to firms' competence, can also influence firms' competitiveness. Hence, the research framework outlined in Figure 1 is proposed below and the first three of six hypotheses are put forward.

H1: Financial capacity is positively related to firm competitiveness.

H2: Technological capacity is positively related to firm competitiveness.

H3: Dynamics capability is positively related to firm competitiveness.

Figure 1. Main research framework



Drawing from signaling theory (Connelly et al., 2011; Spence, 2002) and commitment theory (Meyer & Allen, 1984, 1997), CSR behaviors, such as the adoption of the Global Reporting Initiative (GRI) guidelines, the employment of Big 4 auditors and CSR violations and penalties, operate as different types of signals sent by firms. They are driven by the various immediate and strategic objectives of corporations, implying different levels of commitment to CSR activities. Adopting the GRI guidelines and hiring Big 4 is associated with strong CSR commitments while a CSR penalty in response to a violation clearly signals the effectiveness of CSR enforcement and the compliance level. The interaction of commitment and compliance dimensions categorizes CSR approaches into 4 types as shown in Figure 2 below.

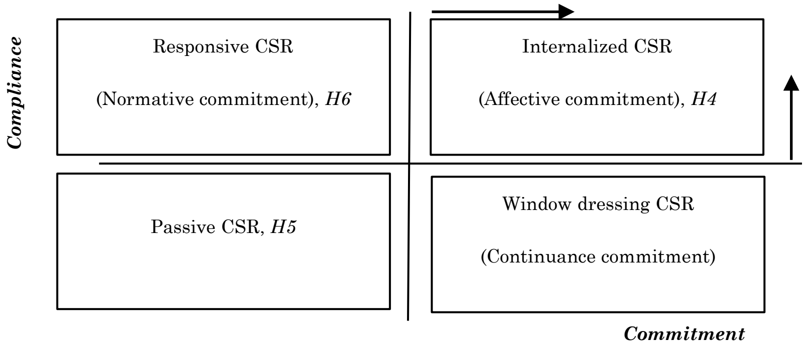
An internalized CSR approach arises from affective commitments when corporations believe in CSR and see real "value" in adopting CSR actions, hence contributing to firm competitiveness. "Continuance commitment" brings a "window-dressing" CSR approach as a "corrective plan" when a CSR violation is witnessed, which imposes extra costs on the firm and attempts to disguise its opportunistic behavior. Consequently, the competitiveness of such firms is unlikely to be perceived in the same manner as that of corporations adopting an internalized CSR approach. Another category of firms is those who choose CSR activities out of normative commitments, that is, because they feel they ought to, in a purely responsive rather than an active way. Hence, they will tend to do "just enough", and it is very unlikely that this approach will have any significant positive impacts on a firm competitive advantage. Finally, a company that shows no commitment or compliance with CSR activities is what Moon et al. (2011) referred to as a "stupid" company (p. 54) adopting a passive CSR approach. In the long run, the competitiveness of such a firm would definitely be harmed. Given the four different approaches and their varying impacts on firm-level competitiveness, the next set of hypotheses is put forward:

H4: An internalized CSR approach maximizes firms' competitiveness.

H5: A passive CSR approach is negatively related to firms' competitiveness.

H6: A responsive CSR approach is unlikely to have significant positive effects on firms' competitiveness.

Figure 2. Framework for CSR approaches



3. VARIABLES, DATA AND METHODOLOGY

Firm competitiveness. Market share is used as a direct measure of firm competitiveness.

Financial capacity. Financial capacity is measured by both the return on assets (ROA) and the asset turnover rate from resource generation capability and resource utilization efficiency dimensions.

Technological capacity. In this research, patent data are used to provide quantitative indicators of technological capacity (Tong et al., 2014). Also, the number of approved (and, therefore, high-quality) patents is used to indicate innovation quality (Tong et al., 2014).

Dynamic capability. In view that management team dynamics are a crucial indicator of a firm's dynamic capability (Teece 2007, 2012) and teams that have more diverse in educational qualifications will be able to access to broader cognitive frames which contribute to the sensing stage of dynamic capabilities (Hambrick et al., 1996), the education dynamics of the management team is used to measure dynamics capability from both diversity of subjects (Dahlin et al., 2005; Hutzschenreuter & Horstkotte, 2013) and diversity of education levels dimensions. The Blau Index is adopted to calculate both educational diversity scores (field and level of education).

Control variables. The study includes a number of control variables for firm size (*LSIZE*), firm age (*AGE*), ownership type (*OWN*) and industrial type (*INDUS*) in the model based on the theoretical and empirical research.

The analysis relies mainly on the following two data sources: 1) the Chinese Research Data Services (CNRDS); 2) the China Stock Market and Accounting Research database (http://www.gtarsc.com). To explore how different CSR approaches predict firm competitiveness differently, a four-step analytical process is followed:

Step 1: Apply principal factor analysis and k-means cluster analysis to cluster the CSR approaches.

Step 2: Construct independent variables through principal factor analysis again.

Step 3: Use a fixed effects linear regression (FEM) to test the overall modeling effect and the hypotheses.

Step 4: Conduct robustness tests.

4. RESULTS

The results of principal factor analysis employing four dummy variables *compliance1_Dummy* (violation status), *compliance2_Dummy* (penalty status), *Dis_GRI* (whether adopts GRI regulations), *Big 4* (whether employs Big 4 auditors) justifies k-mean clustering, and successfully clusters the firm-year observations into four different CSR approaches, namely passive CSR cases, responsive CSR cases, internalized CSR cases, and window-dressing CSR cases.

Principal factor analysis for dimension reduction using the six major variables *ROA*, AT, *Patents received*, *Patents applied*, *Education dynamics* and *Education level dynamics* indicates suitability for factor analysis and dimension reduction. Accordingly, the three variables of *financial capacity*, *technological capacity* and *dynamics capability* for the base model regression are generated.

The regression results support *H1*, *H2*, *H4*, *H5*, and *H6*. Dynamics capability is significant for market share, but with a negative correlation, which conflicts with *H3*. The robustness test is conducted by replacing the control variable *LSIZE* with *Total Asset* and *Total Revenue* respectively. Results indicate good robustness of the study.

5. DISCUSSIONS AND LIMITATION

This analysis successfully clusters CSR behaviors into different CSR approaches, draws tenets from behavioral science, boosts cross-disciplinary studies and contributes to the study of CSR by providing valuable empirical support for the importance of internalizing a CSR approach in shaping firms' competitiveness (Porter & Kramer, 2006, 2011). The research also contributes to the analysis of core competencies by identifying three dimensions — technological capacity, financial capacity and dynamic capability — from the RBV and dynamic capability theory, and by determining their correlation with firm competitiveness. The negative correlation between dynamic capability and firm competitiveness in a Chinese organizational context implies that there are other facets and conditions of dynamic capabilities that are worthy of further examination.

Despite the contributions of this study, some limitations must be acknowledged. The mechanism by which CSR activities at the firm level are internalized requires further exploration. In addition, a fixed effects model is applied to focus on exploring impacts at the cluster level. In the future, a study using a dynamic model to explore the mechanism and longitudinal impacts at the firm level is essential. In addition, it would be interesting to investigate how changes in the CSR approach of one firm across different years influence its competitiveness. Finally, although the findings indicate that dynamic capability may have a negative impact on firm competitiveness, particularly in the Chinese context, a range of theoretical questions await clarification.

6. CONCLUSION

"To give is not to lose, to give is to win". To give out of a genuine commitment and effort, based on an internalized CSR approach, allows firms to win the trust and support of stakeholders on behalf of our biggest stakeholder, "our planet", with which the growth of the business is right at the door. It is likely that this is the strongest wisdom underlying Patagonia's CSR approach.

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HOW DO PERSONALITY TRAITS AND PROSOCIAL BEHAVIOR AFFECT YOUNG ADULTS' COMPLIANCE WITH HEALTH PROTECTION MEASURES AGAINST COVID-19?

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OPEN ACCESS

How to cite: Patitsa, C. D., Sotiropoulou, K., Giannakouli, V., Sahinidis, A. G., & Tsaknis, P. A. (2023). How do personality traits and prosocial behavior affect young adults' compliance with health protection measures against COVID-19? In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 38–41). Virtus Interpress. https://doi.org/10.22495/nosrcgp7

Received: 22.04.2023
Accepted: 01.05.2023
Keywords: COVID-19, Prosociality, Big Five Personality Traits, Health Behavior, Health Protection Measures, Behavioral Compliance
JEL Classification: D91, H12, I12, I18
DOI: 10.22495/nosrcgp7

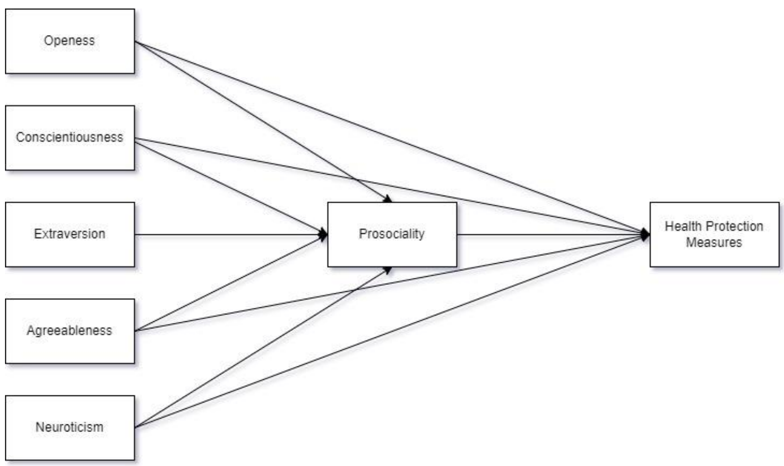
Abstract

The COVID-19 pandemic has affected the lives of people worldwide. Governments struggled to persuade citizens to obey ongoing lockdowns and social restrictions to fight the transmission of the virus. Social distancing and face masks have become a part of daily life and at the same time a basic tool for protecting ourselves and others around us. Recent studies are focusing on the relationship between personality-prosocial behavior and compliance with health recommendations and measures to prevent the spread of COVID-19. Personality traits, prosociality and the COVID-19 pandemic is a crucial topic of research during the period of the worldwide health crisis. Many different aspects of personality traits along with a variety of prosociality factors can influence the way people comply with government health recommendations and measures to combat the COVID-19 pandemic.

The purpose of this study is to contribute to the literature on exploring the relationship between the Big Five personality traits and prosocial behaviour — behaviour of helping others effectively — during COVID-19 as strong predictors of health-protective behaviour against COVID-19. More specifically, we examined whether the personality and prosocial behavior relationship is relevant for the adoption of government health recommendations and measures during a health crisis. Could certain personality characteristics make people better able to cope with the stress and long-term effects of COVID-19? How does prosocial behavior contribute to this extremely challenging task?

The current research was conducted during the second phase of the COVID-19 pandemic (November 2020) using a quantitative approach and an online survey. A 35-item questionnaire was instructed using two types of a five-point Likert scale (1 — strongly disagree and 5 — strongly agree & 1 — never and 5 — very often) to investigate the relationships between the different variables and confirm or reject the hypotheses of the study. The study was undertaken in one of the largest Greek public universities in terms of student numbers. The total sample of the survey consisted of $N = 239$ respondents, from a business class of 556 students. In this study, we examined the direct effect of personality traits on compliance with health recommendations and prosociality, as well as the indirect effect of personality traits via prosociality on compliance with health recommendations. We analyzed the data using the statistical program Jamovi 3rd generation. The path model (Figure 1) illustrates the relationships among variables. There are five independent variables in the path model (conscientiousness, neuroticism, openness, extroversion, and agreeableness) and one mediator (prosociality) that affect compliance with health recommendations (dependent variable).

Figure 1. Path model diagram



The result of the analysis in our study indicated a positive and statistically significant impact of conscientiousness and agreeableness on young adults' prosociality behavior. This means that young people scoring high in these personality traits — conscientiousness and agreeableness — are more likely to adopt prosocial and responsible behavior, cooperate with others, volunteer, be available to help and be willing to adopt certain health routines as a way of serving the common good during a period of health crisis such as the COVID-19 pandemic. Agreeableness and conscientiousness seem to be personality traits positively associated with prosocial behavior which usually predict prosociality actions (Abdullah et al., 2020; Shiner & Masten, 2002; Tariq & Naqvi, 2020).

Invoking the Big Five taxonomy, the review of the recent literature reveals certain personality traits, especially of young people, that might enhance the development of health protection patterns during the COVID-19 pandemic, such as conscientiousness, neuroticism, and agreeableness (Abdelrahman, 2022; Aschwanden et al., 2021; Zettler et al., 2022). The results of the current study are, indeed, supportive of the literature indicating that two of the Big Five personality traits of young adults, conscientiousness and neuroticism, can be linked with a positive attitude to following health precautions and recommendations and are more likely to comply with health measures (social distancing and other prevention measures) to cope with the COVID-19 pandemic. It is interesting to note, that conscientiousness has a positive and direct effect on both prosocial behavior and compliance with health recommendations and measures. Other studies conducted during the COVID-19 have also mentioned that this personality trait has a positive impact on entrepreneurial intention (Tsaknis et al., 2022) and the strongest association with overall students' satisfaction with synchronous online academic learning (SOAL) (Patitsa et al., 2021).

Recent research studies indicate that individuals with prosocial behavior are more likely to follow health recommendations and cooperate when asked to follow strict health measures or other guidelines such as social distancing and wearing face masks (Campos-Mercade et al., 2021; Syropoulos & Markowitz, 2021). However, our study did not reveal any significant direct link between young adults' prosociality and compliance with health recommendations and measures. Additionally, the results show that there is not any indirect effect of young adults' personality traits on health recommendation through the mediation of prosociality. Consequently, whether prosociality can act as a mediator factor in the relationship between personality traits and compliance with health recommendations and measures remains an open question for future research.

This is not to say that people with high prosocial skills are less likely to follow health recommendations (face-masking, social distancing, etc.) but rather to consider that there are other factors that influence their prosocial decision-making and attitude towards the pandemic. The COVID-19 pandemic activated mortality-related risk perceptions and social behaviors differently than usual (Syropoulos & Markowitz, 2021) and personality traits and prosocial behavior need to be examined in a different context than before. It is, therefore, important to further investigate the multi-dimensional relationship between prosociality and personal behavior towards the pandemic as well as compliance with health precautions and measures, considering many different factors that might influence these links.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE AND FIRM VALUE OF PUBLICLY LISTED CLEAN TECHNOLOGY COMPANIES

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OPEN ACCESS

How to cite: Rao, S., Juma, N., & Hull, R. (2023). Environmental, social and governance performance and firm value of publicly listed clean technology companies. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 42–44). Virtus Interpress. https://doi.org/10.22495/nosrcgp8

Received: 24.04.2023
Accepted: 04.05.2023
Keywords: ESG, Clean Technology, Firm Value, Governance, Financial Markets
JEL Classification: G1, G3, Q4
DOI: 10.22495/nosrcgp8

Abstract

In this study, we examine environmental, social and governance (ESG) performance of clean technology companies and their relationship to firm value. Clean technologies are those that have a reduced environmental impact, i.e., have reduced environmental emissions or natural resource use, when compared with conventional technologies in providing similar products or services. It includes a wide variety of technologies for renewable energy generation, energy efficiency and energy storage, sustainable water management, sustainable mobility, waste management, and improved resource efficiency (Gosens et al., 2015). Currently, there are 64261[1] clean technology companies all over the world. Of these, 30051[1] companies are publicly listed and are actively trading.

It is important to study the ESG performance of clean technology companies and their relationship to firm value because such companies are perceived to have a 'clean' image and are seen as contributing to the improvement of the lives of people in developing and developed countries. Further, investments in clean technology are said to make companies and nations competitive and offer a better quality of life to

[1] These figures are as of March 6, 2023.

their citizens (Bezdek & Wendling, 2013). Although billions of dollars are invested in clean energy every year ("Record $30bn year for offshore wind", 2017), and such investments are expected to go increase (Wood, 2016), investors do not know anything about the ESG performance and their relationship to the firm value of such companies.

This is of particular concern because clean technology is emphasized heavily in President Biden's plan (Cartwright, 2021). More importantly, the recent Inflation Reduction Act (IRA) provides a substantial $370 billion allocation to climate change and clean energy enterprises (Cartwright, 2022). Our study is motivated by a desire to investigate if clean technology companies keep up with their image and if they are different from other companies and industries. In addition, the strong motivation for this study comes from the fact that energy drives economic growth and social development (Bórawski et al., 2020; International Energy Agency [IEA], 2015, p. 4), and, yet, the energy industry is a major contributor to global greenhouse emissions (Moore et al., 2018). In such a situation, clean technology companies can greatly aid in the fight to reduce pollution and carbon footprints. Further, the IEA reports that clean energy investment will increase by 8% to reach USD2.4 trillion in 2022 (IEA, 2022), as the contemporary strategic thinking is to stimulate and expand clean energy usage in various parts of the world (Xu et al., 2019). As an added bonus, investment in clean energy will generate 19 million jobs by 2050, which will more than compensate for the loss of jobs in the traditional energy sector (Gielen et al., 2019).

In this study, we have used the S&P Capital IQ database to identify clean technology companies. The following keywords were used to search: solar, fuel cell, thin film, wind turbine, renewable energy, photovoltaic, geothermal, alternative energy, clean tech, clean technology, green technology, nuclear power, smart grid, biomass, sustainable, sustainability, waste minimization, biodiesel, water reuse, wastewater reuse, ozone-based, and, ozone solutions. In this study, we have used the terms clean technology and renewable energy as synonyms.

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REPURPOSING BUSINESS RECOVERY EMPLOYED BY CHRISTIAN BUSINESS LEADERS DURING THE COVID-19 PANDEMIC

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OPEN ACCESS

How to cite: Kapotwe, J. M., & Bamata, H. N. (2023). Repurposing business recovery employed by Christian business leaders during the COVID-19 pandemic. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 45–50). Virtus Interpress. https://doi.org/10.22495/nosrcgp9

Received: 26.04.2023
Accepted: 05.05.2023
Keywords: Christian Business Leader, Crisis Leadership, Entrepreneurship, Management, Organisational Culture
JEL Classification: D810, M140 & Z120
DOI: 10.22495/nosrcgp9

Abstract

The study looks at the different approaches taken by Christian business leaders to deal with the COVID-19 crisis and keep their businesses successful. The methodology used in this study combines quantitative and qualitative techniques. The study's participants were Christian senior managers and business owners in Central Durban, KwaZulu-Natal. The results of this study proved that during the COVID-19 crisis, Christian leaders who exhibited high levels of resilience were able to survive and, in some cases, thrive. Leaders who exhibited fortitude and a positive outlook may have helped their followers become more resilient, which helped them survive the crisis.

1. PURPOSE

The COVID-19 pandemic has put business owners and leaders all over the world to the test, and this is especially true for Christian business leaders whose spiritual lives are fully integrated with their professional lives (Anderson et al., 2021). Christian business leaders face the difficult task of making difficult management decisions in uncertain times while remaining true to their Christian values because of their responsibilities. It is their responsibility to ensure that their businesses remain profitable and resilient (Umair et al., 2021; Maak et al., 2021). The study wants to know how Christian business leaders navigated the difficult and uncertain times of COVID-19 so that their companies thrived, retained their employees, and continued to operate successfully during a global economic crisis.

Although the field of business leadership in crises has been extensively studied, there has not been much empirical research on the subject that examines Christian business leaders' responses to the current crisis caused by the COVID-19 pandemic (Tourish, 2020). By examining the various strategies used by Christian business leaders to deal with the COVID-19 crisis and maintain the success of their enterprises, this study aims to close this knowledge gap. Few empirical studies, however, have examined the extent to which Christian business leaders can function as effective leaders during unsettling times of crisis like COVID-19 (Anderson et al., 2021; Umair et al., 2021). They may be better able to manage their staff and satisfy customer expectations if they are aware of the role, they play in keeping their businesses thriving. This knowledge is a developmental asset that can be used to create leadership interventions and responses that will help businesses succeed after COVID-19.

2. BRIEF LITERATURE REVIEW

According to Mikušová and Horváthová (2019), an organisational crisis is a low-probability, high-impact event characterised by ambiguity in terms of its cause, effect, and means of resolution that threatens the viability of an organisation and calls for swift decisions. Canyon (2020) defines it as an uncertain situation possessing latent risks and opportunities that must be resolved within a given timeframe. Common terms associated with the two modes of the definition include uncertainty, ambiguity, unpredictability, instability, surprise element and danger, with grave consequences for organisational viability. Likewise, both definitions highlight the need for an urgent response to crises.

Thus, while they are part of the human conditions, their effects can be minimised through crisis leadership and management. Indeed, disparities in perceptions of what constitutes a crisis set the stage for crisis leadership to unfold. Crisis leadership requires a deep understanding of the role of people in the ultimate success of an organization's vision and mission (Gandolfi & Stone, 2018). This perspective shifts the concept of leadership from a theoretical to a more practical space with tangible outcomes, providing room to explore leadership styles. As noted previously, leadership plays a critical role in enabling an organization to deal with and alleviate the consequences of a crisis.

Informed by the prescripts of contingency theory, business organisations were forced to unlearn old approaches and philosophies and relearn skills and attitudes to address the adversity at hand (Lawton-Misra & Pretorius, 2021; Bamata & Phiri, 2022). To survive the COVID-19 pandemic Christian business leaders had to demonstrate courage, adaptiveness, and resilience. The way they responded espouses the core principles of the resilience and contingency theories.

3. DESIGN, METHODOLOGY, AND APPROACH

This study employs an approach that combines quantitative and qualitative methods. quantitative methodology is used to gather demographic data about study participants, a qualitative methodology is used since the goal of the study is to explore the range of opinions. Christian business owners and senior managers in Central Durban in KwaZulu-Natal made up the study's population. These firms were chosen because they are Christian-based companies with participants who are qualified to be part of the research project.

The sample approaches chosen for this study are convenience and purposive sampling. Convenience sampling is when participants are chosen based on their availability (Taherdoost, 2016). The sample for this study was chosen using a non-probability sampling technique. Christian business leaders were chosen as participants using a purposive sampling technique.

One hundred leaders of the selected Christian businesses firm were interviewed using a semi-structured interview style to get data regarding their thoughts and views on the subject. The nature of a semi-structured interview is qualitative. It ensures that critical data is obtained while also affording the interviewer and participant flexibility in terms of clarification and question addition (Barrett & Twycross, 2018). The test-retest reliability instrument was utilised in this study to assess internal consistency. This was accomplished by conducting a pilot study on five selected Christian business leaders.

4. FINDINGS

The findings of this study ascertained that Christian leaders who demonstrated high levels of resilience were able to survive and, in some cases, thrive during the COVID-19 crisis. Leaders who demonstrated resilience and a positive outlook could increase the level of resilience in their followers, allowing them to survive the crisis.

The COVID-19 pandemic had a tremendous effect on all aspects of human existence including national economies and businesses (Bai et al, 2021). The degree of survival is solely dependent on human resilience.

The pandemic has tested nation-states and humanity's limits and ability to withstand adverse situations, cope with their effects, and recover (Ajili & Slimene, 2021). However, the road to recovery has not been easy (Gorjian Khanzad, and Gooyabadi, 2021). The study's findings show that the capabilities of Christian business leaders depended on a range of factors (Bonilla-Enriquez & Caballero-Morales, 2020) such as business diversification, saving and investing in an emergency fund, securing comprehensive insurance to ensure the business is protected from any liabilities, investing in relationships and join business networks, teamwork among colleagues, skills development for the team, ongoing organizational learning, and positive mindset.

The insights gained during the pandemic suggest that Christian business leaders need to boost their leadership and organizational capabilities to continue thriving in uncertain times in the aftermath of the pandemic. To be resilient, they should (Amadi-Echendu & Thopil, 2020):

- plan and prepare for the next inevitable disruption by designating a crisis response team, designing a crisis response plan aligned to their strategy, goals, and purpose, and building an integrated resilience program;
- break down silos between resilience competencies and teams, and integrate them to coordinate the tactics, tools, and technologies required for effective crisis response;
- build organizational resilience by establishing high-level resilience governance, revisiting, and rethinking the crisis management structure and response strategy, and fostering a culture of resilience.

The findings also point to the need for Christian business leaders to re-evaluate their business models to strengthen their resilience (Hadjielias et al., 2022). They should focus on (Anderson et al., 2021):

- Investing in new digital experiences, products, and services in response to changes in customer behaviours and needs.
- Developing new partnerships, both within and outside of their industries. As per the findings, partnerships are critical support mechanisms for Christian business leaders and their enterprises.
- Adjusting operational and supply chain systems to manage risk. Business entities are seeking to balance the need for just-in-time delivery with protection against delays or shutdowns by securing alternative sources of supply and ensuring that the labour force can continue to operate.
- Improving the sales model. Most businesses have revised their sales model to adapt the way they market and sell their products. They are shifting to contactless delivery, home delivery, and pick-up orders. Moreover, business-to-business models are shifting to remote and digital models.
- Faster product development through rapid iteration. Client preferences have changed significantly during the pandemic, forcing businesses to create innovative products and services that match clients' expectations and preferences.

5. PRACTICAL IMPLICATIONS AND ORIGINALITY

The COVID-19 pandemic has also brought attention to the necessity of situational analysis in dealing with and resolving a crisis. Conscious of the COVID-19 situation and guided by the contingency theory, Christian business leaders had to unlearn old habits and adjust to new ways of operating.

This research is a new investigation into the ability of Christian business leaders to navigate through the turbulent times of COVID-19 so that their businesses and their followers can survive and prosper. While all businesses can and will face adversity, the COVID-19 pandemic can be regarded as a game changer in rethinking crisis leadership and management. Its unprecedented and disruptive nature, with high morbidity rates and restrictive regulations to control the spread of the virus, resulted in a paradigm shift, forcing Christian businesses to review some of their core practices and operations.

It is, therefore, recommended that Christian business leaders are called on to be servant leaders who inspire a positive outlook among their followers. Christian businesses are, therefore, urged to invest resources in developing both resilient and servant leadership styles among their followers. Resilient servant leadership can ultimately become a strategic advantage for Christian business organisations and enable them to respond to challenges. The COVID-19 pandemic has also highlighted the need for situational analysis to address and overcome a crisis. Informed by the contingency theory, Christian business leaders had to take cognisance of the COVID-19 situation, unlearn old practices, and adapt to new ways of doing things. An organisation's success during a crisis depends on the application of contingent factors to the situation.

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DOES CORPORATE GOVERNANCE INFLUENCE ESG INDICATORS? EVIDENCE FROM THE U.S. BANKING SECTOR

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OPEN ACCESS

How to cite: Capuano, P. (2023). Does corporate governance influence ESG indicators? Evidence from the U.S. banking sector. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 51–54). Virtus Interpress. https://doi.org/10.22495/nosrcgp10

Received: 30.04.2023
Accepted: 17.05.2023
Keywords: Bank Performance, Banking system, Corporate Governance, ESG
JEL Classification: G21, G34, M14
DOI: 10.22495/nosrcgp10

Abstract

This study aims to verify if the environmental, social and governance (ESG) indicators are influenced by the governance structure of the banks. Previous studies have provided conflicting results on this association. The sample analyzed includes all banks listed in the U.S. in the period 2018–2022. The methodology used concerns multiple regression on panel data with fixed effects also considering some control variables to make the model more robust. The first results of the statistical analysis show that some governance variables have a significant influence on ESG factors. The results of this research can help banks and regulators to define the guidelines for improving the bank's performance in environmental, social and governance terms.

1. ANALYSIS AND METHODOLOGY

The transformation of banking models is recently involving the issue of sustainability and is destined to play an important role. For credit institutions, the incorporation of variables related to the environment, social impacts and governance is a significant challenge, with various critical issues, but it also offers development opportunities for those who know how to adapt virtuously. Ensuring high environmental, social and governance (ESG) performance values means guaranteeing higher value for shareholders. Considering that previous studies have provided inconsistent results on the association between corporate governance and ESG performance, it is useful to highlight that more work is still needed to better understand these relationships. In order to verify whether there is a relationship between bank governance and ESG factors, a large sample was considered. The sample analyzed includes all banks listed in the U.S. in the period 2018–2022. The analysis period is influenced by the availability of historical data series, especially ESG data. The methodology used concerns multiple regression on panel data with fixed effects also considering some control variables to make the model more robust. The data sources used in defining the analysis sample are different. The dependent ESG variables were obtained from the Refinitiv ESG data while the independent governance variables were obtained from the BoardEx database. The independent control variables, on the other hand, were identified from Moody's Analytics BankFocus.

2. FIRST RESULTS AND EXPECTED RESULTS

This study aims to verify whether the characteristics of banks' boards of directors influence their ESG performance. In particular, banks with a higher female presence, larger board size, independent and more qualified directors are more likely to show better ESG performance. Furthermore, it is expected that banks with a propensity to pursue an innovation strategy (e.g., fintech) are more likely to have better ESG performance. The first results of the statistical analysis show that some governance variables have a significant influence on ESG factors. However, these results require robustness checks which will be carried out in the complete version of the study. Assuming that the first results are confirmed, then it will be possible to precisely outline what the governance levers could be to improve the ESG performance of banks and define specific guidelines that can also help the banking supervisory authorities to define specific regulations. Additionally, these results could also be useful for the owners as the achievement and maintenance of higher ESG performances allow to guarantee a higher value for the shareholders.

