EDITORIAL

Dear readers!

We are pleased to present the third issue of the journal “Corporate Board: Role, Duties and Composition