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THE IMPACT OF PERSONALITY ON SATISFACTION WITH SYNCHRONOUS ONLINE ACADEMIC LEARNING

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How to cite: Patitsa, C. D., Sahinidis, A. G., Tsaknis, P. A., & Giannakouli, V. (2023). The impact of personality on satisfaction with synchronous online academic learning. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 55–58). Virtus Interpress. https://doi.org/10.22495/nosrcgp11

Received: 05.05.2023
Accepted: 18.05.2023
Keywords: Big Five Personality Model, Personality Traits, University Student Learning, Student Satisfaction, Synchronous Online Academic Learning
JEL Classification: I2, A22, D23, D83, I23
DOI: 10.22495/nosrcgp11

Abstract

The purpose of this study is to identify the role personality plays in students' satisfaction with synchronous online academic learning (SOAL), especially during the COVID-19 pandemic. According to the literature, overall students' satisfaction with SOAL depends on a number of factors including the quality of SOAL, the quality of the course design, the responsiveness of the instructors, the Institutional preparedness, the infrastructure available and the fairness of the evaluation system learning (Cohen & Baruth, 2017). To fully explore the students' satisfaction with SOAL it is important to examine another important aspect that relates to students' personalities (Keller & Karau, 2013; El Said, 2021; Sahinidis & Tsaknis, 2021; Benito et al., 2021; Abdous & Yoshimura, 2010).

For the purpose of this research, an anonymous questionnaire was delivered to undergraduate business students studying at a public university in Athens during the first spring lockdown period of 2020 (March to April). There were overall 555 undergraduate business students responding to the questionnaire. We expect that this size sample will be adequate for reliable statistical analyses in order to

produce valid and coherent conclusions (Sahinidis et al., 2020). For the assessment of the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness, neuroticism) a 30-item survey questions of 7-point Likert scale was used. Overall student satisfaction with SOAL was measured with a 5-item survey questions using a 7-point Likert scale. Factor analysis was conducted on the research data in order to reduce the total number of Big Five personality variables into fewer numbers of factors representing the five factors of the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness, neuroticism) and the critical factors of the overall satisfaction with SOAL). For each factor derived from the factor analysis and for each survey question, the corresponding new variables were calculated as the average of the questions corresponding to each subscale. Furthermore, multiple regression analysis was used with the five personality traits as independent variables and overall satisfaction with SOAL as dependent. Cluster analysis was also conducted which divided our sample and indicated that the emphasis should be placed on personality traits when we measure satisfaction with SOAL. The data were empirically tested using the SPSS software version 24.

Table 1 represents the model summary where the overall regression model was indeed significant. In particular, the results indicated that 14.6% of the variance in the dependent variable (overall satisfaction with SOAL) is related to the independent variables (openness to experience, conscientiousness, extraversion, agreeableness, neuroticism) ($F = 18.704$, $p < 0.01$).

Table 1. Model summary

Model	*R*	*R squared*	*Adjusted R squared*	*Std. error of the estimate*	*Change statistics*				
					R squared change	*F change*	*df1*	*df2*	*Sig. F change*
1	0.382[a]	0.146	0.138	1.13903	0.146	18.704	5	549	0.000

Note: a. Predictors: (Constant), Neuroticism, Agreeableness, Openness, Extraversion, Conscientiousness

Table 2 indicates the predictive ability of the Big Five independent variables (that comprise the Big Five personality traits), in terms of overall satisfaction with SOAL. Openness and conscientiousness have a positive and statistically significant relationship with overall satisfaction with SOAL. All other variables (extraversion, agreeableness, neuroticism) have not demonstrated statistically significant results. The variable that affects overall satisfaction with SOAL to the greatest extent is conscientiousness.

Table 2. Coefficients

Model		*Unstandardized coefficients*		*Standardized coefficients*	*t*	*Sig.*
		B	*Std. error*	*Beta*		
1	(Constant)	1.357	0.485		2.799	0.005
	Openness	0.265	0.054	0.224	4.927	0.000
	Conscientiousness	0.310	0.065	0.212	4.747	0.000
	Extraversion	0.028	0.044	0.027	0.633	0.527
	Agreeableness	0.024	0.047	0.021	0.505	0.614
	Neuroticism	0.003	0.045	0.003	0.074	0.941

Note: a. Dependent variable: Overall satisfaction.

Finally, cluster analysis (Table 3) divided the research data (sample) into two groups. The first group consisted of 287 students whose mean of overall satisfaction with SOAL was 5.17 while the second group consisted of 268 students whose mean of overall satisfaction with SOAL was 4.28. This analysis revealed that students with higher levels of overall satisfaction with SOAL have higher levels of extraversion, conscientiousness, openness and agreeableness, but demonstrated lower levels of neuroticism than the students with lower levels of overall satisfaction with SOAL.

Table 3. Cluster analysis

Two step cluster	*Cluster 1*		*Cluster 2*	
	N	*Mean*	*N*	*Mean*
Openness	287	5.49	268	4.49
Conscientiousness	287	6.18	268	5.37
Extraversion	287	4.94	268	3.6
Agreeableness	287	5.99	268	5.05
Neuroticism	287	3.18	268	4.22
Overall satisfaction with SOAL	287	5.17	268	4.28

The findings above indicate the emphases that need to be placed on personality traits when we measure satisfaction with SOAL. Institutions, teachers and policymakers, taking into consideration these findings will be able to create better educational programs that will fit better the needs of their students and will maximize their satisfaction.

This study investigated the existence of the relationship between personality and students' satisfaction with SOAL and revealed that some of the Big Five personality factors have a positive and statistically significant correlation with overall satisfaction with SOAL. In particular, the findings of the study indicate that openness and conscientiousness, two of the Big Five personality traits, present a positive relationship with overall satisfaction with SOAL. In addition, the factor with the strongest association with overall satisfaction with SOAL is conscientiousness. The findings also suggest that students with higher levels of overall satisfaction with SOAL present higher levels of openness, conscientiousness, extraversion and agreeableness but lower levels of neuroticism. This research study could make a remarkable contribution to the literature as relevant studies regarding the relationship between personality and students' satisfaction with SOAL are scarce and have been limited thus far. However, there is a need for further research studies to be conducted in order to confirm the validity of the research findings and contribute to the generalization of the conclusions.

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INCREASED SUSTAINABILITY INITIATIVES AMONG THE LARGEST CANADIAN FIRMS: ROUTINE, STRATEGIC OR BOARD OVERSIGHT?

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OPEN ACCESS

How to cite: Singh, R. M. (2023). Increased sustainability initiatives among the largest Canadian firms: Routine, strategic or board oversight. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 59–67). Virtus Interpress. https://doi.org/10.22495/nosrcgp12

Received: 15.05.2023
Accepted: 23.05.2023
Keywords: Sustainability Reporting, Legitimacy, Reporting History
JEL Classification: C1, K2, L1, L2
DOI: 10.22495/nosrcgp12

Abstract

Using a multi-theory framework, we analyze why there is a difference in reporting between firms in their number of sustainability indicators. Firms not only need to earn profits but also contribute to the well-being of society and the environment. A firm's corporate social responsibility (CSR) activities as visible from its sustainability reporting disclosure help it in various ways such as gaining greater legitimacy among its stakeholders, improving its competitive advantage (Grant et al., 2015), attracting talent (Turban & Greening, 1996), reducing risk (Godfrey et al., 2009), etc. Formal sustainability reporting has been available for over two decades and is no longer considered novel. However, the diversity and details in their reporting differ among these firms.

1. INTRODUCTION

Stakeholder theory suggests that firms try to keep their stakeholders happy and maintain their legitimacy with them (Freeman, 1984). Stakeholders such as suppliers, investors, consumers and employees control access to critical resources that firms need and by maintaining their legitimacy with them, firms can guarantee continued access to these resources (Fombrum et al., 2000; Su, et al., 2016). Per legitimacy theory a firm's disclosure about itself focuses on legitimising the firm's actions (Deegan et al., 2002) by meeting the prevailing standards in society (Long & Driscoll, 2008) and being transparent about its actions (Deegan & Blomquist, 2006). The development and disclosure of its environmental, social and economic sustainability initiatives display the firm's commitment to the environment and to society (Deegan & Rankin, 1996) and distinguish themselves from their competitors.

Signalling theory suggests that the signaler tries to signal their reliability and their tacit qualities to the receivers (Connelly et al., 2011). To show that the firm is committed to sustainability, it needs to convince its stakeholders that its sustainability agenda is real. The board of directors plays an important role when decision-making is not concentrated in a few hands as would be the case when board diversity is low. A board that is diverse is signaling its commitment to widening decision-making. A larger board can protect stakeholders' interests by overseeing management's actions and vetoing those decisions that do not serve the best interests of the majority of the stakeholders. Though large board size has also been associated with delayed decision-making (Kassinis & Vafeas, 2002). However, a larger board may simply be because of firm size and a better indicator of the diversity of the board is considering the ratio between the independent and non-independent directors in the board.

Research on board of directors and corporate governance has paid attention to board structure and has found that outside directors (Weisbach, 1988); gender diversity (Terjesen et al., 2015) and nationality can attract resources (Cox, 2001) and improve financial performance. However, the impact of board structure and the level of sustainability initiatives across the three pillars of sustainability — economic, environmental and social — is not clear. While some research suggests that directors' diversity results in greater transparency on sustainability initiatives of firms (Fuente et al., 2017), other research has found that firm boards are not always positively linked to corporate social responsibility (CSR) disclosures (Prado-Lorenzo & Garcia Sanchez, 2010; Michelon & Parbonetti, 2014).

1.1. Ratio of independent to non-independent directors

In our study, we examine board structure and board gender diversity and their impact on the number of sustainability initiatives under each sustainability pillar. We suggest that given the complexity that modern corporations face and that managing the different aspects associated with economic, environmental and social sustainability, as the ratio of independent to non-independent increases the corporation is more likely to be associated with greater sustainability disclosures.

H1: The ratio of independent to non-independent directors is positively related to the number of sustainability initiatives (total, social, environmental and economic sustainability initiatives) reported.

1.2. Gender board diversity

Boards that have women directors would be different than those that only have males as females tend to be more inclusive (Eagly & Johnson, 1990), empathetic (Eagly et al., 2003), connected to the community (Hillman et al., 2002), and aware of environmental issues and politics (Nielsen & Huse, 2010). CSR-related actions of firms receive greater attention from female directors (Valls Martínez et al., 2019). However, there is equivocality in past research about the impact of gender diversity on CSR practices, while some found a positive impact (Liao et al., 2019) others have found a negative relation (Darus et al., 2015) or no significant link between gender diversity on the board and CSR (Fauzi & Locke, 2012).

Moreover, what is the impact of gender diversity on a number of sustainability initiatives undertaken by firms? Gender diversity has a positive impact on firms' kickstarting sustainability initiatives, but what is the impact on those firms that have already started these initiatives, does gender diversity also influence the number and variety of initiatives undertaken by firms?

Recent research by Valls Martínez et al. (2020) test U.S and European markets data and find an inverted U-shaped relationship between the number of women and a firm's CSR performance, suggesting that while gender diversity on firm boards positively impacts CSR in both the U.S and European markets there is a limit to a favourable impact of women directors. Past research has not examined the impact of gender diversity on the number of sustainability initiatives among firms that already have a history of sustainability initiatives. We propose the following hypothesis:

H2: The gender diversity is positively related to the number of sustainability initiatives (total, social, environmental and economic sustainability initiatives) reported.

1.3. Sustainability reporting history

Firms that have engaged in sustainability reporting for a while understand the process of reporting and are likely to engage in more initiatives than those that have recently started a formal reporting process. Having a culture of sustainability reporting implies that the firm understands the reporting standards and also the attention that such reporting attracts. Many firms especially the larger and more established ones seek to differentiate themselves from their competitors by discussing their social and environmental performance along with their economic performance (Singh & Walsh, 2022). Doing this helps them gain greater legitimacy among their stakeholders (Grant et al., 2015). Over time companies' sustainability reports have become more sophisticated and detailed (Perez & Sanchez, 2009). We suggest that the more that firms have engaged with sustainability reporting, the greater the number of sustainability initiatives that they have undertaken.

H3: The history of sustainability reporting is positively related to the number of sustainability initiatives (total, social, environmental and economic sustainability initiatives) reported.

1.4. Support of charities

When firms support charities, they contribute to the success of these charities and also gain greater legitimacy by demonstrating their commitment to corporate social responsibility. They are able to distinguish themselves from their competitors who may not engage in such charitable work. Firms associate with those charitable causes after a due diligence process of matching the causes supported by these charities and the reputation of the charities themselves (Amran et al., 2014). While these partnerships create a positive image for the firms, they also showcase a firm's commitment to CSR activities and help in understanding whether their actions follow their words. A successful association would motivate them to disclose this association in their sustainability reports. Being associated with visible charitable causes implies that they are more likely to engage in other causes that are not as visible, which prompts the following hypothesis.

H4: The support of charities is positively related to the number of sustainability initiatives (total, social, environmental and economic sustainability initiatives) reported.

2. DATA AND METHODS

Our data was the 234 firms in the Standard & Poor (S&P)/Toronto Stock Exchange (TSX) Composite index in 2020's publicly disclosed sustainability initiatives. Our final dataset comprised 222 firms. We chose the Canadian context as publicly traded Canadian firms must detail all significant issues regarding environmental and social issues that impact them. Through their sustainability reports, Canadian firms can show their commitment to social, economic and environmental principles to not only indigenous people but also their other stakeholders. The firms comprising the S&P/TSX composite index are among the largest firms in Canada and they and their boards face a lot of scrutiny.

Our dependent variable was the number of sustainability initiatives the firms had undertaken across economic, social, environmental and total sustainability initiatives. Only those firms that had a formal sustainability report were considered. There were 140 firms that had formal sustainability reports. We calculated a sustainability reporting index (SRI), by using the Global Reporting Initiative's G4 guidelines (GRI). There were specific economic, environmental and social sustainability measures.

Our independent variables are:

- *Board independence*: ratio of independent directors to non-independent directors in the board;
- *Gender diversity*: ratio of female directors to total directors on the board;
- *Sustainability reporting history*: number of reports developed before the focal year;
- *Support of charities*: their mention of charities supported in the annual report;
- *Controls*: based on past research, we controlled for firm age, size and whether the industry that they belonged to was vulnerable to scrutiny.

We used STATA 17 to conduct our analysis. As our dependent variables were the *likelihood to report sustainability initiatives*, a probit regression analysis was conducted. The results of the final models are included in Tables 1–4 below.

Table 1. Total sustainability initiatives

Variables	***Full model***
Age	0.0003
Size	4.1**
Vulerable industry	0.637***
Independent variables	
IndepDepBoard	0.617
FemaleTotal	-0.426
Sustainhistory	0.144***
SupportCharity	1.072***
Pseudo R2	0.125
N	222

*Note: * = p < 0.1, ** = p < 0.05, *** = p < 0.000.*

Table 2. Social sustainability

Variables	***Full model***
Age	0
Size	5.39**
Vulerable industry	0.515***
Independent variables	
IndepDepBoard	0.492
FemaleTotal	-0.198
Sustainhistory	0.300***
SupportCharity	1.077***
Pseudo R2	0.27
N	234

*Note: * = p < 0.1, ** = p < 0.05, *** = p < 0.000.*

Table 3. Environmental sustainability

Variables	*Full model*
Age	0.406
Size	0*
Vulerable industry	0.689***
Independent variables	
IndepDepBoard	0.904
FemalevsTotal	-0.924
Sustainhistory	0.154***
SupportCharity	1.062***
Pseudo R2	0.203
N	222

*Note: * = p < 0.1, ** = p < 0.05, *** = p < 0.000.*

Table 4. Economic sustainability

Variables	*Full model*
Age	0.002
Size	2.71
Vulerable industry	0.731***
Independent variables	
IndepDepBoard	0.632
FemalevsTotal	-0.561
Sustainhistory	0.135***
SupportCharity	1.099***
Pseudo R2	0.182
N	222

*Note: * = p < 0.1, ** = p < 0.05, *** = p < 0.000.*

3. DISCUSSION AND CONCLUSION

In our database, 99% of the firms had at least one female director. However, the ratio of females to the total number of members on the board differs and is a better indicator of gender diversity in organizations. Many of these companies already have a long sustainability reporting history and have a fairly well-established CSR agenda. An increasing number of females does not have an impact on the number of sustainability initiatives undertaken by firms. It may be as women are considered more pragmatic, especially among those holding a position on the board, they do not believe that more numbers of measures need to be reported formally. Increased reporting may be counterproductive as this increases scrutiny and therefore, reporting on initiatives that may be more controversial can be counterproductive.

In our analysis, we find that board independence does not have an impact on the number of sustainability initiatives undertaken by firms. As these are the largest Canadian corporations, they face a lot of attention and therefore are likely to have a reasonable number of independent directors. Similar to some past research we find that board independence too does not have an impact on the number of sustainability initiatives undertaken by them.

We find that the longer the history of sustainability reporting of a firm, the more the number of initiatives they report on suggesting that when firms have engaged in sustainability reporting they have seen benefits from being transparent about their actions and are more aware of what needs to be done with respect to the different initiatives and have tended to increase the scope of their actions.

Firms that support charities also report more sustainability initiatives. Firms that publicly support charities are showing their commitment to CSR and are more likely to engage in other sustainability initiatives than firms that do not disclose this public support of charities.

Our study has some limitations, we only consider a one-year snapshot of firms and the impact of board structure on sustainability initiatives.

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DO INSTITUTIONAL INVESTORS PROMOTE SUSTAINABILITY IN FAMILY BUSINESS? EVIDENCE FROM ITALIAN LISTED FIRMS

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OPEN ACCESS

How to cite: Arduino, F. R. (2023). Do institutional investors promote sustainability in family business? Evidence from Italian listed firms. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 68–72). Virtus Interpress. https://doi.org/10.22495/nosrcgp13

Received: 16.05.2023
Accepted: 25.05.2023
Keywords: Institutional Investors, Family Firms, CSR, ESG, Sustainability, Corporate Sustainability Performance, Sustainability Disclosure
JEL Classification: G23, G34, M14
DOI: 10.22495/nosrcgp13

Abstract

The aim of this study is to investigate the role of institutional investors in promoting sustainability in family firms, measured in terms of corporate sustainability performance (CSP) and sustainability disclosure. Due to societal pressure, firms have started to engage more in pursuing sustainable practices and embracing sustainability tenets, and from a governance perspective, they have begun to make changes and adapt their governance structures. The demand for sustainable corporate governance and CSR-oriented initiatives is particularly relevant for family firms, considered to be more long-term oriented. This study contributes to the ongoing debate about the antecedents of corporate sustainability outcomes, shedding some light on the role of institutional investors' ownership by analyzing as a sample all the Italian non-financial family firms listed on the Italian Milan Stock Exchange between 2011 and 2021. Understanding how the presence of institutional investors contributes to fostering sustainability in family businesses can be beneficial to both the firms and the society.

1. INTRODUCTION

Over the last years, increasing attention has been paid to the sustainability theme, especially by policy-makers, investors and firms. Regulations and guidelines have been issued in many countries in order to stimulate sustainability awareness, and investors have started to look at firms' sustainable practices and performance, therefore encouraging them to engage more in sustainability-oriented efforts.

In particular, in Europe the European Union (EU) has commenced a great change to foster sustainability in listed and non-listed firms, by issuing the Non-Financial Reporting Directive (Directive 2014/95/EU) and the recent Corporate Sustainability Reporting Directive (Directive 2022/2464/EU), according to which firms are required to disclose information about their actions towards sustainability, in order to increase transparency and help investors and stakeholders evaluate the sustainability performance of firms.

From a corporate standpoint, although good financial performance is required to grow, prior research has demonstrated that corporate social responsibility (CSR) is potentially profitable for businesses, in particular in the long run.

As a consequence, firms are nowadays expected, beyond effectively responding to the extant business complexity, to progressively address the environmental, social and governance (ESG) issues, by making sustainability-oriented decisions and actions. Evidence indicates indeed that a growing number of firms have been reacting to the demand for sustainability: they seem to be more engaged in the adoption of value-enhancing ESG initiatives, as the increasing number of firms' sustainable disclosure confirms. In fact, over time firms have increasingly included ESG information in their annual reports, in the light of sustainable reporting.

From a corporate governance perspective, firms have started to make changes and adapt their governance structures, for instance by appointing directors to the board with ESG skills and introducing CSR committees dealing with sustainability matters (Ricart et al., 2005).

The demand for sustainable corporate governance and CSR-oriented initiatives is particularly relevant in the family firm context. Family firms represent the predominant organizational form around the world (La Porta et al., 1999), whose main feature is the overlap between family, ownership and management (Tagiuri & Davis, 1996).

Family firms are considered to be more long-term oriented (Le Breton-Miller & Miller, 2006), and by the socioemotional wealth (SEW) perspective (Gómez-Mejía et al., 2007), to be more interested in non-financial or affective objectives rather than purely financial ones (Berrone et al., 2012), compared to non-family firms.

Prior research presents conflicting viewpoints regarding family firms' sustainable attitude. If on the one hand, some scholars claim that family firms are more inclined to satisfy external stakeholders' expectations so as to preserve the family reputation and therefore they show greater sustainable performance (Berrone et al., 2010), on the other hand, according to other scholars, family firms tend to be less socially responsible due to the prioritized family interests (Kellermanns et al., 2012), hence they might be less prone to make changes to their corporate governance system in a sustainable fashion in order to avoid to lose their influence over the business.

As reported by previous studies, firms' shareholders can positively influence firms' orientation towards sustainability, by encouraging proactive behavior in relation to good ESG practices (Alda, 2019), which can result in attracting more socially conscious investors.

In recent years, investors indeed have shown greater attention with reference to the firms' sustainable attitude and performance. In particular, in a rising quest for sustainable investment initiatives, the investment decisions of institutional investors have been increasingly based on the sustainable development of their investee firms (Dimson et al., 2015).

The aim of this research is, therefore, to investigate the influence of institutional investors on family firms' sustainability, in particular by analyzing whether institutional investors' ownership promotes corporate sustainability performance (CSP) and sustainability disclosure in the family firm context.

2. RESEARCH METHODOLOGY

In order to conduct the analysis, the sample employed consists of all the Italian non-financial family firms listed on the Italian Milan Stock Exchange between 2011 and 2021. Italy represents a suitable country setting since it is characterized by a wide diffusion of non-financial listed firms controlled by a family or by a coalition of families.

Data are drawn together from different sources. Firm-level data (e.g., financial and non-financial performance) are collected from the Refinitiv Thomson Reuters database. Board-level data are gathered from the corporate governance reports issued yearly by the Italian listed firms and available on the Italian Stock Exchange website. Finally, ownership data are hand-collected using the information available at the Consob website (i.e., the Italian Stock Exchange Regulatory Authority).

Regarding the variables included in the study, hypotheses are tested using two dependent variables, namely the CSP, and the dummy variable sustainability reporting. As explanatory variables, two variables are considered: a dummy variable accounting for the presence of institutional investors in family firms, and the institutional investors' ownership, measured as the percentage of corporate shares held by the institutional investors. Finally, consistent with prior studies, we include a set of control variables both at the firm level (i.e., firm age, firm size, profitability, leverage ratio) and at the board level (i.e., board size, board independence, CSR committee, presence of family members in the board). We also control for family ownership.

To perform our analysis, a quantitative research method and a longitudinal research design are adopted, including industry year dummy variables.

3. CONCLUSION

This study calls attention to the role of institutional investors in promoting sustainability in family firms. In particular, it seeks to broaden the theoretical understanding of the relationship between institutional investors' ownership and firms' sustainability outcomes, in the context of family businesses.

The results of the research aim at providing significant contributions to both theory and practice, by suggesting relevant managerial implications and insightful recommendations to policy-makers.

In particular, we contribute knowledge to the extant corporate governance and family business literature, investigating whether institutional investors' ownership pushes family firms to focus on prioritizing long-term performance over their short-term financial interests. Institutional investors' ownership may potentially play an important role in fostering sustainability-driven decisions, also in the light of the recent increasing quest by investors for firms' commitment to sustainability, therefore influencing corporate social performance and sustainability disclosure.

Furthermore, this study has also the potential to provide significant practical implications, as it may offer suggestions related to ESG initiatives and sustainability-related practices to implement in family firms.

Finally, the findings of the research may help address policy issues related to the reduction of short-termism. In particular, policy-makers may better understand how to design their policies in order to favor the integration of sustainability tenets into firms' decisions, by gaining evidence regarding the sustainability outcomes in the presence of institutional investors in family firms' capital.

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ESG AND BUSINESS VALUATION: RESEARCH NEEDS

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OPEN ACCESS

How to cite: Ulrich, P., & Stockert, F. (2023). ESG and business valuation: Research needs. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 73–75). Virtus Interpress. https://doi.org/10.22495/nosrcgp14

Received: 16.05.2023
Accepted: 29.05.2023
Keywords: ESG, Valuation, Mergers and Acquisitions
JEL Classification: M00, M15, M40
DOI: 10.22495/nosrcgp14

Abstract

In the context of mergers and acquisitions (M&A), the environmental, social, and corporate governance (ESG) score is becoming increasingly important. According to a study, 73% of the companies surveyed take the ESG score into account during due diligence and 91% say non-financial performance has played a key role in their investment decisions over the past 12 months (Rogl & Gehmayr, 2020). According to another study, companies with higher ESG scores achieve a higher enterprise value in a transaction (KPMG, 2022, p. 6) or a higher announcement yield (Rehm et al., 2012). The enterprise value in dependence on the ESG score represents a relevant field of investigation.

In principle, a firm valuation or price determination for a transaction can be carried out using various methods. The most common method is the discounted cash flow method, whereby future cash flows of the company are discounted with its weighted capital costs (WACC) (Hasler, 2011, p. 213).

$$Enterprise\ Value\ EV = \sum_{t=0}^{n} \frac{Free\ cash\ flow\ to\ firm_t}{(1+WACC)^t} + \frac{Terminal\ value_n}{(1+WACC)^n} \quad (1)$$

Thus, the future cash flows of the company are discounted with its weighted cost of capital. When considering dividend (cash flows) and divisor (weighted cost of capital), the following findings on the influence of the ESG score are known:

Dividend (cash flows): A survey has presented that companies with a higher ESG score achieve higher financial performance (Khan et al., 2015, p. 1). In addition, companies with higher ESG scores would be less likely to face lawsuits, which also has a positive impact on cash flows (Morgan Stanley, 2019, p. 9). Meeting ESG factors enables better management of operational, strategic and reputational risks (Drescher, 2017, p. 42).

Divisor (weighted cost of capital): To meet social responsibility requirements, companies have a higher cost of capital in the long term. As a result, the above cash flows would be discounted at a higher discount factor, which would ultimately translate into a lower company valuation (Cornell & Damodaran, 2020, p. 9).

The explanations show that the ESG score can undoubtedly have an influence on the enterprise value. However, the studies are scarce and, in some cases, not up to date. The studies also do not distinguish between family and non-family businesses. Since family businesses have a fundamentally different set of values than non-family businesses (Becker & Ulrich, 2008, p. 265), it is conceivable that sustainability is assigned a different relevance, which may ultimately also be reflected in the value of the business. It is still largely unclear from theory and practice whether the different natures of family businesses and non-family businesses can have an influence on the possible effects of ESG on enterprise value. It is conceivable, for example, that the market per se assumes greater sustainability in the case of family businesses and that these, therefore, need to pay less attention to ESG factors. From a theoretical point of view, there should, therefore, be a stronger effect of taking ESG factors into account in the case of family businesses. A need for research especially with the differentiation between family businesses and non-family businesses can, therefore, undoubtedly be identified. The following research questions could be investigated:

RQ1: To what extent does the relevance of sustainability differ between family businesses and non-family businesses?

RQ2: What risks are family businesses and non-family businesses willing to take in order to implement a consistent sustainability strategy?

RQ3: How do ESG factors find practical application in business valuation?

RQ4: Does a potential buyer imply different sustainability expectations for family businesses vs. non-family businesses?

RQ5: Is a lack of fulfillment of sustainability aspects sanctioned by the market in a differentiated manner depending on the type of company?

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SESSION 4: GENERAL ISSUES OF CORPORATE GOVERNANCE

INSTITUTIONAL INVESTORS AND CORPORATE GOVERNANCE: A STUDY OF LISTED COMPANIES IN GREECE

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OPEN ACCESS

How to cite: Tasios, S. (2023). Institutional investors and corporate governance: A study of listed companies in Greece. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 76–79). Virtus Interpress. https://doi.org/10.22495/nosrcgp15

Received: 19.03.2023
Accepted: 10.04.2023
Keywords: Corporate Governance, Board, Audit Committee, Gender Diversity, Family Ownership, Government Ownership
JEL Classification: G11, G32, G34
DOI: 10.22495/nosrcgp15

Abstract

Institutional owners represent the most important category of investors, play a key role in corporate governance and their decisions act in the market as a signal to other investors. Poor corporate governance could become a significant motive for the exit of an institutional investor (McCahery et al., 2016), whereas strong corporate governance structures act as a magnet that attracts investors. Although research suggests that corporate governance has evolved to a significant investment criterion, empirical findings are limited. Current research suggests that institutional investors are less likely to participate in the share capital of firms with larger boards, with chief executive officer (CEO) duality and state-controlled entities (Hong & Linh, 2023); are more likely to demand high-quality audits to mitigate information asymmetry (Kim et al., 2019); and tend to avoid investing in family firms (Fernardo et al., 2014). In addition, board gender diversity is valued positively by institutional investors and has a beneficial effect, especially for firms with male CEO duality and few women on the board of directors (Groenig, 2019).

Considering the above studies and findings, this study aims to investigate the impact of corporate governance on institutional

ownership in a small European capital market, which is characterized by family ownership, underrepresentation of women on the boards and weak corporate governance structures. For this purpose, a panel regression model was constructed to examine the impact of board size, board independence, board and audit committee gender diversity, CEO duality, audit firm type, and family and government ownership on institutional holdings, after controlling for firm-specific attributes (firm size, liquidity, leverage, profitability, and efficiency). A sample of large and middle capitalization non-financial companies listed on the Athens Stock Exchange (ASE) for the five-year period from 2014 to 2018 was selected for the study. This period is characterized by several events in Greece that complicated investment decisions and included political instability, capital controls in 2015 and exit from bail-out programs in 2018.

The estimated panel regression model is depicted in the following equation:

$$inown_{it} = \beta_0 + \beta_1 bsize_{it} + \beta_2 bindep_{it} + \beta_3 wboard_{it} + \beta_4 waudcom_{it} + \beta_5 ceodual_{it} + \beta_6 afsize_{it} + \beta_7 famown_{it} + \beta_8 govown_{it} + \beta_9 fsize_{it} + \beta_{10} liq_{it} + \beta_{11} lev_{it} + \beta_{12} prof_{it} + \beta_{13} eff_{it} + u_{it} \quad (1)$$

where,

- *inown*: institutional ownership measured by the percentage of shares owned by institutional investors;
- *bsize*: board size, measured by the total number of members of the board;
- *bindep*: board independence, measured by the percentage of independent members to the total members of the board of directors;
- *wboard*: presence of women on the board, measured by the percentage of female directors on the board;
- *waudcom*: a dummy variable that takes the value 1 if there is at least one woman on the audit committee and 0 otherwise;
- *ceodual*: a dummy variable that takes the value 1 if the position of the president and the CEO are held by the same individual and 0 otherwise;
- *afsize*: a dummy variable that takes the value 1 if the firm that conducted the audit of the annual financial statements is one of the Big 4 audit firms (Ernst and Young, PwC, KPMG, Deloitte) and 0 otherwise;
- *famown*: family ownership, the percentage of the shares owned by the founding family of the firm;
- *govown*: government ownership, the percentage of shares held by the state;
- *fsize*: firm size, measured by the natural logarithm of total assets;
- *liq*: liquidity, measured by current assets to current liabilities ratio;

- *lev*: leverage, measured by debt-to-equity ratio;
- *prof*: profitability, measured by return on assets ratio (ROA);
- *eff*: firm efficiency, measured by asset turnover ratio;
- *u*: error term.

Descriptive statistics indicate that boards on average comprised 10 members and about one-third of them were independent (29.32%). Women appear to be underrepresented on the boards as on average, only 11.96% of board members were female. Family ownership is high, with a mean value amounting to 27.88% and a maximum value of 82.05%. On the contrary, low levels of government ownership are observed (mean value 6.78%). As far as the categorical values are concerned, 28.33% of the firms had at least one woman on the audit committee, CEO duality was observed for 33.33% of them and 46.11% were audited by a Big 4 audit firm.

Hausman test was performed to decide between fixed and random effects and indicated the selection of the fixed effects model (Prob > chi2 = 0.0013 < 0.05). Modified Wald test showed the presence of heteroskedasticity (Prob > chi2 = 0.0000 < 0.05) and hence, heteroskedasticity robust standard errors were estimated. The results of fixed effects panel regression are presented in the table that follows:

Table 1. Panel regression results

Variables	***Coef.***	***Robust std. err.***	***t***	***P > |t|***
bsize	-0.002886	0.006233	-0.46	0.646
bindep	0.047559	0.052839	0.90	0.374
wboard	-0.438735	0.133782	-3.28	0.002***
waudcom	0.062607	0.016785	3.74	0.001***
ceodual	0.016401	0.020362	0.81	0.426
afsize	-0.037756	0.038035	-0.99	0.328
famown	-0.566949	0.137734	-4.12	0.000***
govown	-0.929976	0.061620	-15.09	0.000***
fsize	0.086977	0.070268	1.24	0.224
liq	0.022870	0.014335	1.60	0.120
lev	0.001347	0.002219	0.61	0.548
prof	0.096379	0.092922	1.04	0.307
eff	0.013407	0.024683	0.54	0.590
Constant	-1.305790	1.455819	-0.90	0.376

Note: Number of obs. = 180, number of groups = 36.
*R^2 = 0.5602, F(13.35) = 39.14, Prob > F = 0.0000. *** = significant at 0.01.*

Results of the study show that institutional ownership is positively associated with the presence of women on the audit committee, which indicates that institutional investors prefer firms with strong audit committees and enriches the results of prior research which also found a significant positive association (Kim et al., 2019). A negative association is found with family and government ownership verifying the findings of prior research that institutional investors tend to avoid family and government firms (Fernardo et al., 2014; Hong & Linh, 2023).

Finally, although institutional ownership is positively related to audit committee gender diversity, a negative relationship is found with the percentage of female board directors. The remaining corporate governance attributes of board size, board independence, CEO duality and type of audit firm were not found to exert a significant influence on the level of institutional ownership in Greece. The results of the study may provide useful insights for capital market regulators, investors, academics and all parties involved in corporate governance.

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THE INTERACTION BETWEEN RATIONALITY, POLITICS AND ARTIFICIAL INTELLIGENCE IN THE DECISION-MAKING PROCESS IN INFORMATION TECHNOLOGY GOVERNANCE

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OPEN ACCESS

How to cite: Gouiaa, R., & Bazarna, A. (2023). The interaction between rationality, politics and artificial intelligence in the decision-making process in information technology governance. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 80–89). Virtus Interpress. https://doi.org/10.22495/nosrcgp16

Received: 23.03.2023
Accepted: 13.04.2023
Keywords: Information Technology Governance, Decision-Making Process, Rationality, Politics, Artificial Intelligence, Strategic Decision-Making Process, Power, Big Data, Business Management
JEL Classification: C41, D81, D85, M15, G41
DOI: 10.22495/nosrcgp16

Abstract

In the context of information technology governance (ITG), this study delves into the connection between political, rational and technological approaches in the decision-making process (DMP) and their influence on enterprise governance. The primary objective is to explore the interdependence of these approaches and assess their impact. The study employs a literature review that analyzes the relationship among rationality, politics, and technology, including artificial intelligence (AI), machine learning, and business intelligence. The research addresses the question of how these various techniques can be integrated into the decision-making process. It also provides a theoretical framework for implementing each of these models.

The authors propose that situations involving AI, rationality, or politics are the basis for the decision-making process. After proceeding with a literature review, a correlation between the actions of certain managers who used Big Data and machine learning in their decision-making process and rationality has been found. However, the research did not find any correlation between these commitments and political models. In conclusion, this study highlights the importance of understanding the interplay between rational and political approaches in the decision-making process within ITG.

1. NAVIGATING THE COMPLEXITIES OF ORGANIZATIONAL DECISION-MAKING: THE CONVERGENCE OF TECHNOLOGICAL ADVANCEMENTS, RATIONAL THINKING, AND POLITICAL CONSIDERATIONS

Political behavior and power, modern technologies, such as artificial intelligence, machine learning, Big Data, rationality, strategic thinking, and emotions all of this influence the decision-making process in organizations. For a company, to develop, and bring good profits and success, it is incredibly important to consider all these factors, to see the connection between their interaction with each other, since each action brings either profit or loss, and only by analyzing and making an informed decision is it possible to avoid a crisis get out of it without complicated consequences (Kozioł-Nadolna & Beyer, 2021).

Firstly, before starting to analyze the interaction of impact between each of the dimensions it is important to investigate their influences separately. Evidently, decision-making is a dynamic and interactive process incorporating a sequence of events from the time when decision makers recognize the need to solve a problem until the time when they authorize a course of action it (Moghaddam, 2017). Concluding, it can be argued that the factors influencing the decision implementation process cannot always lead to the final decision of the immediate decision-making, as these two concepts are different, but at the same time, they have a certain correlation between them. The whole process can be divided into stages: when information is first collected, so modern technologies are actively involved here, since it is necessary to analyze and predict the data, and then the process can be divided. It depends on whether there is an influence of political behavior and external power or, if not, then the decision becomes rationally made.

Furthermore, the reliability of collected and processed in ITG, in which these decisions should be normalized and integrated into the appropriate information model, is what many researchers pay attention to when studying this topic in the context of top management risks. Therefore, a crucial task for companies' executive committees is to increase the efficiency of business processes, in other words, to systematize and standardize solutions in the field of information technology management. This is an area that needs more detailed study.

The technological conception of the decision-making process is followed by the rational model. It is generally accepted that this model is based on strategic or tactical decision-making inception. Aiming to protect the procedure from the political model, administrators should not only care about the company's goals by openly discussing their interests and preferences with each other but also negotiate among group members in order not to influence the decision with their power and influence. Rational choice theory is the most used theoretical framework for explaining decision-making processes.

Nevertheless, political dimension is one of the most overriding domains in the decision-making. Decisions made based on deep analysis contribute to the satisfaction of the personal interests of people and therefore are considered rational. Also, it is this approach that clashes with the principles of common sense, prudence and unemotionality, which cannot be said to be political decision-making, which seldom follows these points. People lack consistency in their opinions, use information incorrectly, are overconfident in their own choices, fail to adapt existing evaluations in light of new information, draw unwarranted conclusions from insufficient data, and express prejudiced opinions. Moreover, political decision-making, in particular voting, is only weakly related to actual self-interest (Staerklé, 2015; Lagerspetz, 2012).

All in all, power and politics is perhaps the most pertinent topic in enterprise management, but at the same time, one of the least discussed. Power in a technical sense can be interpreted as the ability to do work in general, as well as the amount of work. In a social sense, power is the ability to get others to do it, regardless of people's desires. When we think of all the project managers in ITG, who are responsible for the decision-making process but not having the authority, and who must seek support through influence rather than command power, then we can understand why political aspects are the most important topic in this area is (Yourker, 1991).

Technological, rational, and political concepts of the decision-making process play an important role in digital governance. But the way in which these three models interact with each other has not been explored so much. For example, the dynamic interaction between rationalism and politics unfolds under the influence of great progress. Based on the cases of various researchers, it can be assumed that at the beginning, the use of modern technologies is the most significant step of decision-making, since we study and analyze information thoroughly, while further, political decision-making is more widely used and there is a transition from it to rationalism. Without the influence of politics, rational decision-making becomes dominant in this system. But in the modern world, the latter aspect and the use of new technologies complement each other quite strongly, which casts doubt on the indispensable role of the rational way of making decisions and its weightiness. Just like politics and governance also become influenced by machine learning or artificial intelligence which gives room to question the force of Big Data use.

Basically, researchers study the influence of each of the factors separately on decision-making, but, unfortunately, there are not yet so many studies comparing their relationship. The rational conceptual perspective explores how questions can be broken down into structured decision problems. It assumes that problems can and should be solved by analyzing and considering alternatives and their possible outcomes before planning. The political perspective looks at decision-making processes marked by power, negotiation, and mutual influence. It concentrates on making decisions that are guided by the interplay between individual and group interests (Kolbe et al., 2020).

In general, it is assumed that decision-making can be based on both technological and rational as well as political levels. Moreover, it may include the interaction of all three of these factors at various stages of decision-making, which may include their combination, both simultaneous and parallel (Elbanna, 2006). From this perspective, the literature argues that innovative decision-making processes are dynamic, complex, and non-linear, and intertwine with each other in an interconnected process over time (Gavetti & Levinthal, 2000). However, there has been no research in this area for many years, and to date, it is still relatively scarce. Two recent studies have focused on the interaction between rational and political decision-making in the aggregate (Kolbe et al., 2020; Brinkerink & Bammels, 2018).

2. HOW POLITICAL FACTORS CAN AFFECT DECISION-MAKING IN THE GOVERNANCE OF INFORMATION TECHNOLOGY?

In this context in the field of management and decision-making, the term politics is used in cases where it is necessary to emphasize the prudence of some subject or the use of manipulation by him to achieve any benefits. When the term is used in this sense, it usually acquires more either positive or negative associations. Power is the second rather important term that comes next to politics and means the ability to subjugate people. Governance and power are related to each other as form and content. The concept of management itself focuses on the achievement of certain goals, while power focuses on resources of influence, structures, and mechanisms for their subordination. Moreover, communication plays an important role in the political decision-making model. There is nothing that can communicate as quickly or emotionally as a negative decision that affects many people in the company (Kollasch, 1970).

The literature review showed us that when using the political decision-making model in IT organizations, namely, considering the factor of power, one can hypothesize that people with it and people without will differ in their willingness to take risks. As we know, any taken decision entails certain endangers. But if in the case of a rational model, they are lower, then here, the risks increase. In addition, such a hypothesis is based on the observation that people with high and low power perceive gains and losses because of decision-making differently (Sekścińska & Rudzinska-Wojciechowska, 2021). The study by Lammers and Burgmer (2019) shows that influential people tend to selectively attribute success to their hard work, while failure is an external factor independent of them. Thus, we can conclude that power in the political model of decision-making manifests a stronger egoistic side in managers.

Many studies also show the relationship between the political concept of decision-making and the emotions or nature of managers. For example, one of the main differences between people with high self-esteem and low self-esteem is how they react to the bad results of their decisions (Sekścińska & Rudzinska-Wojciechowska, 2021; Wojciszke & Struzynska-Kujalowicz, 2007). The former respond in ways that counteract the potential negative impact of such experiences by focusing on their strengths and positive feelings about themselves (Di Paula & Campbell, 2002). And people with low self-esteem focus on their weaknesses and shortcomings after failure. Also, power in the political decision-making model leads to excessive confidence in the accuracy of one's knowledge, thoughts, and beliefs (Macenczak et al., 2016). It can be assumed that being in states of power and anarchy affects decision-making, including risky ones. However, as far as we know, this issue has not been studied before.

3. THE IMPACT OF TECHNOLOGY ON DECISION-MAKING: OPPORTUNITIES AND CHALLENGES OF AI AND MACHINE LEARNING

Technology has drastically changed the decision-making process, especially in IT companies, where managers rely on vast amounts of data to make informed decisions that align with business goals. With the advent of artificial intelligence and machine learning, managers can process complex information quickly and accurately, saving valuable time and resources. However, there are still some challenges, such as the accuracy and reliability of data, which can undermine decision-making processes.

The utilization of technology in decision-making offers a considerable advantage in its ability to process large amounts of data. Decision-makers can employ statistical methods and logical checks to analyze vast quantities of information, which facilitates timely and informed decisions. Additionally, technology provides a means of saving time, allowing decision-makers to generate useful datasets and respond to inquiries that will impact future decisions.

Despite the benefits of technology, some managers remain skeptical about its use in decision-making, citing concerns regarding the reliability and accuracy of the data. A third of company managers surveyed believe that this skepticism stems from the fact that the provided data is sometimes insufficient or inaccurate. However, AI-based systems function with significant amounts of data and algorithms to develop the most effective solutions to tasks, resulting in nearly instantaneous decision-making.

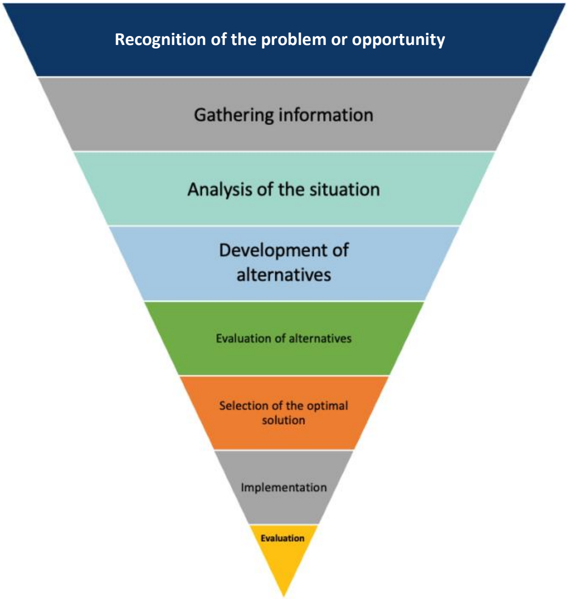
Furthermore, AI decision systems demonstrate remarkable flexibility and can reveal multiple outcomes of a particular decision based on changes in parameters. This capability permits businesses to make the best choice from a range of options aligned with current growth objectives and strategies. Business intelligence is a decision-making technology that incorporates knowledge from applied data science, social sciences, and management sciences, enabling ITG managers to make decisions that correspond with the prevailing political and social mood. This technology operates with qualitative and emotional factors, empowering managers to make more objective and personalized decisions that respond to human requests and expectations.

In conclusion, technology has had a significant impact on the decision-making process within IT companies, increasing its speed, efficiency, and accuracy. However, it is critical to ensure the reliability and accuracy of the data used to make informed decisions that align with business goals. By integrating business intelligence, managers can make more personalized and objective decisions that reflect the needs and expectations of society.

4. CONCEPTUAL FRAMEWORKS

The figure below illustrates the stages involved in the rational decision-making process of organizations. The process begins with the recognition of a problem or opportunity that requires attention, followed by the gathering of relevant data and information related to the issue. The information gathered is then analyzed, and various courses of action are evaluated. Decision-makers generate and develop several potential solutions or alternatives to address the problem or opportunity, followed by the evaluation of each alternative's feasibility, potential risks, and benefits. Based on the evaluation of alternatives, the most feasible and effective solution is selected, and an action plan is developed to implement it. Finally, the outcome of the decision is evaluated, and its effectiveness is assessed.

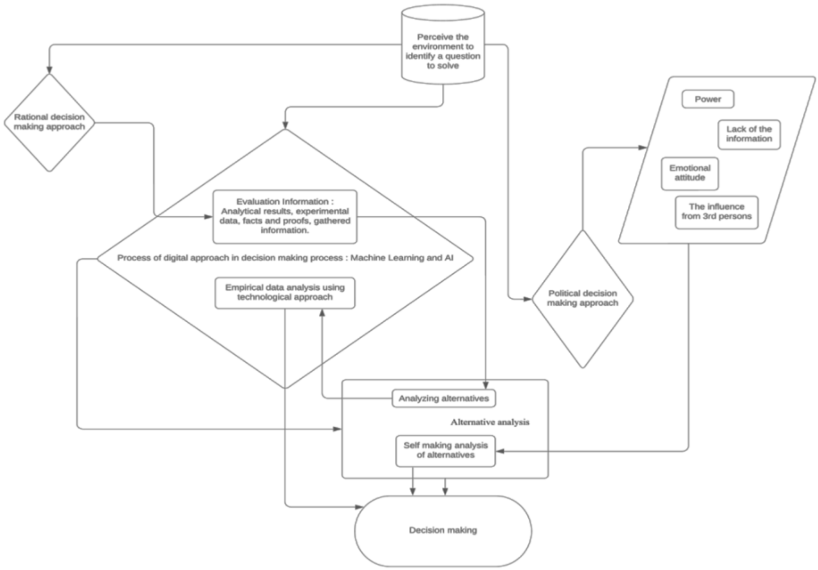
Figure 1. Steps in the rational decision-making process



Source: Authors' elaboration.

It is important to note that the stages may not be linear, and decision-makers may revisit previous stages based on new information or unforeseen circumstances. Additionally, modern technologies play a crucial role in assisting decision-makers throughout the process, from collecting and analyzing data to evaluating and selecting alternatives.

Figure 2. Conceptual framework of variables' interaction



Source: Authors' elaboration.

The figure above shows the decision-making process and its influencing factors. Managers perceive the environment and use technological methods like machine learning and decision intelligence to gather and analyze information. They then evaluate this information, sometimes incorporating emotional factors, to identify the best alternatives. The political decision-making model, which is influenced by the quantity and uncertainty of information, the manager's power or influence, and personal behavior, can also affect the process. Technologies, business intelligence tools and AI are used to analyze Big Data and help make strategic decisions. The chosen alternative is validated by IT executives using a combination of rational and technological approaches. This process is outlined in a study by the University of Massachusetts (UMass) Dartmouth (n.d.), which emphasizes the importance of considering all dimensions to make effective decisions.

5. CONCLUSION

In organizational management, decision-making is a crucial process that involves selecting the most suitable alternative to solve a problem. The rational model is a widely-used approach to decision-making that employs objective, formalized methods to justify decisions. Nevertheless, many experienced leaders tend to rely on informal information and a political model to make decisions, which may not be objectively justifiable. Machine learning and neural networks can provide accurate predictions and automate complex analytical problems to facilitate decision-making. The quality of a decision is contingent upon the quality of initial information, rationality, and timeliness of the decision. However, empirical studies on the effectiveness of these indicators on decision-making in information technology governance are relatively scarce, necessitating further research, particularly in the context of Big Data/AI and DI in enterprises.

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THE DYNAMICS OF CAPITAL STRUCTURE

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OPEN ACCESS

How to cite: Sheng, D., & Montgomery, H. A. (2023). The dynamics of capital structure. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 90–95). Virtus Interpress. https://doi.org/10.22495/nosrcgp17

Received: 24.04.2023
Accepted: 03.05.2023
Keywords: Capital Structure, Management Power, Pecking Order Theory, Key Stakeholder Theory
JEL Classification: G30, G31, G32, G35
DOI: 10.22495/nosrcgp17

Abstract

The research explores the causality relationship between dividend distribution and capital structure among Chinese stock exchange-listed manufacturing firms. The research results confirm the pecking order theory and discover a non-linear U-shaped relationship between firm performances and dividend distributions. State-owned enterprises (SOEs) prefer more steady and regular dividends than private firms.

1. INTRODUCTION

The optimal capital structure and dividend payout are key factors that directly influence firms' cost of capital. Since Modigliani and Miller's (1958) pioneering study, research has increasingly focused on analyzing the disparity between the cost of debt and the potential unobservable opportunity cost of equity. Myers (1984) introduced the pecking order theory, which suggests that managers should prioritize utilizing capital resources with the least information asymmetry.

2. LITERATURE AND HYPOTHESES

2.1. Pecking order theory

Myers' (1984) pecking order theory suggests that retained earnings, being the most reliable and cost-effective capital source, are favored by managers who have full control over them. External capital is utilized only when internal capital is insufficient to cover new projects. When firms exhibit strong performance, characterized by high return on equity (ROE) and return on assets (ROA), the incentive for expansion is bolstered. Based on these premises, we formulate the following hypotheses.

H1a: Better-performing firms make smaller dividend payouts.

H1b: Firms with higher earning quality make lower dividend payouts.

2.2. Loss aversion and mental accounting affected payout policy

Building on Thaler's (1999) exploration of mental accounting bias, managers may sort capital resources into different pools of capital for distinct purposes. Once the targeted funding amount is achieved, the manager's risk appetite may shift, leading them to become more aggressive in seeking additional external financial leverage, even if the project's future outcomes are uncertain.

H2: The negative relationship between firm performance and dividend payout is exacerbated by concentrated management power.

2.3. Key stakeholder theory

In examining business ethics and corporate social responsibility through the lens of key stakeholder theory, a firm can be deemed successful when it effectively satisfies its stakeholders (Donaldson & Preston, 1995). In the case of a state-owned firm, the stakeholders encompass all individuals residing in the respective country. If a state-owned enterprise (SOE) generates substantial profits, it becomes imperative for the firm to exhibit social responsibility. Consequently, the firm should contemplate distributing larger dividends.

H3: When SOEs possess highly concentrated management power, increased profitability leads to higher dividend payments.

3. DATA AND EMPIRICAL METHODOLOGY

3.1. Data and variable definitions

Data on 1,264 manufacturing firms listed on the Chinese stock market for the period 2017–2021 is collected to analyze the above hypotheses. The final balanced sample includes 6,320 firm-year observations.

Table 1 lists all the variable names, its abbreviation used in the equation and the treatment of estimation or calculation of the variables.

Table 1. Variable definitions

Variable	*Symbol*	*Variable treatment*
Dividend	*DIV*	Dividend per a share
Earning per a share	*EPS*	Net profit / total number of shares outstanding
Return on equity	*ROE*	Net profit / Total equity
Return on asset	*ROA*	Net profit / Total asset
The firm is a state-owned firm	*SOE*	Binary, if the firm is state-owned, *SOE* = 1, otherwise = 0.
Top shareholders' position in percentage	*TOP*	Percentage of shares held by the largest shareholder
The board chairman and chief executive officer (CEO) are the same person	*DUAL*	Binary, if the board chairman is also CEO, *DUAL* = 1, otherwise = 0.
Earning quality	*QUALITY*	Net profit / Operating income
Dividend growth	*PDIV*	Binary, if next year the dividend grows, *PDIV* = 1, otherwise = 0.

3.2. Empirical methodology and results

3.2.1. Pecking order theory

In accordance with the pecking order theory, firms prioritize the utilization of profits or retained earnings from previous periods as their primary resource. When managers identify favorable investment opportunities or observe strong performance within the company, it is expected that they will decrease dividend payments or refrain from paying additional dividends due to the recent positive performance. To empirically test the validity of the pecking order theory, Eq. (1) and (2) are employed to test *H1a* about the relationship between firm performance and dividend payouts using return on equity (*ROE*) and return on assets (*ROA*), respectively.

$$DIV_{i,t} = \beta_0 + \beta_1 ROE_{i,t} + \beta_2 EPS_{i,t} + \beta_3 TOP_{i,t} + \beta_4 DUAL_{i,t} + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (1)$$

$$DIV_{i,t} = \beta_0 + \beta_1 ROA_{i,t} + \beta_2 EPS_{i,t} + \beta_3 TOP_{i,t} + \beta_4 DUAL_{i,t} + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (2)$$

The findings obtained from Eq. (1) and (2) reveal that the coefficients associated with the profitability indicators, *ROE* and *ROA*, are both negative and statistically significant. These results indicate that when firms exhibit higher profitability, managers tend to reduce dividend payments. Investment funds are more likely to be sourced from operating income rather than additional external funding. These results provide support for the pecking order theory, which suggests that managers prioritize capital sources over which they have better control.

Building on the findings above, we next incorporate earnings quality. As discussed above in hypothesis *H2*, if managers possess greater certainty regarding the success of their future investments, e.g., if they have higher earnings quality, they are likely to seize opportunities for investment. Obtaining external financing is time-consuming in the Chinese market, making retained earnings a more expedient option. Equations (3) and (4) test whether higher firm performance leads to lower dividend payouts, even after controlling for earnings quality, whether higher earnings quality in itself leads to lower dividend payouts, and finally, whether higher earnings quality makes manager behavior even more likely to conform to the pecking order theory.

$$DIV_{i,t} = \beta_0 + \beta_1 ROE_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 \left(ROE_{i,t} * QUALITY_{i,t}\right) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (3)$$

$$DIV_{i,t} = \beta_0 + \beta_1 ROA_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 (ROA_{i,t} * QUALITY_{i,t}) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (4)$$

The results demonstrate that, again consistent with the pecking order theory, firms with higher earnings quality prioritize using operating income for investment purposes. Both current firm performance, *ROE* and *ROA*, and higher earning quality lead to lower dividend payments. Further, the interaction terms of performance and earning quality also exhibit negative and statistically significant coefficients, providing further empirical support for the pecking order theory.

3.2.2. Loss aversion

When managers possess significant management power, their rational response upon identifying profitable opportunities is to make investment decisions promptly, without hesitation. If managers adhere to the pecking order theory, it follows that a greater concentration of management power should amplify the negative relationship between performance and dividend payout revealed above. Equations (5) and (6) are employed to test this causal relationship.

$$DIV_{i,t} = \beta_0 + \beta_1 ROE_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 (ROE_{i,t} * DUAL_{i,t}) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (5)$$

$$DIV_{i,t} = \beta_0 + \beta_1 ROA_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 (ROA_{i,t} * DUAL_{i,t}) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (6)$$

In estimates of Eq. (5) and (6), both the return on equity (*ROE*) and the interactive term of *ROE* and *DUAL* exhibit statistically significant negative coefficient estimates. This confirms that when management concentration is high, the negative relationship between firm profitability and dividend payouts is even stronger. However, contrary to expectations, the coefficient on the interaction term between return on assets (*ROA*) and *DUAL* is *positive* and statistically significant. This leads us to hypothesize that the negative relationship between *ROE* and dividend payout does not hold after *ROE* increases beyond some threshold level.

3.2.3. Key stakeholder theory

To examine how firm characteristics influence the preference for funding resources, the presence of a high number of *SOEs* is considered a unique characteristic of Chinese financial markets. In Eq. (7) and (8), an interactive term of *SOE*, profitability, and management power is included to test the preference of *SOEs* for dividend payout when they have high profits and when the *SOE* possesses highly concentrated managerial power.

$$DIV_{i,t} = \beta_0 + \beta_1 ROE_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 SOE_{i,t} + \beta_7 \left(ROE_{i,t} * SOE_{i,t}\right) + \beta_8 \left(ROE_{i,t} * DUAL_{i,t}\right) + \beta_9 \left(SOE_{i,t} * DUAL_{i,t}\right) + \beta_{10} (ROE_{i,t} * SOE_{i,t} * DUAL_{i,t}) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (7)$$

$$DIV_{i,t} = \beta_0 + \beta_1 ROA_{i,t} + \beta_2 QUALITY_{i,t} + \beta_3 EPS_{i,t} + \beta_4 TOP_{i,t} + \beta_5 DUAL_{i,t} + \beta_6 SOE_{i,t} + \beta_7 \left(ROA_{i,t} * SOE_{i,t}\right) + \beta_8 \left(ROA_{i,t} * DUAL_{i,t}\right) + \beta_9 \left(SOE_{i,t} * DUAL_{i,t}\right) + \beta_{10} (ROA_{i,t} * SOE_{i,t} * DUAL_{i,t}) + \sum IND_{i,t} + \sum YEAR_{i,t} + \epsilon_{i,t} \quad (8)$$

Even with their complex incentives, the behavior of *SOEs* is similar to that of privately held firms: when profitability is high, *SOEs* tend to pay fewer dividends. However, differences appear between *SOEs* and privately held firms as managerial power becomes highly concentrated.

For *SOEs*, the coefficient estimate on the triple interaction term between profitability, *SOE* status, and *DUAL*, a dummy variable indicating highly concentrated managerial power, is *positive*. Contrary to privately held firms, when *SOEs* enjoy high profits and have a high concentration of managerial power, they do not cut dividends to finance investment. Rather, *SOEs* tend to increase dividend payouts.

4. CONCLUSION

This study demonstrates that Chinese firms generally adhere to the pecking order theory. Higher initial profitability leads to a decrease in dividend payout. However, as profits continue to grow, a U-shaped nonlinear relationship emerges. Managers begin to deviate from the pecking order theory, leading to an increase in dividends. State-owned enterprises exhibit similar dividend payout choices. However, the relationship changes when the SOEs have high management concentration. These findings reflect a distinct type of agency problem unique to SOEs.

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THE FIRST TWENTY-FIVE YEARS OF SA8000: A LITERATURE REVIEW

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OPEN ACCESS

How to cite: Turzo, T., Montrone, A., & Chirieleison, C. (2023). The first twenty-five years of SA8000: A literature review. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 96–98). Virtus Interpress. https://doi.org/10.22495/nosrcgp18

Received: 28.04.2023
Accepted: 16.05.2023
Keywords: SA8000, SA8000, Social Accountability 8000
JEL Classification: J80, M00, M14, M50, Q56
DOI: 10.22495/nosrcgp18

Abstract

Social Accountability 8000 (SA8000) is a worldwide certification standard supporting the enhancement of working conditions, the inhibition of child labour and the safety of workplaces (Chirieleison & Rizzi, 2020; Sartor et al., 2016). Companies from all industries and countries can adopt SA8000 certification as long as all their suppliers and subcontractors are certified, given that SA8000 extends to the entire supply chain of a company (Gilbert & Rasche, 2007; Göbbels & Jonker, 2003; Mueller et al., 2009).

Companies applying for SA8000 will be subject to a third-party audit to obtain the certification (Gilbert et al., 2011). To be certified, companies must meet requirements in terms of health and safety workplace, forced and compulsory labour, child labour, discrimination of employees, freedom of association and right to bargain collectively, disciplinary practices, working hours, and remuneration (Social Accountability International [SAI], 2014).

SAI published the first version of the SA8000 standard in 1997. A review of the scientific literature published from the standard release to the end of 2022 — twenty-five years after the launch of SA8000 — is useful for summarizing the current knowledge in the field of SA8000 research. Consequently, an exhaustive summary of the research published in the area of SA8000 is offered, and significant research gaps

that future studies could fill are identified. To perform the analysis, a ten-step approach outlined by Turzo et al. (2022) is followed, which refers to the visualization of similarities technique in clustering papers (van Eck & Waltman, 2010), the bibliometric analysis routines (Marzi et al., 2021; Mura et al., 2018), and the literature review method by Tranfield et al. (2003). The usage of the AMSTAR 2 checklist (Shea et al., 2017) and the PRISMA model (Moher et al., 2009) guarantee the quality and the reproducibility of the analysis.

The final sample of scientific research eligible for the literature review corresponds to 56 papers, grouped in seven clusters: 1) standard structure and diffusion; 2) SA8000 and integrated management systems; 3) SA8000 impact on working conditions; 4) the effect of SA8000 on supply chain; 5) the relationship between SA8000 and non-financial reporting; 6) opportunities and problems with SA8000 adoption; 7) the influence of SA8000 on performance.

The results of the literature review show that since the first publication of this certification standard, researchers have not extensively investigated SA8000. Existing scientific papers are still a limited number and often consist of conceptual research. The few existing studies performing an empirical analysis use samples focused on a single industry or country, which makes it difficult to generalize results to the rest of the business world. Additionally, little research exists on the benefits and drawbacks of certification, and just a few studies analyse how SA8000 adoption affects the relationship between a company and its stakeholders.

Future studies can fill these research gaps by analysing variations in a company’s labour cost before and after obtaining SA8000 certification and its influence on welfare policies and employee retention. Further studies can check whether being SA8000 certified generates competitive advantages for companies and promotes the creation of sustainable supply chains. Scholars can also investigate whether the concentration of SA8000 adopters in a given geographical area effectively enhances wage levels and reduces forced and child labour in that area.

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UNDERSTANDING GOVERNANCE DYNAMICS AND SUCCESS FACTORS IN FAMILY-OWNED BUSINESSES: A FOCUS ON CORPORATE GOVERNANCE IN FAMILY FIRMS

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OPEN ACCESS

How to cite: Trebicka, B. (2023). Understanding governance dynamics and success factors in family-owned businesses: A focus on corporate governance in family firms. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 99–104). Virtus Interpress. https://doi.org/10.22495/nosrcgp19

Received: 12.05.2023
Accepted: 19.05.2023
Keywords: Corporate Governance, Family Firms, Governance Dynamics, Governance Mechanisms, Success Factors
JEL Classification: G32, G34, L26, M13
DOI: 10.22495/nosrcgp19

Abstract

Family firms represent a significant segment of the global economy, and their unique governance challenges have garnered increasing attention. This study provides a comprehensive examination of corporate governance in family firms, aiming to shed light on the dynamics, mechanisms, and success factors that shape effective governance practices. Through a literature review, key findings emerge regarding the influence of family dynamics on governance, the importance of balancing family and business interests, and the role of specific governance mechanisms such as boards and family councils. The study highlights the criticality of effective communication, transparency, and professionalization in family firm governance, along with the separation of ownership and management. Moreover, the implications of succession planning and leadership development, as well as the integration of family values and culture, are explored. Practical implications for family firms are discussed, emphasizing the need for strategic decision-making, accountability, and long-term sustainability. Furthermore, potential future research directions are suggested, including investigating communication strategies, examining the impact of different governance structures, and exploring the role of technology in family firm governance. This study contributes to the understanding of corporate governance in family firms and provides a foundation for guiding family firms toward effective governance practices and long-term success.

1. INTRODUCTION

Family firms play a crucial role in the global economy, but their unique characteristics require special attention to governance practices. Corporate governance in family firms is essential for their long-term sustainability, performance, and intergenerational continuity. Effective governance mechanisms ensure sound decision-making, strategic planning, and transparency. Without robust governance structures, family firms may face issues like nepotism and lack of accountability, hampering their growth and sustainability. Implementing effective governance mechanisms enhances transparency, professionalism, and adaptability, improving performance and securing long-term success for both the business and the family. This study aims to examine key governance mechanisms, explore the impact of family dynamics, identify success factors, and address challenges specific to corporate governance in family firms. Through a comprehensive literature review, it provides practical insights for family business owners and practitioners.

2. LITERATURE REVIEW

Family firms are characterized by concentrated ownership and management within a single family or a group of related families (Pittino et al., 2020). Their governance is crucial for effective decision-making, transparency, and stakeholder protection (Miller et al., 2007). Effective governance practices in family firms contribute to improved performance and reduced conflicts (Schulze et al., 2001). This paper explores the unique governance dynamics in family firms and their implications for long-term success (Pittino et al., 2020).

Key governance mechanisms in family firms

The board of directors, comprising family and non-family members, ensures expertise and independent perspectives (Cruz et al., 2012). A balanced board composition enhances decision-making and mitigates conflicts of interest.

Family councils, formal or informal structures, facilitate communication and decision-making among family members (Deferne et al., 2023). They aid in aligning family interests with business objectives and establishing family governance policies.

Ownership structures, such as dual-class share structures or trusts, balance family control and professional management (Zellweger et al., 2013).

They influence decision-making authority, power distribution, and succession planning.

Corporate governance in family firms faces challenges in balancing family and business interests (Chirico et al., 2018). Succession planning is crucial for identifying competent successors while maintaining family harmony. Seeking external expertise and professionalization ensure objectivity and strategic guidance. The long-term orientation of family firms influences governance decisions (Gómez-Mejía et al., 2007).

Understanding and addressing these governance mechanisms, challenges, and dynamics enhances family firms' governance practices for long-term sustainability and success (Pittino et al., 2020). Effective governance promotes transparency, reduces conflicts, and aligns family and business goals.

3. GOVERNANCE DYNAMICS IN FAMILY-OWNED BUSINESSES

Family dynamics greatly impact corporate governance in family-owned businesses, shaping decision-making and governance structures. The roles, involvement, and communication patterns of family members influence governance effectiveness. Balancing family interests and business objectives is a key challenge in these businesses. Sibling rivalries and conflicts of interest can complicate governance discussions, necessitating fair, transparent, and inclusive decision-making mechanisms. Succession planning is crucial, addressing complex dynamics like family expectations and preserving the legacy. Effective governance practices establish early, systematic, and transparent processes for identifying and preparing successors to ensure continuity. Family values and culture deeply influence governance, with family firms integrating values into structures and aligning decisions with core beliefs. Strong family cultures promote identity, shared purpose, and long-term orientation. However, a balance must be struck between preserving traditions and embracing professionalization and external perspectives. Understanding governance dynamics requires appreciating family dynamics, effective communication, and well-defined mechanisms. By recognizing family influence, balancing interests, addressing succession, and leveraging values, family-owned businesses establish robust governance frameworks for long-term success and harmony between family and business.

4. SUCCESS FACTORS IN CORPORATE GOVERNANCE OF FAMILY FIRMS

Effective communication and transparency are critical for successful corporate governance in family firms. Open channels of communication foster trust, understanding, and collaboration among family members, shareholders, and stakeholders. Transparent governance practices facilitate informed decision-making and minimize conflicts or misunderstandings. Professionalizing governance practices is essential, involving the adoption of formal structures, processes, and policies aligned with best practices. Clearly defined roles, regular board evaluations, and governance committees contribute to professionalism, accountability, and the adoption of sound governance principles. Separating ownership and management is also key, establishing clear boundaries between family owners and professional managers. Hiring non-family executives and granting them authority and autonomy helps balance family and business interests, enhancing performance and driving long-term growth. Effective succession planning and leadership development are critical for continuity and success. Identifying and developing future leaders within the family through a systematic process ensures smooth leadership transitions. Providing education, mentoring, and professional development opportunities prepares the next generation for key roles, maintaining stability and driving growth. Implementing these success factors in family firms enhances governance practices, strengthens performance, and ensures long-term sustainability and success.

5. CASE STUDIES AND BEST PRACTICES

5.1. Analysis of successful family firms with strong governance practices

Analyzing successful family firms with strong governance practices provides insights into effective strategies (King et al., 2022). Studying these firms reveals how they overcome challenges, seize opportunities, and achieve sustainable success. Factors examined include governance structures, decision-making processes, board composition, and family involvement (Zellweger et al., 2010).

5.2. Examining governance structures and mechanisms

Examining governance structures and mechanisms in successful family firms deepens understanding of their effectiveness (Williams et al., 2019). This analysis considers board composition, the role of family councils, ownership structures, and governance committees (King et al., 2022). Identifying successful governance mechanisms that align family and business interests is crucial.

5.3. Lessons learned for other family firms

Drawing lessons from successful family firms' governance practices guides other firms in enhancing their governance frameworks (Zellweger et al., 2010). Identifying common themes and best practices enables learning and application of relevant strategies. Key takeaways include communication, transparency, independent voices on the board, succession planning, and professionalization of governance practices (Williams et al., 2019).

6. CONCLUSION

This study highlights the significance of corporate governance in family firms, addressing various aspects such as governance dynamics, mechanisms, and success factors. The findings emphasize the importance of balancing family and business interests, the role of governance mechanisms like boards and family councils, and the influence of family values and culture on governance practices. For practical implications, family firms are advised to implement effective governance mechanisms that strike a balance between family involvement and external expertise. This includes transparent communication channels, professionalizing governance practices, separating ownership and management, and prioritizing succession planning and leadership development. These practices can improve decision-making, accountability, and long-term sustainability. However, further research is needed to explore specific strategies for communication and transparency, the impact of governance structures on performance, and the role of technology in family firm governance. Overall, by recognizing challenges and adopting effective practices, family firms can achieve sustainable growth and success. Future research will advance our understanding in this area and guide family firms in their governance journey.

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PRACTICAL CONTRIBUTIONS OF APPLIED & ORGANIZATIONAL NEUROSCIENCE TO CORPORATE GOVERNANCE

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OPEN ACCESS

How to cite: Haro Leon, I. E. (2023). Practical contributions of applied & organizational neuroscience to corporate governance. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 105–108). Virtus Interpress. https://doi.org/10.22495/nosrcgp20

Received: 16.05.2023
Accepted: 24.05.2023
Keywords: Neuroscience, Corporate Governance, Organizational Neuroscience, Brain, Decision-making, Motivation, Rewards, Leadership
JEL Classification: D21, D22, D23, D29, D70, D79, D89, D91, G34, L2
DOI: 10.22495/nosrcgp20

Abstract

From the Industrial Revolution that took place between the XVIII and XIX centuries to the coin of the term the "Fourth Industrial Revolution" (Schwab, 2016) almost 300 years have passed. During this period, the industry evolved from steam power and its influence on labour, production, and even society composition (Nuvolari et al., 2021) to a current context that is characterised by physical, digital, and biological megatrends and pioneering scientific and technological innovations (Philbeck & Davis, 2018). However, the human brain, the organ responsible for dealing with the uncertainty and challenges of the Fourth Industrial Revolution, has not evolved in similar terms neither at a similar speed than organizations (González-Forero & Gardner, 2018; Scarlett, 2019). For the human brain the main goal is still survival (Barker et al., 2018), and to ensure it, it performs according to biological, genetical, neuronal, and hormonal principles (Bear et al., 2015; Kandel et al., 2021), and also under the basis of patterns, behaviours, habits, and heuristics (Tversky & Kahneman, 1974).

On the other hand, history has shown that from the Cadbury report on corporate governance (The Committee on the Financial Aspects of Corporate Governance and Gee and Co. Ltd., 1992), to the Organisation for Economic Co-operation and Development (OECD) principles of corporate governance (OECD, 2004) efforts to control and enhance firms' performance have not been sufficient (Markham, 2006) and the invitation for contributions to the on-going *Review of the G20/OECD Principles of Corporate Governance* (OECD, n.d.) manifest the need for a holistic and multidisciplinary approach that can add to the development of corporate governance practices the outside- the box perspective that can face the new megatrends.

With these historical antecedents and brain limitations in mind, the main question that this study aims to answer is:

RQ1: Can corporate governance benefit and practically apply neuroscientific knowledge to enhance its effectiveness?

RQ2: And if such is the case, in which areas of corporate governance could we find a conjunction between applied neuroscience and corporate governance?

A literature review on practical approaches of applied neuroscience, cognitive neuropsychology and organizational neuroscience to corporate governance is the methodology applied to answer these queries.

Applied neuroscience purpose is to close the gap between the scientific knowledge generated by neuroscience and real-life problems in such a way that human life may improve (Freberg, 2022). Research from this field provides information on how the central and extended nervous systems make decisions and how they can be biased due to emotional states, psychological schemas, and neuronal, genetic, and biological factors (Heydenfeldt, 2013). Similarly, cognitive neuropsychology's analysis of the structure and processes of the brain linked to perception, memory, reasoning, learning and decision-making (American Psychological Association, 2023), is throwing light on the brain processes that take place during the governance of firms in change management processes (Snyder, 2016). Furthermore, organizational neuroscience is occupied with the analysis of the brain's processes that affect individuals' decisions, behaviours, and relationships within the organizational context (Waldman & Balthazard, 2015) and, therefore, it provides the broadest amount of knowledge to corporate governance.

According to the research criteria, it was identified evidence of the application of these disciplines in the following domains: motivation and rewards of directors (Ivascu et al., 2022); organizational change (Snyder, 2016); communication with stakeholders (Casey & Robinson, 2017; McHale, 2022); leadership (Swart et al., 2015); and decision making (Ahmad, 2010; Jones, 2017). Hence, there is evidence that suggests that boards of directors, C-level executives, stakeholders and policymakers could benefit through the implementation of a holistic approach that encompasses not only legal, economic, and financial knowledge but also neuroscientific and neurocognitive psychological research. However, it is also clear that "neuro-governance" (Farmer, 2006) is still in a very early stage of study and development, which offers a broad field of study for organizational neuroscientists, organizational psychologists, corporate governance experts and law-makers.

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STUDY OF TWITTER AS A SOCIAL BLOG AND ITS IMPACT ON THE INTERSECTIONALITY OF CORPORATE GOVERNANCE AND CORPORATE REPUTATION MANAGEMENT IN THE TELECOMMUNICATIONS INDUSTRY

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OPEN ACCESS

How to cite: Moyo, T., Gerwel Proches, C., Mutambara, E., & Singh, U. G. (2023). Study of Twitter as a social blog and its impact on the intersectionality of corporate governance and corporate reputation management in the telecommunications industry. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 109–115). Virtus Interpress. https://doi.org/10.22495/nosrcgp21

Received: 16.05.2023
Accepted: 26.05.2023
Keywords: Social Blogs, Corporate Reputation, Corporate Governance, Twitter, Zimbabwe
JEL Classification: M14, M31, O35
DOI: 10.22495/nosrcgp21

Abstract

This is a study of Twitter as a social blog and its impact on the intersectionality of corporate governance and corporate reputation management in the Zimbabwean telecommunications industry. The study reveals that the use of social blogs in managing corporate reputation in the digital era depends on good corporate reputation practices. The research shows that there is a positive link between Twitter and customers' usage of this social blog.

1. INTRODUCTION

The study aimed to determine managerial and employee views on Twitter as a social blog on the intersectionality of corporate governance and corporate reputation management in the telecommunications industry in Zimbabwe. This was guided by the broader objective of determining and understanding the internal views of managers and employees on the appreciation of Twitter as a social exchange tool in Zimbabwe's telecommunications industry and how corporate governance shaped reputation management within the broader social blogs era. Data collection focused on the views of the internal stakeholders — namely employees, operational and top-level managers — who are pivotal in the engagement of stakeholders, including customers online. Corporate governance sets the tone upon which the company's various stakeholders engage with the organisation, including its appetite to engage on social blogs, impacting the new approaches towards a corporate reputation as a contribution to new knowledge and practices. A mixed-method approach was employed in the study. The results show a positive correlation between the internal stakeholders, such as employees and management engaging their customers online in light of the general direction provided by the corporate governance structure, which directs how aggressively a company manages its reputation online.

The interplay of social blogs use, corporate governance, and the new approaches towards sustained management of corporate reputation in the Zimbabwean telecommunications industry are critical as they are at the existential intersectionality of the industry and changing customer tastes (Moyo, 2022; Chigora & Mutambara, 2019). An appreciation of the managerial and employees' views of the intersectionality of corporate governance in the age of social blogs used in the telecommunications industry on new approaches towards reputation management assists in proposals towards how the players in the industry, stakeholders such as government, employees and the international community can better respond to the challenges confronting the industry (Moyo et al., 2022, p. 19)

There is a need for the respective boards to set the relevant competitive procedures and protocols, which in turn set the culture upon which entities in this industry communicate and relate with their online communities (Tibiletti et al., 2021). This is because it is a business whose daily success depends on the number of clients and users of telecommunications services. However, a number of companies need help with negative perceptions, mainly from online platforms, due to users' complaints of poor services, network failures and high cost of services (Chauke, 2012; Chapanga & Choto, 2015; Marumbwa, 2013; Sengere, 2021).

Some larger businesses, such Telecel and Africom in Zimbabwe, have scaled back their operations, leading to the closure of some of their countrywide subsidiaries due to the corporate governance changes that have played out in the social blogs, presenting reputational risks (Bell, 2020). This is a challenge to business and industry resilience if the corporate governance of the players in the industry fails to attend to issues of its structures; procedures; ethical standards and codes; risk compliance and compliance and the general parameters of stakeholders' engagement and communication in the age of social blogs leading to challenges with corporate reputation (Chen et al., 2023). For the industry to emerge from such a situation, there is a need for a cohesive response from the board of directors, internal stakeholders and the broader stakeholders of the industry, hence the significance of inquiring about the interplay between corporate governance in the age of social blogs in shaping new perspectives to reputation management (Fundira & Mupfungidza, 2022, p. 19).

Corporate governance refers to the rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. Effective corporate governance can help to enhance a company's reputation and foster long-term success.

This is further augmented by Tibiletti et al. (2021) who defines corporate governance as follows:

"*Corporate governance (CG) is a system of rules, policies, and practices that dictate how a company's board of directors manages and over- sees the operations of a company. A robust CG has been shown to mitigate agency problems and encourage managers to operate properly. One of the most widely discussed issues in business administration is how to appropriately structure boards of directors to influence board actions and corporate performance*" (p. 897).

A company's reputation is a critical ingredient in pursuing growth strategies. An organisation's reputation determines whether it pursues organic, hybrid, or merger organic growth strategies (Agnihotri, 2014). Baucus and Cochran (2016) note that the two strategic pillars of corporate reputation are quality and prominence. They argue that corporate reputation can be purchased through philanthropic work while at the same time, disguising illicit organisational activities, such as the use of resource signals of quality and approvals of external stakeholders

The most used social blogs in Zimbabwe as of October 2022, according to Statcounter (n.d.) gauged by the active number of users per annum, are Twitter 43.62%, Facebook 35.86%, Pinterest 12.53%, YouTube 4.27%, Instagram 2.08% and Tumblr 0.64%, which are shaping corporate governance and reputation new perspectives.

To understand the internal views of managers and employees on the appreciation of corporate governance effect on Twitter as a social exchange tool in shaping reputation in Zimbabwe's telecommunications industry.

2. METHODOLOGY

The total identified population of 4834 employees was then reduced to a stratified random sample using Yamane's (1967) formula, as shown in the formula below, to select a representative population sample for the entire industry:

$$n = \frac{N}{1 + N(e)^2} \tag{1}$$

where, n = sample size, N = population size, e = the level of precision.

As a result, the following procedures were used to proportionally reduce the size of the entire population to a representative sample:

$$n = \frac{4834}{1 + 4834 \times (0.05)^2} = 369$$

- The formula takes a 95% confidence interval and the standard error = 5%, therefore, e = 0.05;
- A stratified sampling was employed to categorise the respondents.
- This was followed by the proportion approach used to calculate the number of employees that can be selected from each organisation to be included in the sample of 369 from the identified five companies, namely Econet, NetOne, TelOne, Telecel and Liquid, respectively.

3. FINDINGS

The survey data presented shows that the respondents accepted that customers use Twitter in many aspects of corporate reputation. The majority of these responses (70%) agreed that customers can shape corporate reputations through their actions on Twitter and that they can use Twitter as a form for improved word of mouth on corporate reputation issues. These proved to be the most dominant factors for Twitter to connect telecommunication organisations and customers, such that if harvested, positive reputational issues might be resolved. All other factors that have been tested have shown a positive link between Twitter and customers' usage of this social blog: that is, customers easily interact with the organisation (on any issues) more than any other platform (64%); customers inform the business of their complaints more than any other platform (61%) and Twitter provides feedback for any requests by the customers more than any other platform (57%). Twitter also increases customer interaction with any level of the organisation (47%) and customers' discussion of their concerns with the owners of the business (49%) more so than any other form of a social blog. A positive corporate reputation can come from the Twitter engagement between telecommunications businesses and their customers.

This is in line with the literature review, which highlights that internal stakeholders' views are critical in understanding how customers interact with the customers and stakeholders online. This is articulated in social media and social exchange theory, which influenced the design of the research instruments and interview guide (Davids & Brown, 2021).

4. CONCLUSION

The study reveals that the use of social blogs in the management of corporate reputation in the digital era is dependent upon good corporate reputation practices. The research shows that there is a positive link between Twitter and customers’ usage of this social blog. A positive corporate reputation can come from the Twitter engagement between telecommunications businesses and their customers. Companies should prioritise good governance practices to enhance the building of better reputations among stakeholders, resulting in higher levels of trust and loyalty. It is also a truism that companies with poor governance practices may face damaging reputational issues, leading to decreased customer loyalty and investor confidence.

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THE VIRTUAL ANNUAL GENERAL MEETING IN GERMANY: A THEORETICAL AND EMPIRICAL ANALYSIS OF DESIGN POSSIBILITIES AND FUTURE PROSPECTS

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OPEN ACCESS

How to cite: Ulrich, P., & Zettl, R. (2023). The virtual annual general meeting in Germany: A theoretical and empirical analysis of design possibilities and future prospects. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 116–120). Virtus Interpress. https://doi.org/10.22495/nosrcgp22

Received: 23.05.2023
Accepted: 29.05.2023
Keywords: Annual General Meeting, Shareholder Activism, Investor Relations
JEL Classification: M00, M15, M40
DOI: 10.22495/nosrcgp22

Abstract

The following study shows theoretical and empirical evidence regarding the use of virtual annual general meetings in Germany. This has become commonplace during COVID-19. At the moment, there is an ongoing discussion on the chances and disadvantages of virtual annual shareholders' meeting (AGM) in Germany.

1. INTRODUCTION

The annual shareholders' meeting (AGM) of a stock corporation usually proceeds as follows: "There are profits with the coffee, the management board is criticized with the snacks, and the actions of the management board are nevertheless approved for dessert" (Merschmann & Volmer, 2001).

The annual shareholders' meeting forms the cornerstone of sound corporate governance, in which shareholders exercise their rights and duties and thus help to influence the fate of the company. Despite existing options for using electronic means of communication, the German Stock Corporation Act (*AktG*) stipulates that shareholders' meetings must always be held as a physical gathering of the shareholders, the executive board and the supervisory board at a specific location. The procedure for shareholders to pass resolutions has essentially remained unchanged for decades. However, since the COVID-19 pandemic, which led to sweeping restrictions on meetings, we have experienced a surge of digitalization in many areas of social and economic life. This did not stop at the convening of the shareholders' meeting in Germany: the virtual AGM was born.

In March 2020, the German legislature passed an emergency law legitimizing the annual general meeting in virtual form to ensure the ability of stock corporations to act during the Corona pandemic. Although this was only one of many measures taken in the Corona Act, hardly any topic is discussed more emotionally in this context: companies perceive increasing digitization as a positive further development, while shareholder representatives, see the holding of virtual general meetings as a massive restriction of shareholder rights.

However, the traditional annual general meeting has also been criticized for several years. It has been observed that attendance at German companies has fallen to 20% of the share capital, which is due to the fact that it is not easily accessible for many shareholders (Werner et al., 2011, p. 4). Moreover, it is time-consuming and cost-intensive for both investors and companies. Participation via the Internet, on the other hand, is location-independent, less costly for both parties, requires less time, and is also environmentally friendly. For the future, it is considered imperative to carry out a fundamental renovation of the AGM model.

This study examines the suitability of the virtual shareholders' meeting on the basis of a theoretical and empirical analysis and answers the question of whether it serves as a blueprint for the future design of shareholders' meetings in Germany. The aim is to find out how the interests of investors and companies can be reconciled and to make a recommendation for action.

2. BASICS

In order to be able to classify the annual general meeting, it is first necessary to consider all the bodies of the stock corporation.

The German stock corporation is legally constituted as a corporation and has three main governing bodies under German law:

- the board of directors;
- the supervisory board;
- the annual general meeting.

The organizational structure of stock corporations is laid down in the German Stock Corporation Act and largely does not permit any deviations. These can only arise in exceptional situations if this is permitted in Section 23(5) sentence 1 *AktG*. With regard to the structure of competencies, however, the law does not permit any individual design options (Stein, 2016, p. 53). Each of the three corporate bodies carries out the competencies assigned to it independently of the other. No division is made between superordinate and subordinate organs (Drygala et al., 2012, p. 403). A distinction is made between management, control and decision-making bodies. Their tasks and interrelationships are explained further.

3. INCREASED VIRTUAL GENERAL MEETINGS IN GERMANY

The shareholder structures of many stock corporations became increasingly international at the beginning of the 21st century. Against this backdrop, German legislators took the cross-border exercise of shareholder rights as an opportunity to reform the law. In January 2001, the Act to Facilitate the Exercise of Voting Rights (*NaStraG*) came into force, offering stock corporations that hold their shares in registered form rather than as bearer shares the option of allowing shareholders to exercise their voting rights via the Internet. Shareholders can register for the virtual annual general meeting by e-mail and subsequently receive access data for online participation — the convening of a purely virtual annual general meeting without the presence of shareholders in the same place, however, was not given by the law. Ulrich Noack supported this legislation in 2001: "[...] The capital market in the 21st century is electronic and international. In the internal organization of stock corporations, it is still like the old Germans. That cannot be the future" (Noack, 2002, p. 620). The new law was intended to counteract declining numbers of participants, and Siemens can be taken as an example here: In 2000, only 25% of all votes were represented (Kiewitt & Möller, 2001).

The need to adapt German law to international standards was supported by the introduction of the German Corporate Governance Code (GCGC), as already described in Section 3.1.4. This chapter will now examine the guidelines and recommendations of the GCGC with regard to digitization.

In February 2002, the government draft of the Transparency and Disclosure Act (*TransPuG*) and the German Corporate Governance Code were finally adopted. The *TransPuG* is based on the proposals of the Government Commission on Corporate Governance. The content of the new regulations with regard to digitalization was as follows and was also rolled out to companies that hold bearer shares. The annual general meeting is to be convened via the newly established electronic *Federal Gazette* in accordance with Section 25 of the German Stock Corporation Act (*AktG*). In this context, the Code also stipulates that the notice of the annual general meeting must be sent electronically to all domestic and foreign financial service providers, shareholders and protective associations. The annual report is also to be published on the company's website. Another point included in the GCGC is the simplification of virtual shareholders' meetings and the possibility for supervisory board members to participate by video conference. According to Bücker et al. (2020) it was inevitable to use modern technology due to the increasing internationalization of the shareholder base, to roll out information, communication and decision-making across Europe.

A key role with regard to digitization was played by the Act Implementing the Shareholders' Rights Directive in 2009 (the ARUG I) which now permitted the option of a virtual shareholders' meeting in combination with a physical shareholders' meeting for shareholders throughout Europe. This amending act adapted the Stock Corporation Act to the digital age. This facilitates the cross-border exercise of shareholder rights for investors who are unable to attend in person. The admissibility of hybrid general meetings was now given (Section 118 *AktG*).

In 2011, Munich Reinsurance Company and Allianz were the first German companies to introduce online voting from the time of convocation until the end of the general debate. At Allianz, around 8,000 shareholders, including mainly foreign investors, took advantage of this option. However, the online AGM did not catch on outside the DAX companies. Thomas Mayerhofer justifies this development by saying that the risk is too great for medium-sized companies, as the legal framework is not yet fully developed with regard to objections and challenges (Daum & Hammerschmidt, 2011, p. 60). The structure of the annual general meeting as an event as well as its function as a body has changed a great deal historically. In the 19th century, the annual general meeting without the right of co-determination and, therefore, without the inclusion of shareholders' interests evolved into a law on co-determination, which, however, could be undermined by the transfer of competencies within the organs. This overview justifies the strict separation of competencies between the corporate bodies today. The development shows a strong change in favor of the shareholders' rights. The exercise of these is also to be simplified by the addition of electronic means. Since the turn of the century, digitization has made its way into the processes leading up to and during the Annual General Meeting. ARUG II and the EU Regulation are helping to drive forward cross-border shareholder communication through digital solutions (Dobrzewski 2020, p. 13).

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ENHANCING CORPORATE GOVERNANCE: A CONCEPTUAL APPROACH TO ARTIFICIAL INTELLIGENCE USAGE

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OPEN ACCESS

How to cite: Correia, A., & Água, P. B. (2023). Enhancing corporate governance: A conceptual approach to artificial intelligence usage. In M. Tutino, V. Santolamazza, & A. Kostyuk (Eds.), *New outlooks for the scholarly research in corporate governance* (pp. 121–127). Virtus Interpress. https://doi.org/10.22495/nosrcgp23

Received: 24.05.2023
Accepted: 30.05.2023
Keywords: Artificial Intelligence, Corporate Governance, Data Science, Ethical Decision-Making, Organizational Ethics, Transparency
JEL Classification: G34, C81, M15, K22, O33
DOI: 10.22495/nosrcgp23

Abstract

In this exploratory study, we examine the intersection of corporate governance (CG) and artificial intelligence (AI), addressing the essential question: how can AI be utilized to improve ethical and transparent decision-making in the corporate endeavour? Using current research on organizational governance, AI ethics, and data science, our study examines the potential of AI to augment conventional governance mechanisms, as well as the ethical dilemmas and challenges it may present. We propose a conceptual framework based on the principles of separation of ownership and control while considering data ethics, which will be supported and validated in the future by an empirical study.

1. INTRODUCTION

Corporate governance (CG) is a vital mechanism for ensuring the efficient functioning and ethical conduct of corporations (Tricker, 2015). It involves the structures, processes, and rules that control and direct corporations, with the aim of balancing the interests of a company's broad stakeholders set (Freeman, 1984). However, numerous cases of corporate mismanagement and scandals, such as Enron, WorldCom, or Volkswagen, underscore the persistent challenges and the need for further enhancement of CG mechanisms (Park, 2019; Jensen, 2001). The ongoing digital transformation presents an opportunity to rethink and reinvent CG, with the emergence of powerful technologies such as artificial intelligence (AI) (Brynjolfsson & McAfee, 2014). AI has the potential to disrupt traditional business models and introduce novel approaches to management and decision-making, but its application in CG remains under-explored and its implications under-theorized (Mikalef et al., 2019).

AI has the potential to enhance decision-making by providing valuable insights from large volumes of data, automate certain governance processes, reduce human error and bias (Água & Correia, 2021; Água & Correia, 2022), and improve efficiency (Myatt, 2007). However, its ethical implications include issues related to privacy, fairness, and accountability (Russell et al., 2015). AI systems have the potential to infringe on privacy and make decisions that are not fair or unbiased (Castelvecchi, 2016). To address these challenges, there is a need for a comprehensive framework for leveraging AI in CG, which balances the potential benefits and ethical and transparency issues. This study aims to develop a comprehensive AI-based CG framework to explore how AI can be leveraged to enhance CG, identify the potential ethical and transparency issues that could arise from the use of AI in CG, and propose strategies for mitigating these issues.

2. BACKGROUND

Agency theory, originally proposed by Jensen and Meckling (1976), has been the dominant theoretical framework in corporate governance research for decades. It postulates that in modern corporations, there exists a separation of ownership and control, where the owners (principals) delegate the management of the corporation to the managers (agents). This separation gives rise to agency problems due to the divergence of interests between the principals and agents, which can lead to issues such as moral hazard and adverse selection. To mitigate these problems, various corporate governance mechanisms have been put in place, such as board supervision, performance-based compensation, shareholder voting rights, and external audits (Fama, 1980; Jensen & Meckling, 1976). However, these mechanisms have their limitations, such as human bias, subjectivity, lack of transparency, and inadequate oversight.

AI techniques have the potential to help overcome these limitations, as they simulate human intelligence processes by machines, especially computer systems (Russell & Norvig, 2016). AI has gained significant attention in business research and practice due to its potential to transform various aspects of business operations, such as decision-making, process automation, customer service, and strategy formulation (Brynjolfsson & McAfee, 2014). AI can enhance decision-making by providing valuable insights from large volumes of data, reducing human error and bias, and providing predictive analytics based on comprehensive data analysis (Davenport & Ronanki, 2018). AI can also automate routine tasks, freeing up human resources for more strategic and creative tasks (Goodfellow et al., 2016). However, there is a paucity of research that systematically investigates this potential.

A few studies have started to explore this area, but their focus has been on specific aspects of CG (Mikalef et al., 2019; Yoo et al., 2018). However, these studies do not provide a comprehensive framework for leveraging AI to enhance CG, nor do they thoroughly address the ethical and transparency issues that could arise from such usage. The application of AI in decision-making and process automation also raises significant ethical and transparency issues (Crawford, 2016). The ethical and transparency issues associated with AI have been increasingly recognized as critical challenges that need to be addressed. These issues include privacy, fairness, transparency, and accountability (Castelvecchi, 2016). Privacy issues arise from the extensive data collection and processing involved in AI systems, fairness issues arise from potential biases in AI systems, transparency issues arise from the opaque decision-making process of AI systems, and accountability issues arise from the difficulty of attributing responsibility for the decisions made by AI systems.

Agency theory provides a valuable theoretical foundation for understanding the role of AI in CG, but the successful integration of AI into CG requires a thoughtful and balanced approach that takes into account both the potential benefits and the ethical and transparency considerations. While AI holds significant promise for enhancing CG and mitigating agency problems, it also needs a comprehensive framework that balances the potential benefits and challenges and ensures ethical and transparent AI use.

3. PROPOSAL

The previous section reveals a gap in the existing research on the intersection of AI and CG. To develop a comprehensive framework that integrates AI into CG and addresses the associated ethical and transparency issues, it is necessary to conduct empirical research that explores how AI can be leveraged to enhance CG, and how the ethical and transparency issues can be mitigated. The proposed framework should address several key aspects of CG, such as board structure and processes, executive compensation, shareholder rights, and corporate accountability and transparency. It should also take into account the specific characteristics and capabilities of AI, such as machine learning, predictive analytics, and decision automation, and provide guidance on how to leverage these capabilities to enhance CG and address the associated challenges.

The AI-based CG framework proposed in this work comprises the following five key aspects: board structure and processes, executive compensation, shareholder rights, corporate accountability, and corporate transparency. The framework is flexible and adaptable and can be tailored to the specific characteristics and needs of different types of corporations and different contexts. It also recognizes the dynamic nature of AI technologies and the need for continuous learning and adaptation. The proposed AI-based CG framework is flexible and adaptable and can be tailored to the specific characteristics and needs of different types of corporations and different contexts.

The AI-based corporate governance framework is a framework that encourages corporations to regularly update their AI strategies and practices in response to technological advancements and changes in the business and regulatory environments. It focuses on the intersection of AI and CG and its key aspects, such as board structure and processes, executive compensation, shareholder rights, corporate accountability, and corporate transparency (see Figure 1).

Figure 1. AI-based corporate governance framework

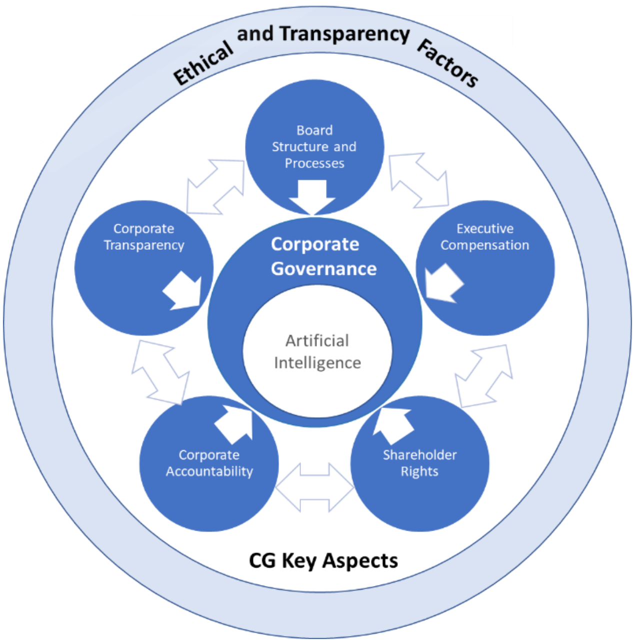

Figure 1 depicts the overall representation of the AI-based CG framework and its components:

- *AI in corporate gove*rnance: the central focus of the framework is given by the intersection of AI and CG (central circle).
- *Key aspects of corporate governance*: around the central circle are surrounding circles, each representing a key aspect of CG that can be enhanced by AI.
- *Integration of AI*: each one of the key aspects of CG can be enhanced via AI integration (represented by arrows connecting surrounding circles to the central circle).
- *Dynamic nature of the framework*: this behaviour is suggested by the impact originated by each key aspect of CG on the other key aspects, due to the AI effect (arrows between the key aspects of CG).
- *Ethical and transparency factors*: provides guidance on how to ensure the ethical use of AI in CG. It involves implementing data privacy policies, conducting fairness audits, using explainability tools, and establishing accountability structures (Russell et al., 2015) (outer layer surrounding the entire figure).

To test hypotheses about the claimed relationships, correlational studies should be conducted using samples of several corporations from various industries. The goal is to gather vital information regarding the level of AI integration within a company's governance procedures and to account for potential confounding factors such as industry, company size, and geographical location. The mediation analysis could be used to investigate the process by which a variable (the mediator) influences the relationship between two other variables (the independent and dependent variables). The mediation analysis involves testing whether the indirect effect of the independent variable on the dependent variable through the mediator is significant. The mediation analysis of AI's integration into CG can be illustrated by a model consisting of an independent variable (X — AI's integration into CG), mediators (M — board structure and process, executive compensation, shareholder rights, corporate accountability, and corporate transparency), and a dependent variable (Y — corporate performance). The mediation analysis would involve the following steps: regressing the mediators (M) on the independent variable (X), regressing the dependent variable (Y) on the independent variable (X), and regressing the dependent variable (Y) on both the independent variable (X) and the mediators (M). The indirect effect of AI's integration into CG on corporate performance through the mediators would be considered significant if the confidence intervals do not contain zero. The actual mediation analysis may involve more complex statistical techniques depending on the nature of the data and the research questions. It will be important to interpret the results of mediation analysis in light of the theoretical underpinnings of the proposed framework and the literature on AI and CG.

4. CONCLUSION

This research aimed to promote the transformative potential of AI for CG and the need for an ethical and transparent approach. It proposed an AI-based CG framework that provides a balanced approach to leveraging AI in CG, integrating AI into decision-making and governance processes, while also addressing the ethical and transparency issues. Future research should delve deeper into the ethical and transparency issues, such as testing the proposed framework, conducting larger and diverse interviews, using detailed and comprehensive data sets, and developing specific ethical and transparency guidelines and mechanisms.

Acknowledgements: The Authors would like to acknowledge the Portuguese Navy Research Centre, CINAV, for its support.

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CONFERENCE FORUM DISCUSSION

BRIDGING THE GENDER GAP IN MOROCCO'S CORPORATE BOARDROOMS

by Khadija Al Arkoubi and Fadoua Tahari

Alexander Kostyuk: Dear Khadija and Fadoua, welcome to our conference forum. Your paper is very important from the point of view of its topic and geographical location. It is very encouraging to see that Morocco makes efforts to pursue gender diversity practices in the boardroom. You mentioned that in 2011, the Moroccan Parliament passed Law 19-20, which mandates that women hold at least 12% of seats on the boards of publicly traded companies. This quota was further increased to 20% in 2020 and should reach 40% in 2027. How does the Parliament make a decision about certain quotas? What is the background for this?

Khadija Al Arkoubi: Dear Alexander, thank you for your kind message. Fadoua and I are very excited to participate in this conference and we are looking forward to a very constructive discussion with our colleagues. Your question is so relevant. Thanks for reading carefully our extended abstract and seeking more information about how the Moroccan Parliament makes decisions regarding the gender quota in the boardroom. I believe that the Parliament as well as the change catalysts in Morocco use the benchmarking data to position Morocco in the MENA region and globally. In addition, Morocco has endorsed the UN agenda for sustainable development and is working towards achieving the 17 sustainable development goals, including reducing inequalities. Gender inequality is still a big challenge to overcome in the country. Despite the indicated quota, in 2021, the overall percentage of women on boards in Morocco was 8.7% according to Deloitte which is still low compared to what the quota requires. Enforcing the quota alone won't be effective. It should be accompanied by other interventions such as developing sponsoring and mentoring programs, offering training on diversity, bias and gender equity, raising awareness among the stakeholders, ensuring that selection is based on merit, etc. We will post a presentation that summarizes some of these points.

Fadoua Tahari: Dear Alexander, thank you for organizing this event and we can't wait to be a part of it. We are excited about participating in today's conference and are looking forward to having rich and constructive interactions with all the participants.

Alexander Kostyuk: Dear Khadija, thank you for your meaningful comments. I see the picture entirely now. The only issue I would like like to clarify more: What is the attitude to gender diversity promotion in the companies in Marocco? What is the attitude of male directors?

Mireille Chidiac El Hajj: Dear Khadija Al Arkoubi and Fadoua Tahari. Thank you for this excellent presentation. The presentation is really good. There is one issue though, so please clarify the following: The context is good as I said but there is a "*déjà vu*". How can you identify the added value of the work? What is the novelty of the research? What are the research methods, techniques, or tools that you intend to deploy to enhance the accuracy, efficiency, or depth of the investigation?

Fadoua Tahari: Thank you Alexander and Mireille for your pertinent questions, which open up a number of enriching avenues for our research. Among the issues we want to highlight at this stage is the resistance to accepting parity in companies and governing bodies in general.

The story began with the 2011 constitution, which echoed the popular demands raised during the Arab Spring. This constitution recognized gender parity as a major principle of the nation. Before and after the constitution there were a multitude of recommendations and codes of good governance initiated by the government and professional associations. But these soft laws have not been applied on the ground, as evidenced by statistics from 2015 that put Morocco in second-to-last place in Africa in terms of women's participation in the governance of listed companies (the figure of this statistic will be downloaded after this message).

Hence the advent of this law, which has the particularity of imposing penalties on listed companies that fail to meet the quotas set. Therefore, Moroccan-listed companies are obliged to comply.

To support this aspect, I can cite another framework law, the law on the governance of state-owned companies, (law 50-21), which essentially provides for two things: independent directors and parity in the governing bodies of state-owned companies. It's worth noting that the law on independent directors was passed at 40-22, while the law on parity is not yet on the legislative agenda.

Alexander Kostyuk: Dear Fadoua, you made an interesting statement that in Morocco soft laws have not been applied on the ground. So, it was an attempt by it was not successful. Could you explain the reason for the failure in adopting the gender board diversity practices through the soft law?

Fadoua Tahari: Thank you Alexander, you've just raised a point that we haven't delved into yet. Our research is indeed in its early stages, and we haven't yet dealt with this aspect. The first element of the answer lies in the cultural particularities of the country, which has a very strong gender inequality dimension, according to Hofstede and Projet Globe studies. The second element of the answer lies in the very nature of the soft lows, which are not binding and so their application is only nice to have. And finally, there's even the penalty aspect of the law, which will certainly motivate boards to co-opt more women. In fact, it would be interesting for our paper to benchmark international practices to check the effectiveness of penalty-free legislation in this area.

Alexander Kostyuk: It is great, Fadoua, that we have a similar vision of how to proceed in this research further.

Ilaria Galavotti: Dear Khadija and Fadoua, your research is very interesting, especially for the specificities of the research context. I think that this kind of research opens several implications for policy-makers. Maybe, given what you say about soft law, It would be interesting to explore the role played by the firm's ownership (state, family, institutional, etc.). Good luck with your research!

Syeedun Nisa: Dear researcher, how will you conduct the research? Will you collect primary data? You have mentioned that this research will be helpful for the MENA region... any particular reason for that?

Khadija Al Arkoubi: Dear Mireille, thanks a lot for your comment and question. They are both pertinent. Our current paper is focused on reviewing the extant literature and analyzing the inhibitors of change as they relate to the gender diversification of the corporate boards in Morocco. It is not an empirical study. In the second stage, we plan to conduct a qualitative study focused on the perceptions and attitudes of both men and women in Morocco towards this issue of parity in the boardroom.

Dear Ilaria, thanks for your comments and for indicating the implications of our study for policy makers. Your suggestion to explore the role played by the firm's ownership is relevant and deserves to be considered. Basically, there appear to be two philosophies in terms of handling the problem of parity in the boards. One is soft and is based on incitation, encouragement and motivation of companies to increase the representation of women on corporate boards and the other is based on compliance and engages a legal framework and specifically quotas. The latter will lead to punishment (penalties if not respected). Despite the legal efforts to enforce the quota in Morocco and globally, the global average of women on boards sits at just under 20% (19.7%) according to

Deloitte report (2022). Also, whether in Morocco or other countries, the quota can only bolster the numbers and does not effectively serve women's experiences in top leadership roles in general.
Dear Syeedun, this paper is a literature review based on secondary sources. We are planning to collect primary data in a second phase and a different paper. Our paper will be helpful to the MENA region because overall, research on women on boards in Morocco can serve as a catalyst for change in this region since there are many commonalities. It can drive policy reforms, cultural shifts, and increase gender diversity in corporate leadership. It has the potential to positively impact not only the representation of women but also the overall social, economic, and business landscape of the region. Highlighting the current state of gender diversity, can create a sense of urgency and generate advocacy for greater inclusion of women in decision-making positions. In addition, the findings and recommendations of the research can inform policy and legal reforms aimed at promoting gender equality and increasing women's representation on boards. It can provide evidence to support the implementation of quotas, diversity initiatives, and other measures that facilitate women's access to board positions. Similarly, it can demonstrate the business and economic benefits of having more women on boards. Emphasizing the positive correlation between gender diversity in leadership and organizational performance, innovation, and financial outcomes will provide evidence that can encourage companies in the MENA region to prioritize diversity and inclusion in their boardrooms. Another key element is challenging traditional cultural norms and societal perceptions about women's roles in leadership. By showcasing successful women leaders and their contributions, it can help shift societal attitudes, break stereotypes, and promote gender equality not only in the corporate world but also in other sectors of society.

Syeedun Nisa: Thanks for sharing. I believe the outcome of this paper will help in strengthening gender-based research in corporate governance.

Oltiana Muharremi: Very interesting topic. What are some other ways besides the law from the Parliament that the gender quota is achieved? Sometimes, the law remains just a written law and there is no implementation.

Khadija Al Arkoubi: Dear Oltiana, thanks a lot for your interesting question. While legal measures provide a formal framework, their effective implementation may require complementary strategies and actions. Here are some examples of alternative approaches:

1. Public and private sector partnerships: Collaboration between governments, civil society organizations, and the private sector can help

promote gender quotas. Joint initiatives can be established to raise awareness, provide training and support, and encourage organizations to adopt gender-inclusive policies and practices voluntarily. Public-private partnerships can amplify the impact of gender quota measures and facilitate their implementation.

2. Social pressure and activism: Advocacy campaigns, public awareness initiatives, and grassroots activism play a crucial role in promoting gender quotas. By raising awareness about the benefits of gender diversity and the importance of equal representation, social pressure can influence organizations, political parties, and decision-makers to embrace gender quotas voluntarily. Activists and advocacy groups can also push for greater accountability and monitor compliance with gender quota targets.

3. Capacity building and mentorship programs: Providing training, mentorship, and leadership development programs specifically targeted at women can help address the gender imbalance in leadership positions. These programs aim to enhance the skills and confidence of women, preparing them for leadership roles and increasing their representation in decision-making bodies.

4. Recognition and awards: Recognizing organizations and individuals that excel in promoting gender diversity and achieving gender quotas can be a powerful incentive. Awards and accolades can create positive competition and encourage organizations to prioritize gender balance in their operations and leadership.

Oltiana Muharremi: Thank you for your answer. I appreciate it.

SELF ASSESSMENTS OF CORPORATE BOARDS: SHORT OVERVIEW OF THE LITERATURE

by Arnrun Saeby Thorarinsdottir, Throstur Olaf Sigurjonsson, and Audur Arna Arnardottir

Alexander Kostyuk: Dear Arnrun and colleagues, it is great to see you at our conference forum. Board performance is a crucial issue of corporate governance. It seems there is still a research gap related to the board performance. Could you mention the most critical research gap this still exists? What could be the reason for the research gap you mean and does this research gap have an international scale or not?

Khadija Al Arkoubi: Dear Arnrun and colleagues, your paper provides an overview of the importance of boards of directors, the evolution of board evaluations, and the need for a multidisciplinary approach to understanding board success. It references several previous studies and theoretical perspectives to support its arguments. I appreciate the opportunity you created for me to be more curious about this pertinent topic. The following questions came to my mind after I finished reading your extended abstract:

1. How do board evaluations contribute to improving leadership skills, decision-making, collaboration, and overall board performance?
2. What are the different models or frameworks for measuring board success, and how do they capture the complex relationship between corporate performance and board performance?
3. How do cultural, industry, and company-specific factors influence the effectiveness and success of boards?

THE AUDIT OF PUBLIC PROCUREMENTS: EVIDENCE FROM GREECE

by Georgia N. Kontogeorga and Dimitrios N. Angelaras

Alexander Kostyuk: Dear Georgia and Dimitrios, welcome to our conference forum. You picked up a very important research issue as an issue of fighting corruption. You mentioned that your analysis showed that the pre-contractual audit still remains an important type of *ex-ante* audit, by preventing on time the non-legal disbursement of public money. Your paper presents the first results of reforms in Greece. How do you evaluate these reforms and what obstacles were behind to implement these reforms before?

Georgia N. Kontogeorga: Hi Alexander, thank you for organizing this event and your question. Even if the timeframe since the last legislative reform is rather small (around 1 year), we could conclude that the lower thresholds reveal several weaknesses in the public procurement area. The obstacles in our opinion are the complexity of this issue (many regulations, not always easily implementation in practice, etc.), the lack of knowledge of the participants in the competitions, the obligations to transpose EU directives in the national legislation, etc. All these require a lot of time and it's not easy to change this framework frequently.

Alexander Kostyuk: Hi Georgia, thank you for the insightful answer. So, you are talking about a lack of market discipline that should be empowered by the proper legislation. I support such sort of conclusion. Do you have any data about outcomes in other EU countries?

Georgia N. Kontogeorga: Thanks for the question. Public procurement is a well-known area that can offer opportunities for corruption. OECD took some initiatives in the effort to face these problems like: publishing guidance of good practices, organizing forums, etc. (link here https://www.oecd.org/gov/public-procurement/). Comparative data in other EU countries is not easy to have and to extract reliable conclusions, mainly because this kind of audit (pre-contractual) is still implemented in Greece (and in Italy in some cases). So, there is no common basis to compare, for example, the number of law violations in draft contracts (in Greece is mandatory to send these drafts to the Court of Audit if the value is greater than EUR300.000, *before* their signature, because after the signature the contract has legal implications) with the number of verified violations in public procurements in the framework of an audit where we examine only the selected sampling. However, several reports of the European Court of Auditors, for instance, reveal that the public procurement area is a high-risk area.

Alexander Kostyuk: I see the case now entirely, Georgia. Thank you. What is the attitude of the public servants in Greece and business organizations to these initiatives?

Georgia N. Kontogeorga: We should see this issue from two points of view (positive and negative) for both categories: for the Court of Audit the lower thresholds mean in practice more workload (the broader the perimeter of the audit, the more the work for the auditor). However, one could say that this workload prevents other types of work later (for example, raising observations and writing reports later in the procedure). For the controlled entities (and the enterprises) this additional, let's say, line of defense can be seen as a bureaucratic procedure that causes delays. On the other hand, the court with its decisions in this issue (jurisprudence) can help the participants and especially the SMEs (which usually don't have enough resources, or specialists in legal departments) to submit offers in the competitions, compliant with the laws and the regulations, by increasing this way, their changes to win the competition. Also, public servants can be beneficial for these decisions because they clarify the difficulties of the legislation and it's true that employes charged with this kind of work (public procurement officers) complain sometimes because the legal framework is not clear enough and in practice, they face another kind of dilemma (for example, to continue a service which is vital for the organization, or to follow the letter of the law, etc.).

Alexander Kostyuk: Dear Georgia, you have just picked up two very important issues related to the audit of public procurement. The first is a search for a methodology to measure a complex effect of this audit of public procurement. The second is the role of the state in public promotion of the benefits of the audit of public procurement.

Mireille Chidiac El Hajj: Dear Ms. Kontogeorga. The paper is very interesting, but it is important to note that you should refer to a specific methodology that can either analyze the current numbers or forecast new ones. Therefore, analyzing the collected data can serve to identify the patterns and trends regarding non-legal procurement at the national level. This can involve quantitative analysis, such as calculating procurement expenditure by category, region, or time period, and qualitative analysis to understand the nature and impact of the procurement activities on corruption for instance to find ways to combat it. As for forecasting, you can use statistical techniques, such as time series analysis or econometric modeling, to forecast future non-legal procurement and its potential effect at the national level. Analyzing historical data and identifying new relevant variables can influence procurement patterns, such as economic indicators, government policies, or external factors. And this could significantly help the discussion and the conclusion sections.

Georgia N. Kontogeorga: Dear Ms. Mireille Chidiac El Hajj, thanks for your participation and proposal. I do agree with you in general. Actually what we propose in our conclusion is exactly your proposal. In order to analyze these data (per category, region, time period, etc.) the published data are not enough because is only for 1 year. If we take data from previous years, the threshold of EUR300.000 was not the same, so the comparison in time cannot give us reliable data. However, we follow this issue, and we have in mind to write a more extensive article with quantitative analysis where is feasible. For the moment we are waiting for the annual report of the Greek Court which also contains some interesting data (is expected to be published in the following months). Another issue I would like to clarify is that this kind of analysis can show us the nature and the impact of non-compliance and not necessarily of corruption because the non-compliance can be due to other factors as well (vague legislation, human errors in the implementation of the regulation, etc.). However, we do agree that if we had more available data, this could improve the discussion and the conclusions section.

Mireille Chidiac El Hajj: Thank you for your quick reply. It would be more interesting if you can find more data, for as is the research is very descriptive. A proper analysis may therefore lack.

Georgia N. Kontogeorga: Thanks again. Normally, the annual report contains more analytical data than a press-release (which is by definition shorter and contains only general data). And I think is quite interesting to make comparisons among categories (works, services, goods) to see the most "problematic" area, etc. In this paper, we would like just to give a first impression of these reforms. We will be back again on this issue for sure.

Lorenzo Gelmini: Dear Georgia, I am deeply interested in the field of green public procurement (Italy). Does your current/future research involve that pattern? If so, are you interested in a cross-country analysis?

Georgia N. Kontogeorga: Dear Lorenzo, indeed it is a very interesting topic. Of course, I am interested, do you have something in mind?

Lorenzo Gelmini: Yes, in Italy we have recently changed the Environmental Law regarding patterns of green public procurement. Since both Italy and Greece live under the European Green Deal we can move from the regulatory pattern and look for incentives/disincentives to adopt green models.

Georgia N. Kontogeorga: As currently I am working at the European Court of Audit, I will see if we could have more data or some reports for more countries. We will be in touch!

Lorenzo Gelmini: Thank you and congratulations for the paper, truly interesting!

THE NEW INCOME STATEMENT OF INSURANCE COMPANIES IN IFRS 17: FIRST APPLICATION ISSUES

by Sabrina Pucci, Umberto Lupatelli, and Jacopo Vaccarezza

Alexander Kostyuk: Dear Sabrina, Umberto and Jacopo, that is great to see you participating in our conference. I see that your research is a part of the larger project which concerns the preparation of a comprehensive monograph on the "new" consolidated financial statements of Italian and international insurance companies, both EU and non-EU. What is a major background and motivation for that larger research project and what sort of practical implications do you expect to have?

Sabrina Pucci: Thank you for the question. IFRS 17 will be a big change in the reporting of the insurance sector. The main ratios will be affected by this change.

After the comparative analysis of the two different standards, we would to verify the new key ratios for the insurance sector.

One of the reasons for existence of IFRS 17 is to create a larger capital market for the insurance sector and the possibility to obtain the sector's financial resources at low prices because the financial data should be more accessible also to a general analyst. We would like to see if the different presentation really can help the transparency of the key drivers of the insurance business.

Fadoua Tahari: Dear Sabrina, your research is dealing with an important aspect of insurance IFRS. How companies' managements are deciding on options regarding IFRS 9? Did companies give more consideration to ALM in valuation options of financial assets?

Sabrina Pucci: Dear Fadoua, the reclassification of financial assets following the first application of IFRS 9 is one of the key issues of the new financial statements also because in the past a lot of financial assets are classified as available for sales.

The FVOCI class will be very important for the insurance sector and also to create an appropriate representation of the sector business model.

It is possible that the combination of IFRS 17 and IFRS 9 will add more volatility to the profit or loss of the life insurance sector.

Referring to the hedging accounting the insurance sector could continue to apply the IAS 39 models.

Fadoua Tahari: Thank you, Sabrina, seems the income volatility will be the main issue to address in this IFRS 17.

Sunita Rao: Insurance companies have to make lots of judgments on estimates. Has there been new guidance for insurance companies to make these estimates under IFRS 17? Do the financial statements of these companies discuss the methodology used to arrive at these estimates in their MD&A?

Sabrina Pucci: Dear Fadoua, the volatility of profit or loss statement will be only one of the issues. Another one will be as Sunita highlighted the high level of judgments used in the estimates.

Dear Sunita, thank you for the questions. Referring to them, the answer should be in the disclosure requirements of the IFRS 17. IFRS 17 defines a lot of disclosure requests to let the stakeholders and the investors understand some of the items presented in the financial statements.

These requests regard reconciliations of the amount of technical items with the amounts written in the statements and also the indications of some of the main hypotheses. For example, the company should present the future trend of the contractual service margin that represents the unearned profit of the company.

The issue is that some of the descriptions will be not standardized and this could create some comparability problems and some difficulties for the investors to aggregate the information.

THE SOCIAL AUDIT AND SOCIAL ACCOUNTABILITY AMBIGUITIES IN THE CONTEXT OF THE PARTICIPATORY BUDGETING ADOPTION

by Giorgia Mattei, Marco Tutino, Carlo Regoliosi, Caterina Macrì, and Valentina Santolamazza

Alexander Kostyuk: Dear Giorgia, Marco and colleagues, welcome to our conference forum. You defined social audit as "social audit as: "a participation of non-governmental actors in monitoring public affairs aimed at creating mechanisms to hold governments accountable, which is expected to impact government performance on the use of public resources and the provision of public goods and services". I understand your definition entirely, but do not you think that you have just discovered anything broader than just a term — social audit? I see that this is some sort of a concept I would call "a concept of stakeholder-engaged audit"?

Giorgia Mattei: Dear Alexander, thank you for your interesting question. We tried to understand, how we can link social audit with the participatory process (specifically participatory budgeting). Of course, what we understood with this work is that is necessary, first, to define social audit in our specific area and then tried to understand what is the attributable role of the citizen in this participate process.

Alexander Kostyuk: Dear Giorgia, this is what I intended to know. Yes, social audit could be considered as a system within the framework of a concept of "stakeholder-engaged audit" and as a process, you are focusing your attention. I see your point of view.

Giorgia Mattei: Yes, Alexander. We did a lot of analysis on the participatory budgeting, preparers' side. Now, could be interesting to analyse the citizens' side. This is what we would like to do, and we started with the social audit.

Georgia N. Kontogeorga: Dear Giorgia and team, congratulations on your paper. Very interesting topic. We could say that social audit contributes to social accountability, while the success of a social audit depends on the degree of public engagement which is an element quite different in comparison with other types of audit.

Giorgia Mattei: Hi Georgia, thank you for your contribution. Your comment is interesting. In my opinion, I completely agree with you while literature does not agree on the definition of the term "social audit". Therefore, what we want to do with this first analysis is to boundary the social audit concept.

Georgia N. Kontogeorga: Very interesting indeed, actually I have some doubts even for the term "audit" in the strict sense of the term, maybe monitoring is more appropriate for this definition... I hope you continue your research!

Giorgia Mattei: Thank you so much for your suggestion. Of course, we can use "monitoring". Another way could be to think of the term "audit" on a wider side.

Georgia N. Kontogeorga: Of course, indeed there are some gray areas even for the terms 'audit' for the citizens and 'accountability' to the citizens... Good luck with your research, I will stay tuned!

DOES IT MAKE A DIFFERENCE WHEN INTERNALIZED? EXPLORING DIFFERENT CSR APPROACHES PREDICTING FIRM COMPETITIVENESS

by Tingting Sun

Alexander Kostyuk: Dear Tingting Sun, welcome to our conference forum. Research filed related to CSR as a part of internationalization of business strategy is truly a new research stream. Do not you seem that cultural issues would be one of the most important for companies how to implement CSR strategy worldwide? This could open new horizons for companies as well as new obstacles. Therefore, the wisdom of the top-management of the companies would be a great benefit. Do not you think that incorporating CSR in the overall internationalization strategy of the firms could take extra time for the firms and make their international expansion slower?

Tingting Sun: Dear Professor Kostyuk, thanks a lot for your question and your interest in my study. Actually, I don't really think that incorporating CSR in the overall internationalization strategy of the firms could take extra time for firms and make their international expansion slower. Instead, it could be complementary to the international expansion. Porter and Kramer discussed creating shared value, which provides theoretical insight for firms addressing how to internalize their CSR approaches and what needs further study from my point of view is more empirical research looking into how to incorporate the concept of "creating shared value" into the value chain activities of firms is needed. And internationalization would bring a broader perspective to the firms' value chain activities. The community firms serve in the end is our global community and "earth" is our true shareholder.

Alexander Kostyuk: Thank you for the answer, Professor Tingting Sun. On the whole, I see your line of thinking. Does a complexity of business influence the CSR policy? Does a scale of international expansion influence it too? If it does in both cases it could lead to a longer timeline for implementing the CSR strategy even as an issue complementary to the internationalization strategy of the firm.

Tingting Sun: Dear Professor Kostyuk, that is a very inspiring point here actually. I agree that the complexity of the business would influence CSR policies and the industry would impact as well; the scale of international expansion might too. However, I think the real research question is "how". My current research looks into how clustered CSR approaches impact firm competitiveness and as I mentioned, I am really interested in further looking into this topic and exploring the mechanism of "how". And thanks a lot for your question here... these are very valuable points for me to further look into the study.

Mireille Chidiac El Hajj: Dear Ms. Sun, the topic is good but you still have to specify the field of the research area which is indeed a crucial consideration in determining the appropriate methodology. You should first propose the population and the sample, and then the variables.

Tingting Sun: Dear Professor Hajj, thanks a lot for your input here. Can you please be a bit more specific in terms of what you meant here?

Mireille Chidiac El Hajj: In the context of research, when referring to the field, people, and sample, we should be discussing the components related to the data collection process. The field refers to the specific area or domain of study where the research is conducted. It represents the broader context or subject matter that the research aims to investigate. So what is the specific area, the population and the sample of your study?

Alexander Kostyuk: Dear Professor Tingting Sun, yes, I see that you build your research around the question "how". Probably, in this context, if you agree with my comments on the importance of business complexity, then it would be very important to select very accurately a well-matching, homogenous dataset of companies to fix the issue of business complexity under the same "roof".

Tingting Sun: Dear Professor Kostyuk, that is a good point. As I am using the 2nd hand data for public companies in China, instead of controlling the business complexity directly, I controlled industry types, ownership types, firm age and size in the analysis, as they would jointly impact the CSR policies and to a certain extent, they could reveal some perspectives of the business complexity. There are certain limitations in terms of second hand data methodology and the availability of the information. And for future study on "how", I am considering case study methodology where I could have cases selected with a more accurate matching on the topic. Again, thanks a lot!

Dear Professor Mireille Chidiac El Hajj, again thanks a lot for your further explanation. In terms of the field of the study, I would say that it is an interdisciplinary research, in which I clustered CSR behaviors into different CSR approaches from the lens of signaling and organizational commitment theories in organizational behavior science. I employed second hand data from Chinese public firms and retrieved data from two major sources: Chinese research data service platform and China stock market and accounting research database. The aim of my study is to provide empirical evidence and explore how different CSR approaches could impact firm competitiveness differently. I hope this answered your question to some extent. Again, thanks a lot for your question.

Mireille Chidiac El Hajj: Good luck with your research. Please add all this crucial information to the study.

Alexander Kostyuk: Dear Professor Tingting Sun, thank you for the description of variables you control in your study — industry types, ownership types, firm age and size. Just one issue to clarify: Do you exclude financial companies from your dataset? It seems to me that the nature of financial business makes it more complex, or at least more specific than non-financial companies.

Tingting Sun: Dear Professor Kostyuk, to answer your question directly: yes, finance, utilities, properties, conglomerates and commerce industries are all excluded. The study, actually only includes listed industrial firms to allow possible comparison. And the industry type has been controlled. Thanks for asking!

Alexander Kostyuk: Dear Professor Tingting Sun, thank you. This is a perfectly composed dataset.

Khadija Al Arkoubi: Dear Professor Sun, thank you for providing a presentation that summarizes your research and for your interest in CSR approaches. How generalizable do you believe the findings are beyond the Chinese organizational context? Are there any factors specific to China that may influence the results? What are the key theoretical and practical implications of the study's findings? How do they contribute to the existing literature on CSR, internalization, and firm competitiveness? Could you suggest potential avenues for future research based on the limitations and unanswered questions identified in the study?

Tingting Sun: Dear Professor Arkoubi, thanks a lot for your questions raised here. The research data I used here is based on public companies in China, hence the research results would generally with a limitation that it is representing the Chinese context and I would say to understand if the results would be different, it would be interesting to do a cross-national comparison. However, I do believe that the framework which outlines CSR adding a sustainable dimension to firm competitiveness would theoretically be the case beyond Chinese organizational context and the way to cluster CSR approaches from unobtrusive CSR behaviors is also beyond the Chinese organizational context as well. The key theoretical contribution would be exploring CSR approaches from compliance and commitment dimensions and providing empirical supports in terms of how these approaches predict firm competitiveness differently. Theoretically, it also integrates both RBV and dynamic capabilities and defined three dimensions (technological capacity, financial capacity and dynamics capability) for firm core competence which contributes to firm competitiveness. The negative correlation that I discovered between dynamics capability with firm competitiveness suggests that theoretically there are more boundaries as well as culture contexts for dynamic capabilities. Practically, for investors, it would be essential for them to not only look at the CSR ratings but also pay more attention to the unobtrusive CSR behaviors and for firms looking at internalizing CSR activities would be of crucial importance where the mind set has to be changed from "have to", "should to" to "want to". The limitation here is that the research question of how to internalize is not answered and the study only answers the question that it really makes a difference when CSR activities are internalized and when the motivation is different. The future study avenue that I would like to look into would be focusing on how firms can internalize their CSR activities and how to embed the concept of "creating shared value" in their value chain activities among all stakeholders. I hope this addressed your questions.

If there are specific factors that would influence the results, I would say that would be the high collective value, which impacts how dynamic capabilities correlates to firm competitiveness.

Khadija Al Arkoubi: Dear Professor Sun, thank you for taking the time to answer my questions. I appreciate your answers.

HOW DO PERSONALITY TRAITS AND PROSOCIAL BEHAVIOR AFFECT YOUNG ADULTS' COMPLIANCE WITH HEALTH PROTECTION MEASURES AGAINST COVID-19?

by Christina D. Patitsa, Kyriaki Sotiropoulou, Venetia Giannakouli, Alexandros G. Sahinidis, and Panagiotis A. Tsaknis

Alexander Kostyuk: Dear Christina and colleagues, great to see you participating in our conference. In your study, you mentioned that there is a significant direct link between young adults' prosociality and compliance with health recommendations and measures. Besides, the results show that there is not any indirect effect of young adults' personality traits on health recommendation through the mediation of prosociality. How could you explain these results and how would this influence the economics performance of firms and the country economy productivity as a whole?

Christina D. Patitsa: Hi Alexander, thank you for organizing this event and your question. The findings of the study suggest that prosocial and health behavioral characteristics of people are important factors in dealing with the COVID-19 pandemic and have been supportive of recent research studies in the field. Additionally, recent research studies indicate that individuals with prosocial behavior are more likely to follow health recommendations and cooperate when asked to follow strict health measures or other guidelines such as social distancing and wearing face masks. The results show that there is not any effect of young adults' personality traits on health recommendations through the mediation of prosociality. A possible explanation is that young people have a strong need for socialization and enriching life experiences and they are more prone to risk and pleasure-oriented. For this reason, prosociality may not be of high value for them.

Alexander Kostyuk: Thank you, Christina. What do you think about the job, I mean companies and organizations, as sites for enhancement of socialization of younger people? COVID-19 made the mode of work more remote therefore this could sharpen the problem of socialization of younger employed people as their personal, face-to-face contacts in companies could drop down.

Venetia Giannakouli: Dear Alexander, we would like to thank you for the opportunity to participate in the "*New Outlooks for the Scholarly Research in CG*". We are very excited to share our research with you and all the other scholars and to see the volume of work the other participates are involved in.

Thank you, also, for your message and for reading carefully our extended abstract and seeking more information regarding our research study. The findings of the study, as Christina previously emphasized, suggest that prosocial and health behavioral characteristics of people are important factors in dealing with the COVID-19 pandemic. In particular, the findings revealed that two of the Big Five personality traits of young adults, conscientiousness and neuroticism, can be linked with a positive attitude to comply with heath precautions and recommendations while conscientiousness and agreeableness have emerged as predictors of young adults' prosociality behavior to cope with the COVID-19 pandemic. However, as you mentioned, the results did not reveal any significant direct link between young adults' prosociality and compliance with health recommendations and measures. Additionally, the results show that there is not any indirect effect of young adults' personality traits on health recommendations through the mediation of prosociality. This is, of course, a field for further investigation as there are other factors that might influence their prosocial decision-making and attitude towards the pandemic. Needless to say that personality-prosociality-compliance relationship is multidimensional and complicated. As health protection measures (and restrictions) have economic costs, it is indeed interesting to investigate if the adoption of particular health measures and services can improve cost efficiency in the future.

Venetia Giannakouli: Thank you for your reply. This is a very interesting question. It is an undoubted fact that teleworking has increased during the COVID-19 pandemic and remains at higher rates than before the pandemic. In the last three years, employees have, indeed, been engaged in different forms, types, and degrees of teleworking. The experience of teleworking has caused both positive and negative effects on employees influencing their well-being. Personality traits also seem, to play an essential role in engagement with remote work environment. In a recent study, we conducted we investigate the relationship of big-five personality traits on teleworkers' well-being to shed light on how different types of personality experience telework.

Our findings suggest that there is a negative relationship between consciousness and negative emotions towards telework, implying that employees high in conscientiousness are less likely to have negative emotional response to teleworking. The results also confirmed the positive relationship between extraversion and positive feelings towards telework, which is explained as an opportunity for this type of personality to engage in different forms of social interaction and an added value to the freedom that telework offers in terms of family and friends contact. Additionally, our study concluded that the trait of agreeableness is significantly correlated with a positive and statistically significant impact of positive feelings towards telework, which means that agreeable people would choose to work from a distance, as they find it more flexible and convenient. The results showed, further, that neuroticism is significantly associated with lower telework work-life well-being.

Alexander Kostyuk: Dear Venetia, thank you for the very insightful answer. You described several interesting issues. For example, "*Needless to say that personality-prosociality-compliance relationship is multidimensional and complicated*". If this is multidimensional it means that the role of various actors, like the state or employer (company or organization) could be influential too. What do you think?

Christina D. Patitsa: Thank you for insightful comment. It could be influential because they can promote health messages according to the personality type in order to enhance prosociality. Also, different policies that apply in the organizations can influence in many ways personality profiles which may result in greater or less compliance with public health measures.

Alexander Kostyuk: Thank you, Christina. I see that you support that organizational behavior is able to contribute to the issues you research too. The role of organizational culture is very important.

Christina D. Patitsa: Definitely organizational culture is necessary to provide the supporting frame for using personality traits as a tool for promoting health messages for COVID-compliance measures.

Mireille Chidiac El Hajj: Dear researchers, the topic is very interesting. By exploring the link between the big-five personality traits and prosocial behavior during the pandemic, the study will surely provide valuable insights into how individual differences in personality may influence the adoption of health-protective behaviors. Understanding these factors can significantly contribute to the development of targeted interventions and public health strategies aimed at promoting and encouraging positive behavior change in times of crisis. So, please include that during a health crisis, cooperation is vital in implementing and maintaining effective measures. Individuals with prosocial tendencies could be more willing to work together with others, follow guidelines, and support community efforts, which could be acknowledged as CSR objectives. By aligning their CSR objectives with the goals of promoting health and safety during a crisis, businesses can have a positive impact on the overall community response.

Venetia Giannakouli: Dear Mireille, we would like to thank you for your contribution and insightful comments. Your feedback is much appreciated.

Silvia Macchia: Dear authors, do you think that this kind of study (investigating personality traits and prosocial behaviour) may increase our knowledge of how companies implement organizational changes? If yes, how?

Khadija Al Arkoubi: Dear Christina and colleagues, this research is so interesting since it explores the relationship between personality traits, prosocial behavior, and compliance with health recommendations during the COVID-19 pandemic. It highlights the significance of conscientiousness and agreeableness as personality traits positively associated with prosocial behavior and compliance with health measures. It also suggests that conscientiousness has a direct positive effect on both prosocial behavior and compliance with health recommendations. I have two questions for you:

1. What specific instrument did you use to assess prosocial behavior and compliance with health recommendations? How were the measures developed or adapted for the context of the COVID-19 pandemic?
2. The study mentions that there was no significant direct link between prosociality and compliance with health recommendations. What factors or variables could potentially explain this lack of direct relationship? How might future research address this open question?

Christina D. Patitsa: We used psychometric reliable scales that other authors used in their papers. There are validated instruments. As we previously mentioned young people probably are prone to risk and pleasure-oriented and so that is why they don't demonstrate prosocial behavior.

Karen M. Hogan: Dear Christina and colleagues, thank you for your paper. It would be interesting to actually include the survey and the analysis in tables out of that research so that we can dive a little more into the survey results and also understand exactly what was tested.

Christina D. Patitsa: Thank you for the suggestion. We describe the items included and what psychometric scales we used with citations so if you go to the reference list you can find the paper that included the validated instruments. I hope this is helpful.

Khadija Al Arkoubi: Thanks, Christina! Do you have a reference for the instrument you used?

Christina D. Patitsa: Of course, there are citations for them. As I mentioned, you could find it in the reference list.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE AND FIRM VALUE OF PUBLICLY LISTED CLEAN TECHNOLOGY COMPANIES

by Sunita Rao, Norma Juma, and Rob Hull

Alexander Kostyuk: Dear Sunita and colleagues, welcome to our conference forum. You intend to study environmental, social and governance (ESG) performance of clean technology companies and their relationship to firm value. ESG issues are strongly regulated by national legislation and this legislation could differ from country to country. So, I recommend you study this legislation framework first. Are you going to conduct an international study?

Sunita Rao: Dear Prof. Kostyuk, thank you so much for your interest in our study. Yes, we will be doing an international study.

You mention that ESG issues are strongly regulated by national legislation. Here in the US, ESG issues have come to the fore due to the passing of the Inflation Reduction Act (IRA.) While the IRA provides encouragement to improve ESG issues, it mandates very little.

Which countries have strong regulations about ESG issues? I am assuming most of them are European. This is so interesting!

Alexander Kostyuk: Dear Sunita, I agree with you about the role of regulation in promoting the idea of ESG worldwide. Do you see that a market demand in the USA for such practices and ESG standards is a strong and self-pushing issue or regulation is still the key issue?

Atif Mahmood: Dear Alexander Kostyuk, I agree with your comments regarding the variation pertaining to ESG legislation across the world. Therefore, understanding the legislative framework is important to discover the impact of ESG issues. Another important aspect is to verify the firm's contribution towards sustainable practices; as organization by reporting ESG information, does really contribute towards ESG issues or whether they are just reporting the information rather than doing good?

Alexander Kostyuk: You are absolutely right, Atif. This issue to be successful can not be only regulated. The attitude of the companies should be critically important and ESG reporting as a cornerstone in this way.

Atif Mahmood: Thank you for your insight. I completely agree with you, as success in addressing this issue cannot solely rely on regulation. By adopting reliable and transparent reporting, companies can contribute significantly to sustainable and responsible business practices.

Mireille Chidiac El Hajj: Dear researchers, the topic is quite interesting. Investors seeking sustainable investment opportunities can benefit from comparing the ESG performance of clean technology companies with companies in other sectors. However, the study requires editing to address language faults and errors. There are several instances of grammatical, syntactical, and vocabulary errors throughout the text. Please note that proofreading and editing should be undertaken to rectify these issues and enhance the overall quality of the research.

Adam Samborski: It is very interesting the questions you have raised. ESG reporting is assessed differently in the literature. There is a growing emphasis on this type of reporting (e.g., the CSRD) in the European Union. The world has not yet developed common standards for non-financial reporting. I don't know if there is a need. Given this, I'd like to ask you, do you think the world needs to move towards common non-financial reporting principles?

Sunita Rao: Dear scholars, first: yes, there is a strong demand for ESG investment in the US. IRA has altered the incentives and there is a rush to invest in clean energy.

Thank you for letting us know about the language and grammatical issues. We will address those as soon as we can.

I am not sure if the whole world needs to move together towards common non-financial reporting goals. However, there does need to be some consensus at least within a country about non-financial reports so as to make the reports comparable.

Khadija Al Arkoubi: Your focus on examining the environmental, social, and governance (ESG) performance of clean technology companies and their relationship to firm value sounds interesting. I have the following questions for you:

1. How does the ESG performance of clean technology companies impact their firm value?
2. What are the specific ESG criteria used to evaluate clean technology companies in this study?
3. How do clean technology companies differ from other companies and industries in terms of their ESG performance?
4. What are the potential implications of clean technology companies' image not aligning with their actual practices?

Dear Sunita and colleagues, I have one more question: How can the findings of this study contribute to the understanding of the role of clean technology companies in reducing pollution and carbon footprints?

Sunita Rao: We have not completed all our analysis yet. The ESG criteria that we want to use are ESG scores — composite and individually — available via Capital IQ Pro. I would say that clean technology companies whose image is not aligning with their actual practices would be risking their reputation in a major way.

Usually, corporate behavior has spillover effects. This means that if corporations are good citizens in one area, they are/are striving to be good citizens in other areas also. For instance, corporations that have good ESG performance also constrain their earnings management.

However, in the case of the clean technology industry, companies might be operating in it because of huge tax incentives or because they might have developed the clean technology and they want to reap the benefits. We want to examine if the spillover effects are true for clean technology industries. If such companies are not keeping up with their own ESG performance, then they will suffer in terms of their market value and returns. This fact will encourage such companies to undertake actions to remedy the situation.

REPURPOSING BUSINESS RECOVERY EMPLOYED BY CHRISTIAN BUSINESS LEADERS DURING THE COVID-19 PANDEMIC

by Jeremiah M. Kapotwe and Herman N. Bamata

Alexander Kostyuk: Dear Jeremiah and colleagues, great to see you participating in our conference. I see your statement that a hundred leaders of the selected Christian business firms were interviewed using a semi-structured interview style to get data regarding their thoughts and views on the subject. What are these business firms? What industries do they represent? Is there any industrial-specific of leadership in your study?

Herman N. Bamata: Dear Alexander, thank you so much for your question. The population that was selected for this study were SMEs that are located in the Durban area and the sample purposively selected were firms across different sectors of which no specific industry was selected and whose leaders were Christians.

Tanpat Kraiwanit: Dear Jeremiah M. Kapotwe and Herman N. Bamata, thank you for your intriguing research. We appreciate your efforts in this area. Could you kindly provide insights into the data analysis methods you employed for this study? Thank you.

Alexander Kostyuk: Dear Herman N. Bamata, I see your research framework now. Probably, to exclude a case of a powerful influence of industrial specifics you should divide the dataset into two subsets, for example, financial and non-financial companies to see that Christian leadership has no sort of industrial influence.

Jeremiah M. Kapotwe: Dear Tanpat, thank you for your question. The quantitative data from the questionnaire was captured and coded. It was then exported onto an MS Excel sheet in readiness for further processing using SPSS software. Relevant inferential and descriptive statistics were computed from the data. In terms of the qualitative data, the interviews were transcribed, and the transcribed data was coded. Since the study adopted an interpretive paradigm, the data were interpreted according to the themes that emerged from the analysis. A theme is an element of the information gathered that relates to the research questions.

Herman N. Bamata: Thank you Alexander. We take note of this pertinent remark.

Mireille Chidiac El Hajj: Dear researchers, the COVID-19 pandemic has presented unprecedented challenges that have tested the resilience and adaptability of all business leaders, regardless of their religious beliefs. However, as you are focusing on Christian business leaders, to study how the integration of their faith into their professional lives during these challenging times; the literature review should be focusing on the style of leadership, as suggested by Prof. Kostyuk, and more precisely on the ethical leadership, compassion, and responsible decision-making, as these leaders seek to create a positive impact in their businesses, communities, and the lives of their stakeholders. In response to this, some variables will be detected to serve to build good hypotheses.

Jeremiah M. Kapotwe: Dear Mireille, thanks for your observation. Crisis leadership can be generally defined as the process of responding to challenges and preventing their future occurrence. While leadership remains a highly contested concept, there is consensus on its importance, especially in times of crisis. The uncertainty associated with a crisis aggravates the challenges attached to decision-making since rapid and adaptive responses are required. A leader's choice of behavior, or more specifically, access to a repertoire of styles, profoundly affects an organization's stakeholders. All significant social achievements require a complex group effort, calling for leaders and followers to pursue a collective purpose. In turn, this calls for the emergence of leaders. The type of leader that emerges will make or break the organization. The leader's behavior is closely tied to how he/she conceptualizes the crisis. This is profoundly influenced by one's worldview, which encompasses values, beliefs, practices, etc. Faith influences one's values and outlook on the world and thus one's behavior before, during, and after a crisis. The Christian bible provides guidance on how various crises should be viewed. While the Old and New Testaments vary in many aspects, they contain numerous accounts of crises and responses. Although the bible is not a leadership manual, it highlights the critical role of leadership during difficult times in several sections.

The Bible provides a foundation for how crises should be viewed and ultimately defined. From a crisis leadership perspective, it offers hope and forward-thinking, with God in control during a crisis. Rather than entertaining panic and confusion, crisis leadership under guidance from the bible focuses on instilling calmness during turbulent times.

Mireille Chidiac El Hajj: Thank you for the lecture. But what I was trying to say is that the intersection between business and theology had always been beneficial. Corporate social responsibility is a live example that stands at the intersection of Christian ethics (faith) and business management (finance). In this context, while crisis leadership focuses on effectively leading and managing during times of crisis or significant challenges, ethical leadership emphasizes guiding principles and moral values. Therefore, in the context of repurposing business recovery, a combination of ethical leadership and crisis leadership can be beneficial. Ethical leadership is particularly relevant when the focus is on upholding Christian values, fostering a strong moral compass, and ensuring that the repurposing efforts align with the organization's core beliefs. It emphasizes principles such as integrity, honesty, fairness, and social responsibility, which are essential for guiding decisions and actions during the recovery process.

On the other hand, crisis leadership becomes more prominent when the primary concern is effectively managing the challenges and uncertainties associated with the crisis. Crisis leadership encompasses qualities such as adaptability, decisiveness, resilience, and effective communication, which are crucial for navigating through turbulent times and making timely decisions to ensure the organization's survival and recovery.

Jeremiah M. Kapotwe: Dear Mireille, thank you for your kind input. A combination of ethical leadership and crisis leadership is definitely beneficial. The COVID-19 pandemic crisis was the focus of our research among Christian leaders, and crisis leadership was the emphasis of the research conceptual framework.

DOES CORPORATE GOVERNANCE INFLUENCE ESG INDICATORS? EVIDENCE FROM THE U.S. BANKING SECTOR

by Paolo Capuano

Alexander Kostyuk: Dear Paolo, welcome to our conference forum. ESG and corporate governance is a much promising stream of research. You stated that banks with a higher female presence, larger board size, independent and more qualified directors are more likely to show better ESG performance. Furthermore, it is expected that banks with a propensity to pursue an innovation strategy (e.g., fintech) are more likely to have better ESG performance. The first results of the statistical analysis show that some governance variables have a significant influence on ESG factors. What governance variables have a significant influence on ESG factors according to the first results of your study?

Paolo Capuano: Dear Alexander, thank you for the welcome I received and for the opportunity I was given to present my research idea.

The research is only in its infancy and needs to be expanded from a statistical point of view but I can already anticipate that the independence and experience of board members seem to positively influence the ESG variables considered.

Alexander Kostyuk: Thank you, Paolo. Your preliminary results are worth noting. What about your further expectations? Probably, a qualification of directors should be based not only on the directors' experience but also on the directors' education I mean the life learning education in particular.

Tanpat Kraiwanit: Dear Paolo Capuano, thank you for your intriguing research. We appreciate your efforts in this area.

Mireille Chidiac El Hajj: Dear Paolo Capuano, the research is very interesting especially now with the advent of factors including sustainability, social issues and others. So, please allow to suggest the following variables: board diversity, stakeholders engagement, and others, but most importantly the integration of ESG considerations in decision-making processes. This variable examines the extent to which ESG considerations are integrated into the bank's decision-making processes, such as investment decisions, lending practices, and product development. It assesses whether the governance structure incorporates ESG criteria and metrics to guide decision-making and ensure alignment with sustainability objectives.

Atif Mahmood: I appreciate your important input on studying how corporate governance affects ESG. Incorporating theoretical frameworks like agency theory and stakeholder theory give a strong foundation for comprehending the subject and can support your claims and anticipated outcomes. Using these frameworks, you can strengthen the theoretical basis of your research and present a more thorough analysis.

Paolo Capuano: Thank you, Alexander, for the highlighted interest. I agree with you regarding the importance also of the life-learning education aspect of the board members. I will take this into account in the development phase of the research. On this topic, I then started another research that seeks to understand the relationship of life learning education of bank board members and their profitability.

Thank you very much, Tanpat, for your appreciation. This constitutes a stimulus for insights and future research on this topic.

Dear Ms. Mireille, thank you very much for the suggestion which I will take into consideration in the development of the research. In fact, this in-depth analysis will allow a significant incremental value to the complete paper.

Thanks, Atif, for your comment which I greatly appreciate. In the formulation of the full paper, I will try to reinforce the review literature with the important theories you have indicated. Indeed, the formulation of solid theoretical foundations also allows the results of the empirical analysis to be valorized. Theory and statistical analysis of data are two pillars on which I will try to carry out this research idea.

THE IMPACT OF PERSONALITY ON SATISFACTION WITH SYNCHRONOUS ONLINE ACADEMIC LEARNING

by Christina D. Patitsa, Alexandros G. Sahinidis, Panagiotis A. Tsaknis, and Venetia Giannakouli

Dmitriy Govorun: Dear all, thank you very much for presenting your findings during the conference. Talking to the findings of the paper, what would you suggest as key lessons regulators or other institutions should take into account while designing distance programs? Appreciate your feedback very much for your comments.

Christina D. Patitsa: Institutions, teachers, and policymakers taking into consideration these findings will be able to create improved educational programs that will fit better the needs of their students and will maximize their satisfaction.

Dmitriy Govorun: Christina D. Patitsa, thank you very much for your reply. I was wondering did you made an additional round of interview to exclude, for example, the factor of the "moment"? I mean the same person could evaluate personal attitude to the question being related to emotional condition at that certain moment. Such anchor may be different during the second round of the interview, for example.

Christina D. Patitsa: This is a very interesting question. Actually, we study Big Five model and we conducted quantitive research so we didn't interview the participants. However, we have included in our questionnaire pandemic emotions so, hopefully, we provide our findings in a research paper with mediation of the emotional state.

Oltiana Muharremi: Thank you for sharing your research. I was curious how the pandemic change higher education in Greece! Are universities offering online classes now? And did you find differences in the learning outcomes, results, grades, and engagement levels before and after the pandemic?

Christina D. Patitsa: We have returned to face-to-face education, there is a preference for a hybrid model actually. We could say that depends on the personality type and the motivation of the student about the engagement and willingness to learn. In general, we are at the same level of satisfaction when classes are held remotely and now that are face-to-face.

Khadija Al Arkoubi: Dear Christina and colleagues, your paper provides an initial exploration of the relationship between personality and students' satisfaction with synchronous online academic learning (SOAL) during the COVID-19 pandemic. Can you specify the main research questions this study aims to address? How does this study contribute to the existing literature on the factors influencing students' satisfaction with SOAL? Are there any specific gaps or limitations in previous research that this study addresses? What are practical implications of the findings for institutions, teachers, and policymakers? How can these findings inform the design of effective online educational programs and enhance student satisfaction? Based on the results, what specific recommendations can be made for improving the quality of SOAL and addressing students' diverse personality traits?

Christina D. Patitsa: The aim of this study was to identify the role personality plays in students' satisfaction with SOAL, especially during the COVID-19 pandemic. According to the literature, overall students' satisfaction with SOAL depends on a number of factors including, but not limited, to the quality of SOAL, the quality of the course design, the responsiveness of the instructors, the institutional preparedness, the infrastructure available, and the fairness of the evaluation system. To fully explore the students' satisfaction with SOAL it is important though to examine another important aspect that relates to students' personalities. This study investigated the existence of the relationship between personality and students' satisfaction with SOAL and revealed that some of the Big Five personality factors have a positive and statistically significant correlation with overall satisfaction with SOAL. In particular, the findings of the study indicate that openness and conscientiousness, two of the Big Five personality traits, present a positive relationship with overall satisfaction with SOAL. In addition, the factor with the strongest association with overall satisfaction with SOAL is conscientiousness. The findings also suggest that students with higher levels of overall satisfaction with SOAL present higher levels of openness, conscientiousness, extraversion, and agreeableness but lower levels of neuroticism. This research study could make a remarkable contribution to the literature as relevant studies regarding the relationship between personality and students' satisfaction with SOAL are scarce and have been limited thus far. However, there is a need for further research studies to be conducted in order to confirm the validity of the research findings and contribute to the generalization of the conclusion.

This research study has a number of limitations that should be taken into consideration. One limitation is the fact that the findings are based on a particular sample, business students of a University in Athens that, as a result, are not representative of all higher education students.

In addition, another limitation is that the sample comprises only Greek students and does not take into consideration all the different ethnic backgrounds. Finally, the regression model analyzed for the current study does not include demographic characteristics of the sample such as age, gender, and year of study. Institutions, teachers, and policymakers taking into consideration these findings will be able to create improved educational programs that will fit better the needs of their students and will maximize their satisfaction. Future studies could test the validity of the findings reported here, in different contexts and research the potential existence of latent variables which may be confounding the relationships between personality and students' satisfaction with SOAL.

INCREASED SUSTAINABILITY INITIATIVES AMONG THE LARGEST CANADIAN FIRMS: ROUTINE, STRATEGIC OR BOARD OVERSIGHT?

by Ranjita M. Singh

Dmitriy Govorun: Dear Ranjita M. Singh, you are very welcome to our conference. Thank you very much for sharing the highlights on Canadian CSR activities and your search for the dependencies between sustainable reporting and board characteristics. You’ve pointed out that according to your study board independence and diversification do not influence the level of reporting. However, have you included the factors as regulations requirements as to the reports quality and/or quantity? I mean perhaps the reporting frequency and the sustainability initiatives are required by the law. What are your thoughts on that?

Ranjita M. Singh: Hi Dmitriy, thank you for your feedback. Sustainability reporting is a voluntary activity. While public Canadian corporations are required to disclose any harmful effect they have on the environment, they are not required by law to engage in sustainability reporting. But I think in the discussions I should mention that as they are required to disclose the harmful effects, they can be proactive and engage in sustainability initiatives to signal that they are good corporate citizens.

Syeedun Nisa: Dear researcher, your paper discusses important issues related to gender diversity. However, the analysis part is weak. Hypotheses are designed but you have not explained whether you accepted them or not. A little more elaboration on the analysis and discussion section would have made this paper wonderful.

Ranjita M. Singh: Thank you, Syeedun. This is a work-in-progress paper and I am working on it further.

Sabrina Pucci: Dear authors, I found your paper really interesting. I strongly believe that the composition of the board can influence both the financial results and the sustainability indexes. The issue is that the measurement of the impact on sustainability is not so easy at the moment also because ratios on sustainability are in evolution and also the legislation on diversity in the boards. So I believe that your reserach could be really useful.

Ranjita M. Singh: Thank you, Sabrina Pucci, we appreciate your feedback.

Loai Ali Alsaid: Dear Ranjita, thank you for this interesting paper. Using a multi-theoretic framework is very useful to fuel our existing sustainability reporting literature on how to use these multiple theoretical lenses to analyze different sustainability reporting applications among companies. However, from my research experience in this field, I see that you still need a little more work on developing your theoretical framework. Also, you need to focus more on how to build a strong bridge between theory and data. Please have a look at this recently published article (2023) which also used a theoretical triangulation to explore the implementation of a sustainability KPIs reporting system in the Egyptian urban development context, featuring political, military, financial, and compliance pressures (Alsaid, L. A. Z. A., & Ambilichu, C. A. (2023). Performance measurement in urban development: Unfolding a case of sustainability KPIs reporting. *Journal of Accounting in Emerging Economies*. Advance online publication. https://doi.org/10.1108/JAEE-09-2021-0299).

Ranjita M. Singh: Thank you Loai Ali Alsaid, I appreciate it very much.

Khadija Al Arkoubi: Dear Ranjita, thank you for contributing to this study that examines the relationship between board structure, gender diversity, and sustainability reporting in firms in the Canadian context. I know that this work is still in progress as you indicated above. I would like to ask the following questions that relate to issues I am curious about.

1. How do other factors such as firm age, size, and industry vulnerability to scrutiny interact with board structure and diversity to impact the number of sustainability initiatives undertaken by firms?
2. Are there any potential mediating or moderating factors that could explain the equivocal findings in previous research regarding the impact of board structure and diversity on CSR practices and sustainability disclosures?
3. What are the implications of the current findings for corporate governance practices and policy development in relation to sustainability reporting and initiatives?

Ranjita M. Singh: Dear Khadija, thank you for your detailed comments and I am responding below. I am open to more suggestions.

1. Answer: Firm age, size and industry vulnerability to scrutiny are my control variables. As the data comprises the largest firms in Canada anyway, I was trying to evaluate which among these largest firms, have the resources to engage in more initiatives.

I did not try interactions, but I am not convinced that is necessary. My research question is what motivates firms to engage in more initiatives… not just engage in sustainability reporting but also engage in a large number and variety of initiatives and I find that those that are already engaging in CSR initiatives and have a history of reporting engage in more initiatives. My premise is that it takes time to a) understand reporting requirements and b) undertake initiatives. While board diversity, especially proportion of independent directors and women directors may be a catalyst to start reporting, the numbers depend upon firm experience.

Firm size and board size are correlated. So larger firms have larger boards. I thought studying the proportion of independent to non-independent directors would provide a better idea about diversity.

2. Answer: This is interesting and I need to spend some more time on this. Thank you for this point. While we say increasing diversity, there are only 20% of the firms in my sample who have >= 35% female board members. Therefore, we are really looking at minority representation. It's still tokenism and while firms undertake sustainability reporting, the actual number of initiatives is not influenced by board structure and diversity.

3. Answer: The implications to my mind are that board structure and gender diversity are far more nuanced than has been understood so far. All of these firms have at least one female member and 66% of the firms engage in sustainability reporting, but when it comes to the number of initiatives, it's their prior history of reporting and their past CSR behavior that has an impact. It would be useful to interview executives to understand their motivations too.

I am open to your suggestions.

Khadija Al Arkoubi: Dear Ranjita, thanks a lot for your detailed and informative answers. This research stream is new to me. I am trying to familiarize myself with the extant literature keeping in mind the social impact of this kind of research and its implications for policymakers globally. Hence, I commend your current efforts in this study. I am sure interviewing executives can reveal some richer and deeper insights into this topic. I wish you all the best as you continue working on this study.

DO INSTITUTIONAL INVESTORS PROMOTE SUSTAINABILITY IN FAMILY BUSINESS? EVIDENCE FROM ITALIAN LISTED FIRMS

by Francesca Romana Arduino

Tanpat Kraiwanit: This is a good and interesting topic as it is critical to understand how the presence of institutional investors contributes to fostering sustainability in family businesses. The author employed a quantitative research methodology and a longitudinal research design, which involved the use of industry year dummy variables, to conduct the analysis. However, the specific details and methodology used in the study have not been provided. To gain a clearer understanding of the research approach and its implementation, further information about the data collection, sample size, data analysis techniques, and any other relevant details would be beneficial.

Dmitriy Govorun: Dear Francesca, thanks for participating in the conference and sharing your ideas concerning institutional investors and family business together with sustainable practices. Agree that the demand for such practices is relevant and would be relevant in the long term period. You've pointed out that the research makes many implications for the theory and practice of corporate governance. One side is the policymakers and their understanding of how to design their policies. In this regard what would you recommend to 1) take into account as a core issue for policymakers to solve and 2) to regulate or change as the first step taking into account your findings?

Francesca Romana Arduino: Dear Tanpat, thank you for your interest and your comments. I'm still working on this study, I will consider your suggestions about providing in-depth explanations in the research design.

Dear Dmitriy, thank you for your interest in this study. In recent years, policymakers have devoted increasing attention and efforts to raising ESG awareness, especially in the European context. The findings of the study can further corroborate these efforts, also in the light of the recent Corporate Sustainability Reporting Directive (Directive 2022/2464/EU) which represents a proof of the EU's commitment towards sustainability.

ESG AND BUSINESS VALUATION: RESEARCH NEEDS

by Patrick Ulrich and Felix Stockert

Dmitriy Govorun: Dear colleagues, it was a great pleasure to read about your ideas concerning the relationship between ESG and business valuation. It is definitely a prospective topic as the business valuation is very important for many stakeholders. This is confirmed by the debates around the topic. You pointed out research questions that should be investigated as to the topic of your paper. One of them was concerning the practical implication of ESG and business valuation. What are your expectations on the mentioned questions?

Adam Samborski: The issues you have addressed are extremely interesting. On the ground of literature, ESG reporting is evaluated differently. In the European Union, there is an increasing emphasis on this type of reporting (e.g., the CSRD). So far, the world has not developed uniform standards for non-financial reporting — I don't know if there is a need. In view of this, I would like to ask you — in your opinion, should the world move towards uniform principles of non-financial reporting?

Patrick Ulrich: Dear Dmitriy, at present, we are particularly interested in the extent to which stakeholder expectations are reflected in a better or worse rating. There are arguments here both from the point of view of evaluation and theory. At the very least, we suspect that the stakeholders are not currently stringent in their assessment.

Dear Adam, thank you for the question. Of course, a stronger harmonization or at least an international perspective on the topic would be desirable. Currently, we think that there is already a conflict between cross-border companies and national legislation.

Syeedun Nisa: Dear researcher, this is indeed an interesting topic to see how family and non-family businesses differ or are similar in terms of corporate governance norms. I believe the findings of your study will definitely throw a light on how family businesses are run and how they take care of ESG issues as compared to non-family businesses... few of my questions are:

1. How will you collect data?
2. How will you compare the data?

Because the firms may differ in size and capital, so collection of data and comparative analysis would be difficult.

Ilaria Galavotti: Dear Patrick and Felix, I am very interested in this study as it captures manifold aspects connected to how ESG issues deploy in an M&A context. I believe that your research question on whether the family ownership of the firm may play a role is particularly insightful!

Sunita Rao: It's great that you are focusing on the difference between family and non-family businesses. What percentage of companies are family-owned? Additionally, how many of those are publicly listed?

INSTITUTIONAL INVESTORS AND CORPORATE GOVERNANCE: A STUDY OF LISTED COMPANIES IN GREECE

by Stergios Tasios

Dmitriy Govorun: Hi Stergios! Appreciate your participation and sharing with us your research on institutional investors. Moreover, you focused on studying the part of the small European capital market. It seems interesting that institutional ownership in your study is positively associated with the presence of women on boards, gender diversity, audit committee gender diversity and at the same time is negatively associated with the percentage of female board directors. What could be an explanation for this? Thank you very much in advance.

Stergios Tasios: Dear Dmitriy, thank you for your question. There are arguments that support that larger and more diversified boards have a beneficial effect on firm performance and the contrary. Diversified boards with different characteristics and experiences are expected to provide better advice and enhanced decision-making. On the other hand, larger and more diversified boards complicate communication, decelerate the decision-making process and increase conflicts. As far as the audit committee is concerned, research supports the argument that the presence of women is related to higher financial reporting quality, increased disclosures and reduced possibility of financial restatements.

Karen M. Hogan: Dear Stergios, thank you for sharing your paper. Does Greece have any gender quotas on female presence on boards? I know that research I have done shows that the quotas added firm value and as a result, I would assume would be looked at favorably by institutional investors. I have also seen with my research that family-owned businesses have some of the worst percentages for females on their boards and given control issues that could exist I am not surprised they are not sought-after companies with institutional investors. Thanks for your work.

THE INTERACTION BETWEEN RATIONALITY, POLITICS AND ARTIFICIAL INTELLIGENCE IN THE DECISION-MAKING PROCESS IN INFORMATION TECHNOLOGY GOVERNANCE

by Raef Gouiaa and Anna Bazarna

Dmitriy Govorun: Dear Raef and Anna, thank you very much for your paper on technology governance. Looking into today's agenda concerning AI and technology development the topic sounds perspective. Moreover, you tried to look into the influence of AI, rationality and politics in decision-making. Your findings may be useful to understand the further vector for decision-making models. However, could the AI exclude or minimize sufficiently enough the level of the asymmetry of the information for decision-making (maybe, together with the blockchain as a technology)?

Anna Bazarna: Dear Dmitriy, we appreciate your comment and the words you expressed about our research paper.

You bring up an interesting point about the potential of AI, when combined with blockchain technology, to address and reduce information imbalance in decision-making procedures. In our article, we primarily focused on studying the impact of AI, rationality, and politics on decision-making, without explicitly examining the role of blockchain technology. Nevertheless, we find your suggestion to be perceptive and valuable, and it encourages further contemplation.

From our perspective, the decentralized ledger system of blockchain has the capability to tackle information asymmetry by offering a secure and unchangeable record of transactions and information exchanges. For instance, in the context of decision-making processes, the implementation of blockchain technology ensures that all relevant parties have equal access to identical information and that any modifications or alterations are openly documented. This enhanced transparency can substantially diminish information imbalance and cultivate a more equitable environment for decision-making. However, while blockchain technology can minimize information asymmetry, it may not be possible to completely eliminate it. Factors such as the quality and accuracy of the recorded information, the governance structure governing the implementation of blockchain, and the active involvement of all stakeholders can still influence the level of information symmetry achieved.

Once again, we would like to express our gratitude for your feedback, and we are thankful for the opportunity to participate in this discussion.

Loai Ali Alsaid: Dear authors, thank you for your interesting paper. The idea of "interaction" is useful to expand our current literature in this field. However, I see that your paper still lacks a solid theoretical framework or model that would make your empirical data meaningful. As long as you address interaction, I might recommend reading more about "institutional theory", which explicitly analyses the "dynamics" between politics and rationalities or institutions.

THE DYNAMICS OF CAPITAL STRUCTURE

by Dachen Sheng and Heather A. Montgomery

Dmitriy Govorun: Dear colleagues, I'm really pleased to read your paper on dividends, capital structure based on a sample of Chinese companies. I'm sure your findings would be of use to colleagues and teams who analyze and work with the analysis concerning investment decisions. I find it interesting that in state-owned enterprises when it goes to high management concentration politically correct requirements become to play a crucial role in dividend payout strategy. Taking into consideration your findings, what signals should we focus on to make investment decisions and predictions concerning the Chinese market?

Dachen Sheng: Dear Dmitriy, thank you for your comments. The giant SOEs usually have higher concentrated power and closely follow the policies. One of the techniques to follow them quickly enough is to understand the policies announced by newspapers and TV news programs. They are usually shared in a timely manner. Many financial analysts, especially from the buy-side, usually have a day kickoff meeting every morning to discuss what happened yesterday.

THE FIRST TWENTY-FIVE YEARS OF SA8000: A LITERATURE REVIEW

by Teresa Turzo, Alessandro Montrone, and Cecilia Chirieleison

Dmitriy Govorun: Dear Tereza, Alessandro and Cecilia! Thank you very much for sharing your overview concerning the Social Accountability standard. I like the idea to check whether the SA8000 gives a competitive advantage for corporations and would be happy to look at your findings. Have you already formed your research question and the method you would like to use to test your hypothesis? It would be great to read about your ideas on that.

Teresa Turzo: Dear Dmitriy, thank you for your interest! Yes, we have already formulated the research questions and the method! The results will be available soon.

Dmitriy Govorun: Teresa, thank you very much for your reply. What are your expectations of the results (if discussed prior)?

UNDERSTANDING GOVERNANCE DYNAMICS AND SUCCESS FACTORS IN FAMILY-OWNED BUSINESSES: A FOCUS ON CORPORATE GOVERNANCE IN FAMILY FIRMS

by Brunela Trebicka

Iliana Evangelina Haro Leon: Hi Brunela, I read your paper with great interest. I am wondering if you have considered analyzing in the future how values vs. beliefs regarding those values may impact the dynamics and success factors in family-owned businesses. Since values are just constructs without being right or wrong, and beliefs are the personal interpretation and application of those values and which according to organizational psychology could be wrong, how would you reconcile different intra-family beliefs through corporate governance?

Alexander Kostyuk: Hi Iliana, you have just mentioned a cornerstone issue of corporate governance in family firms - reconciling different intra-family beliefs through corporate governance. This makes corporate governance in family firms a much more promising research field.

Dmitriy Govorun: Dear Brunela, welcome to the conference and thank you very much for sharing your ideas on family firms and long-term success factors. Talking to the factors and analysis, can you share your findings as to the most unexpected conclusion/results you received? I mean the topic is more complex than it could be seen from the first look.

Iliana Evangelina Haro Leon: Dear Alexander, first of all, thanks for all your efforts and time to organize this forum in these times of so much uncertainty, and thanks for reading my comment. Indeed understanding beliefs along with values is a promising research field that should be tackled with care, not only by family firms but also between cultures and legal systems. For example, we all may have "fairness" as a value, but what we think is fair for one group may not be the same for another. Let's imagine the case of stakeholders, for the employees of a public company it may be fair to participate or receive part of the profits obtained by the company by the end of the tax year, while for the investors it may be fair to receive the entire ROI every year. Who is right and who is wrong? What is missing here?

Alexander Kostyuk: I see your question, Iliana. To find those who are right we need to find those who are responsible for making such decisions — directors and owners. Their answer depends on the model of business they use — just profit maximization or a value-added approach combining ESG, for example. The second one is about sustainability of the firm and the family owners should decide first the most important —

their attitude to sustainability of the firm. All the rest can be incorporated into the further system of corporate governance.

Iliana Evangelina Haro Leon: You could not say it clearer, Alex, to decide what path to follow we need to know where we are heading to. Now, one very important consideration, not always the ones who make the decisions are the ones who are right. That is why we have corporate governance in the first place. I hope you share this idea with me.

Alexander Kostyuk: You are right, Iliana: “Not always the ones who make the decisions are the ones who are right”. This is the most powerful corporate governance challenge. The reason why scholars and practitioners still explore corporate governance.

PRACTICAL CONTRIBUTIONS OF APPLIED & ORGANIZATIONAL NEUROSCIENCE TO CORPORATE GOVERNANCE

by Iliana Evangelina Haro Leon

Dmitriy Govorun: Hi Iliana, welcome to the conference and thanks for sharing your findings with us. "Neuro-governance" definitely has many options for further research and practical implications. However, do you mind which key domain should prevail in further research debate and why?

Alexander Kostyuk: Hi Iliana, it's great to see you at our conference forum again. An attempt to combine organizational neuroscience and corporate governance could be very beneficial for corporate governance. It is about moving to the molecular level of organizational behavior to study behavior and decision-making process of each director. It seems that recent research models are "dancing around" the well-known board practices and director as an individual actor of corporate governance is far outside.

Iliana Evangelina Haro Leon: Dear Dmitriy, thank you again for all your effort, time and energy to open this international forum again, and for allowing to share with all of you a little bit of my thoughts again. Your question reminded me of one of my former professor of strategic management: Which area of an organization is the most important? Marketing, HR, production, sales? As it usually happens I would say that the key domain that should prevail for further research should depend very much on the context of the specific debate or area in which the organization wants to invest resources. For example, during and after the COVID-19 pandemic, uncertainty was the key problem and topic, and decision-making was deeply affected by a new VUCA factor, the pandemic. Decision-making process is a multilayered process influenced by values, beliefs, cognitive bias and heuristics, legal frameworks, culture and even personal interests. But thanks to neuroscience and psychology we also know that it is affected by levels of stress, nutrition, personality traits and personality disorders, and very important by perception. During the pandemic, it was key for most members of the board and organizations to be able to take quick and effective decisions. Understanding how our brains work and perceive the information at hand while we are facing so much uncertainty may help us to establish better control pathways. However, this might apply to a context where managing uncertainty is the issue. But if we move to a different context where attracting investment is the main factor, understanding how the brains of shareholders and stakeholders understand or perceive our communications may be of more relevance.

Now, a question for you, if you were interested in studying neuro-governance what field would be your personal preference?

Dear Alex, thanks for the warm welcoming, it was a long time since the last time I had the opportunity to exchange ideas with all of you. Thanks for your comment regarding the benefit of combining organizational neuroscience with corporate governance, if I may add, it is also very challenging. I see the analysis of corporate governance through the lens of neuroscience more like the analysis of a network of brains, similar to the networks of neurons. Once we understand executive brain functions like perception, attention and very important decision making it is possible to analyze and understand the dynamics that certain corporate governance frameworks or rules may generate. For example, in the case of compensation of C-level executives, understanding how motivation and reward work at the neuronal level, may help us to realize that economic compensation is not always the best path to obtain the best results for the organization.

Alexander Kostyuk: You are right, Iliana. There are "black boxes" in corporate governance. Motivation and further response of executive directors including CEOs should be explored further. Some issues are still far from understanding. Moreover, organizational neuroscience could deliver even more to understanding a well-known problem of corporate governance — an agency problem.

Iliana Evangelina Haro Leon: Oh, "agency" is a topic of an entire PhD dissertation.

Alexander Kostyuk: So, Iliana, this is one more confirmation that neuro-governance is a new stream in corporate governance research.

Iliana Evangelina Haro Leon: It is, Alex, and I think it may have some potential. For example, in the case of decision-making, our brains evolved to help us to survive, just survive, and because the brain consumes around 20% of our total energy, it needs to save as much energy as possible, so whenever it has to make a decision it will take any shortcut that allows it to save that energy. Those shortcuts may come in the form of cognitive bias, heuristics and habits. On the other hand, organizational needs, goals, and challenges impose on their executives and board members a huge amount of decisions to make every day. In terms of our brain processes, this means that it doesn't matter how much financial information, business plans, corporate governance frameworks, or corporate policies are in place, our brains will always take the same path when making a decision. The path that helps the brain saving energy, even if that path leads to making mistakes while making decisions. This can indirectly be seen in many corporate scandals in which one individual or a group of them performed illegally, but it was another individual or group of them who oversaw those wrongdoings.

Karen M. Hogan: Hi Iliana, thank you for your interesting research idea. Neuroscience and governance together are a very interesting idea. Knowing the potential genetic makeup of someone could work into the potential neuro makeup of the personality traits of the people in charge. I have seen research into genetic SNP's and their identification of various personality traits. I find this interesting from a CSG standpoint as well. Medical information and biometrics are at the forefront of cyber issues and yet what is unknown to many is that given even a vocal pattern could tell much about the health both physical and mental of the person in question. Neuroscience in marketing has been used for many years. Have you looked at projecting that research onto C-level execs?

Khadija Al Arkoubi: Dear Iliana, I read your extended abstract with a lot of interest. The topic of neuro-governance is quite innovative although it is still in an embryonic stage. I am sure that engaging in interdisciplinary research will have some positive outcomes and will foster critical inquiry across disciplines. I wonder if there are there any ethical considerations or potential risks associated with the implementation of neuroscientific knowledge in corporate governance practices.

Iliana Evangelina Haro Leon: Hi Karen, thanks for taking the time to read my proposal of research. Sadly I have not considered any kind of research like the one you are asking about C-level executives. For now I am focusing in finding as much evidence as possible about epigenetics, meaning the influence of environment in the expression of our genes, and how it may affect certain executive cognitive processes like decision-making. For example, the neurotransmitter dopamine, plays an important role in motivation and rewards, but also in creativity. Changes in environment, like the ones that CEO's experience when they are sent to work abroad as expatriates, may change their genetic expression, making them more prompt to take decisions that usually won't make in their hometowns.

Dear Khadija, thanks for investing your time in reading my abstract. The answer is yes, of course, there are ethical considerations and potential risks like with any other kind of psychological research or neuroscientific research and we follow the same rules and we are subject to the same constraints. Now, the point, which may be your concern, is: what are we going to do with that knowledge, how are we going to apply it? For example, in the case of the so-called near-marketing, it has opened a huge door to understanding consumers' preferences and behaviors, but also to "manipulating" their preferences through neuronal processes. Just as it is happening with AI, organizational neuroscience is in its early stages, and neuroscientists are not yet in the position to entirely foresee all its benefits and disadvantages. Like with corporate governance, we will have to move one little step at the time.

However, if I may add, I personally see more benefits than drawbacks, for example, incorporating already existing scientific evidence into corporate governance that debunks myths like the one about a right-creative, emotional and subjective brain of women and the left-logical, analytical and objective brain of men, may allow a bigger participation of women in C-level positions.

STUDY OF TWITTER AS A SOCIAL BLOG AND ITS IMPACT ON THE INTERSECTIONALITY OF CORPORATE GOVERNANCE AND CORPORATE REPUTATION MANAGEMENT IN THE TELECOMMUNICATIONS INDUSTRY

by Tabani Moyo, Cecile Gerwel Proches, Emmanuel Mutambara, and Upasana Gitanjali Singh

Dmitriy Govorun: Dear Dr. Tabani, thank you very much for presenting your findings about digitalization, media and the relationship with corporate governance and corporate reputation. It was really interesting to know the role of Twitter (a blog as an instrument) in building relationships with stakeholders in the telecommunication industry in Zimbabwe. However, taking into account that mentioned blog may be influenced by the policy (the Twitter' shareholders let's say) should we expect that companies have to think over the diversification for instruments?

Tabani Moyo: Dear Dmitriy, thank you for the question. Indeed in the broader scheme of things, there is a need for continuous assessment of the evolution of the digital economy so as to assess the shifts in usage and how the corporates could possibly leverage reputation management through a structured corporate governance approach. In my view, this can be done annually or bi-annually as the usage is very much fickle depending on a multiplicity of factors including the policies at the platforms, changing consumption habits by the users, and regulations at national, continental and global stages among others.

Syeedun Nisa: Dear Tabani, this is an interesting study to understand the role of social blogs in corporate reputation management. But only taking Twitter may not be sufficient, although your study has supported the choice of Twitter as the number of Twitter users is increasing in Zimbabwe. However, there are other social blogs which should also be considered in order to see the overall impact.

Tabani Moyo: Dear Syeedun, thank you very much for the recommendation, I will definitely do a follow-up study and broaden the focus so that there is also an investigation into the interplay of factors among the social blogs themselves in shaping the intersectionality of corporate governance and corporate reputation in the industry. This is a great observation.

Dmitriy Govorun: Thank you very much for your reply. Agree with Syeedun Nisa about the role of other blogs in the research. Have you also studied other countries and or other industries? I mean should we assume that your suggestions may be also delivered to other industries?

Tabani Moyo: Hello Dmitriy, thank you for these pointers. The finding is applicable in other industries given the stature of the methodology. What is possibly critical is to increase the sample of the independent variables namely the social blogs to guide how they are utilized on the intersectionality. Thank you for the response.

THE VIRTUAL ANNUAL GENERAL MEETING IN GERMANY: A THEORETICAL AND EMPIRICAL ANALYSIS OF DESIGN POSSIBILITIES AND FUTURE PROSPECTS

by Patrick Ulrich and Ramona Zettl

Dmitriy Govorun: Dear colleagues, thank you very much for your interest in the conference and your contribution to the topic of virtual AGMs. To your mind, digitalization, especially in virtual AGM is more of an advantage or new risks for shareholders.

It would be also interesting if you share your thoughts on how does virtuality of AGMs influence the behavior of shareholders, especially institutional ones.

Karen M. Hogan: Hi Patrick and Ramona, thank you for your work. I would assume those firms that have a higher percentage of institutional investors would be more comfortable with the virtual AGM. Since the number of institutional shareholders has increased worldwide at the expense of individual ownership doesn't it make sense that as we move forward the institutional investors will take up a larger and larger proportion and thus at some point it will be the norm?

ENHANCING CORPORATE GOVERNANCE: A CONCEPTUAL APPROACH TO ARTIFICIAL INTELLIGENCE USAGE

by Anacleto Correia and Pedro B. Água

Dmitriy Govorun: Dear Anacleto Correia and Pedro B. Água, thank you very much for your conceptual approach to AI usage. Looking into studies and AI development I may say this topic would essentially be discovered further.

You propose a framework based on principles which sounds reasonable. It is true that data ethics would need more studies. However, how should such principles be guaranteed to be followed by various stakeholders?

The second part is about your thoughts on the influence of AI on the issue of reducing transaction costs.

Syeedun Nisa: Hi Anacleto and Pedro, the topic you have chosen is very interesting. AI is everywhere. Its application in corporate governance will definitely help in the development of good corporate governance practices. However, this is just a conceptual study. More empirical research should be conducted to examine the applicability, viability and feasibility of AI in the area of corporate governance.

Anacleto Correia: Dear Dmitriy Govorun, thank you for your question. In the future, there may be a compliance system for AI similar to ISO/IEC standards. This would require stakeholders to follow best practices to be recognized as good partners. We already see movements in this direction by regulatory entities in the EU and the US.

For instance, AI is expected to work alongside Web3, which combines blockchain and smart contracts, to eliminate intermediaries and decrease transaction costs.

Once again, thank you for your insightful questions.

Basma Bchennaty: Dear Anacleto Correia and Pedro B. Água, I would like to thank you for providing such an amazing paper. This is one of the most attractive topics in corporate governance. Using AI in corporate governance will definitely make a huge difference in the future.

Anacleto Correia: Dear Syeedun Nisa, thank you for your comment. We are still at the beginning of the exploration of this interesting topic that combines CG and AI. Hence, our work, in the format of an extended abstract, was the kickoff of our journey. The next step will be, precisely, the elicitation of empirical data that could help us validate and improve our framework.

Dear Dr. Basma Bchennaty, we appreciate your comment. We agree with you that the combination of CG and AI is both theoretically and practically significant. Currently, this field is still in its early stages of development.

Dmitriy Govorun: Dear Anacleto Correia, thank you very much for your reply. Does such a combination with Web3 may produce some concepts of virtual boards where control function assigned to smart contracts and audit issues and transparency is related to blockchain? What is your thought on that? Which mechanisms can not be dismissed by AI?

Pedro B. Água: Thank you all for your questions. Anacleto Correia already answered the possible answer. In good truth, we all don't know much where all this AI paradigm change will end. It is and will be everywhere, however, that is a big unknown, and we may even get unintended consequences from our well-intended and ethical thinking. Let's imagine AI starts having access to the physical world, and someone instructs a Mind Master algorithm to "protect the planet and ensure the best ESG compliance". What "virus" would the algorithm find as making the most prejudice to the planet?

So, big questions ahead. However, we believe corporate governance will have a lot to gain from it... at least to correct some known problems we all know within this community of thinkers.

Raef Gouiaa: Dear Anacleto Correia and Pedro B. Água, the mediation analysis of AI's integration into CG can be illustrated by a model consisting of an independent variable (X — AI's integration into CG), mediators (M — board structure and process, executive compensation, shareholder rights, corporate accountability, and corporate transparency), and a dependent variable (Y — corporate performance).

We usually investigate the effect of corporate governance on firm performance: Do you think that AI is more of an independent variable or a mediator variable?

Khadija Al Arkoubi: Dear Anacleto and Pedro, I find your research paper very timely and extremely relevant. It highlights the importance of corporate governance (CG) in ensuring the efficient functioning and ethical conduct of corporations. It discusses how the ongoing digital transformation, particularly the emergence of artificial intelligence (AI), presents an opportunity to enhance CG but also raises ethical and transparency issues. The paper aims to develop a comprehensive AI-based CG framework that explores the potential benefits of AI in CG, identifies ethical challenges, and proposes strategies for mitigating them.

Below are some questions I have for you:

1. How does the proposed AI-based CG framework address the specific challenges and limitations of traditional CG mechanisms,

such as human bias, subjectivity, lack of transparency, and inadequate oversight?

2. In terms of the ethical and transparency issues associated with AI in CG, how does the framework propose strategies for addressing privacy concerns, fairness and bias issues, transparency in decision-making, and accountability for AI-generated decisions?

3. The paper mentions the flexibility and adaptability of the proposed framework. Can you provide more details on how the framework can be customized to different types of corporations and contexts? What considerations should be taken into account when tailoring the framework?

4. What are the potential benefits and risks of implementing the proposed AI-based CG framework? How can organizations effectively evaluate and manage these risks?

5. Considering the dynamic nature of AI technologies, how does the framework address the need for continuous learning and adaptation in the context of CG? Are there any recommendations for organizations to stay updated with technological advancements and regulatory changes related to AI?

Paolo Capuano: Dear Anacleto and Pedro, congratulations on the search idea, it lends itself to numerous search keys.

Loai Ali Alsaid: Dear authors, thank you for your paper. The idea of the paper is still emerging. What is your theoretical message and empirical contribution to the literature? I see that you need to frame your conceptual approach within a meaningful theoretical and empirical framework or paradigm through which you can contribute strongly to the literature.

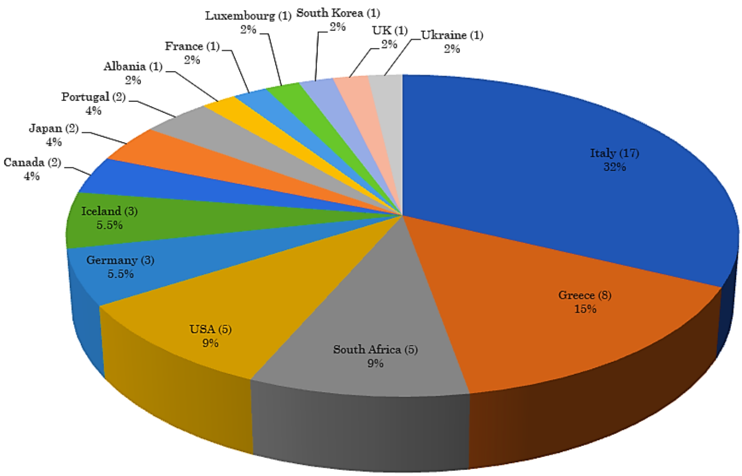
Karen M. Hogan: Dear Anacleto and Pedro what an interesting idea. I'm always amazed by the continued rollout of the AI world and what it can touch. I wonder how this will work with different ethical /political issues for each country. Would your initial plan be specific to one geographic area?

Anacleto Correia: Dear Dmitriy. I am grateful for your valuable and thought-provoking questions. I have some doubts about the possibility of virtual boards completely replacing the human factor in CG. Automated transactions made by companies are becoming increasingly important, as regulatory bodies may be more likely to scrutinize them in the future. These automated transactions will be considered more valid and lawful than those that involve human intervention. However, covert and undeclared activities will persist. While AI may have a role in identifying outliers, the indispensable human factor, with its critical thinking and creativity, remains irreplaceable.

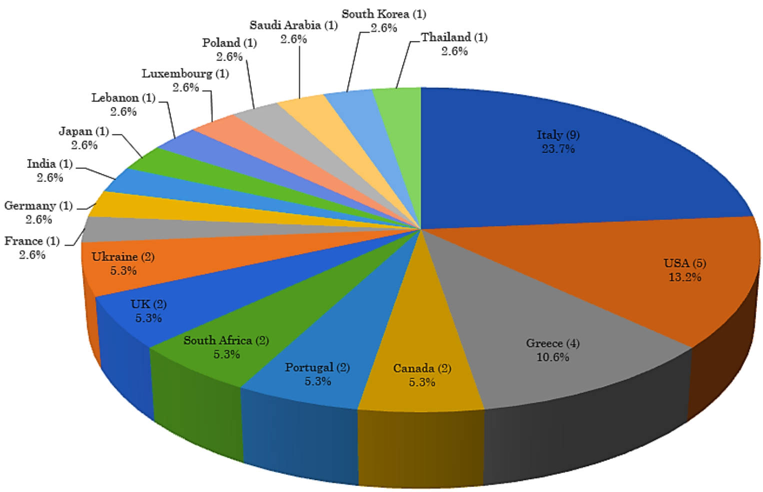
CONFERENCE INFOGRAPHICS

1. Conference forum participants, discussants, attendees

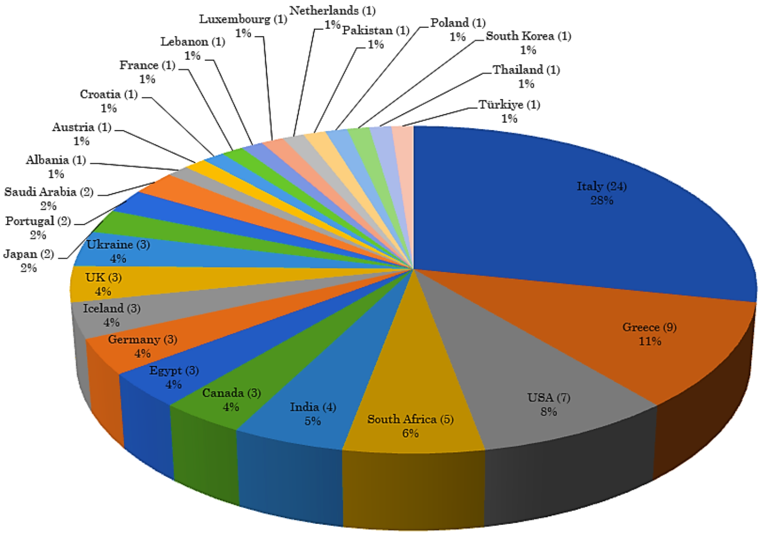
Conference forum presentations authorship — geographical representation



Conference forum comments authorship — geographical representation

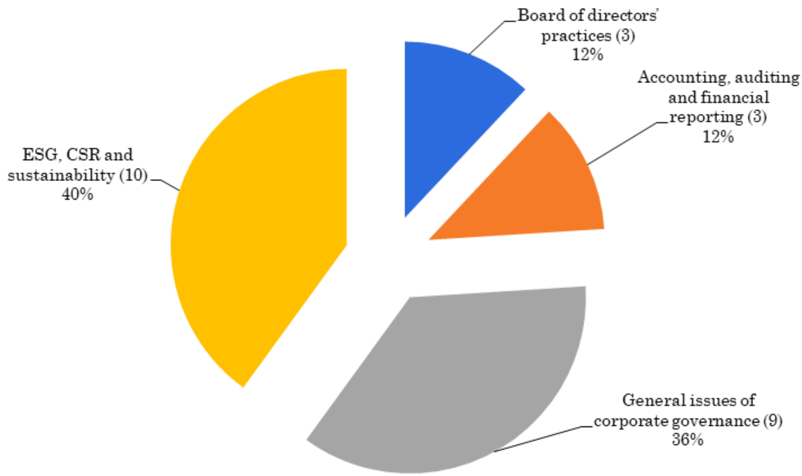


Conference forum attendees — geographical representation

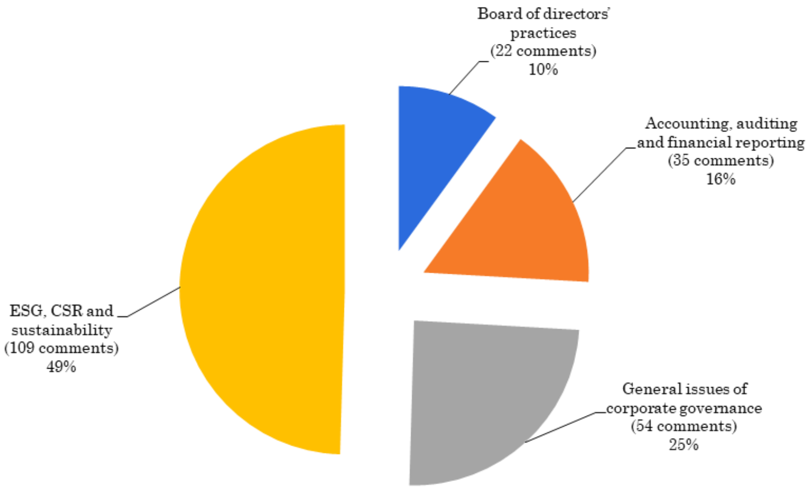


2. Conference forum presentations and comments

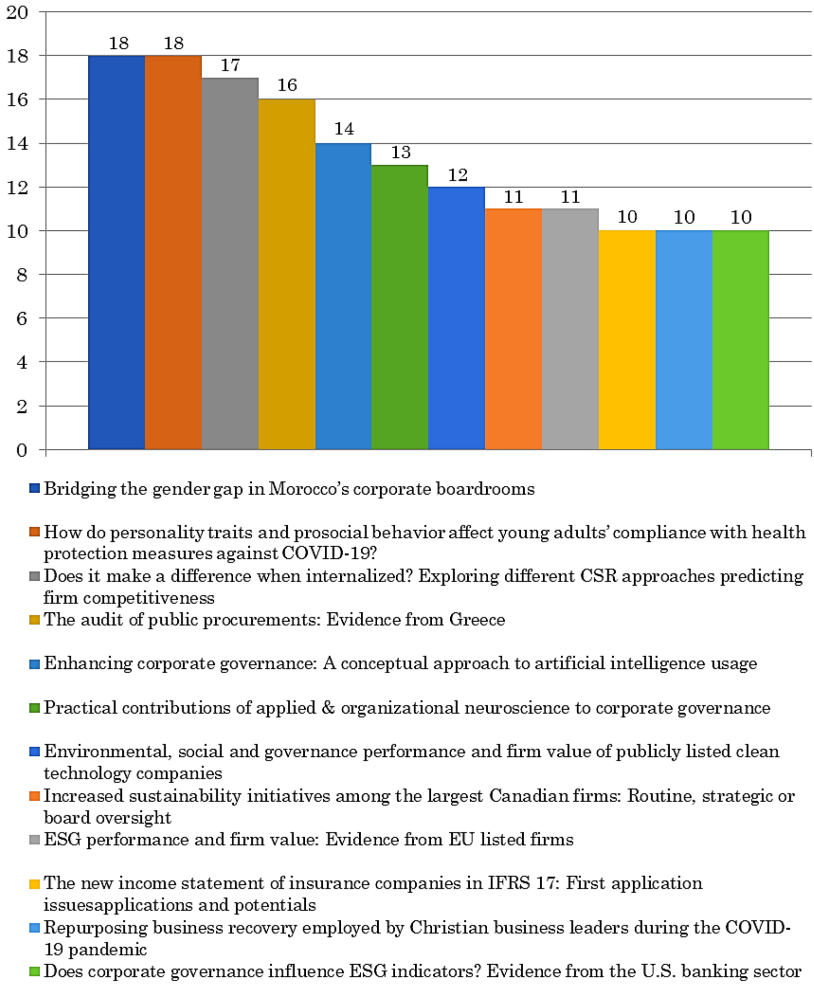
Topics of the conference forum presentations



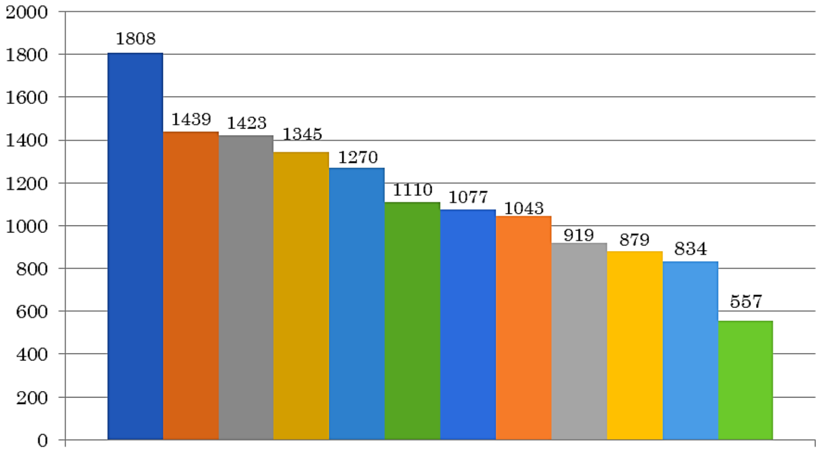
Conference forum comments — topics discussed



Conference forum comments — top-12 most discussed presentations (by number of comments)

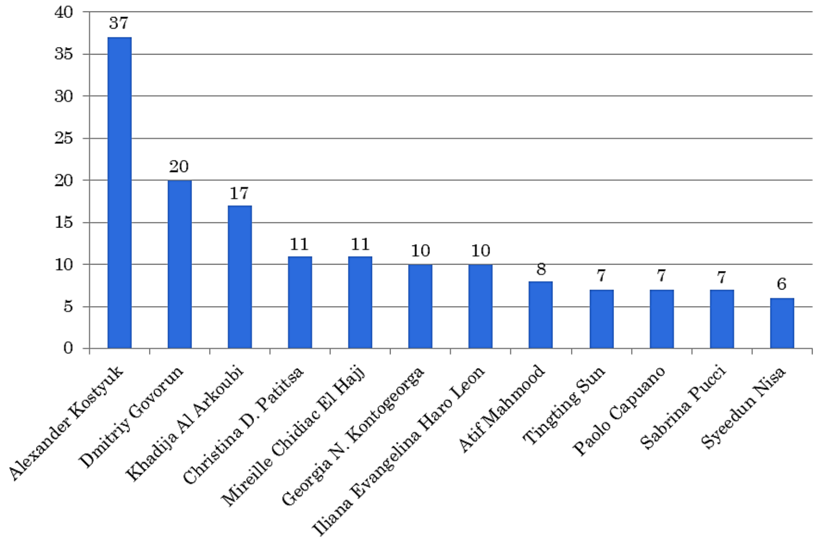


Conference forum comments — top-12 most discussed presentations (by volume of comments (words))



- Bridging the gender gap in Morocco's corporate boardrooms
- How do personality traits and prosocial behavior affect young adults' compliance with health protection measures against COVID-19?
- Does it make a difference when internalized? Exploring different CSR approaches predicting firm competitiveness
- Practical contributions of applied & organizational neuroscience to corporate governance
- The audit of public procurements: Evidence from Greece
- Enhancing corporate governance: A conceptual approach to artificial intelligence usage
- ESG performance and firm value: Evidence from EU listed firms
- Increased sustainability initiatives among the largest Canadian firms: Routine, strategic or board oversight
- Repurposing business recovery employed by Christian business leaders during the COVID-19 pandemic
- Environmental, social and governance performance and firm value of publicly listed clean technology companies
- The impact of personality on satisfaction with synchronous online academic learning
- Does corporate governance influence ESG indicators? Evidence from the U.S. banking sector

Conference forum comments — top-12 most commenting discussants (by number of comments)



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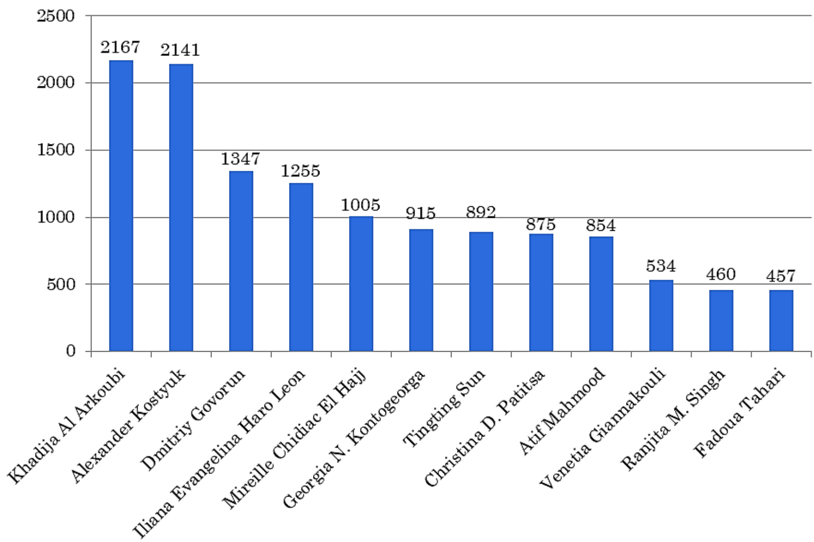
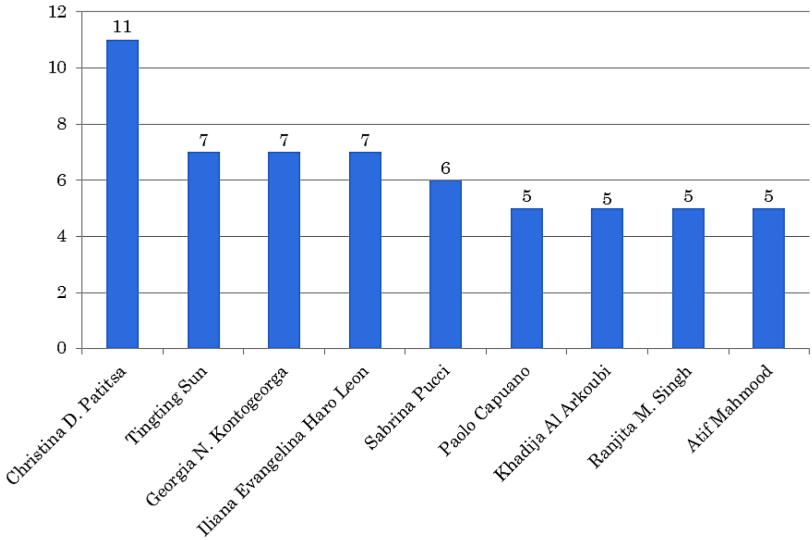
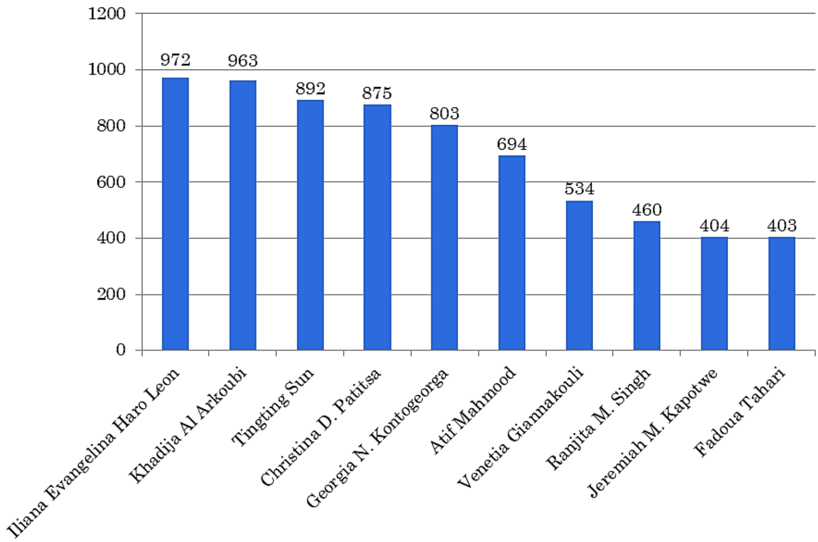


Conference forum comments — top most commenting presenters (by number of comments)



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



CONFERENCE FORUM DISCUSSANTS INDEX

ISBN 978-617-7309-23-8
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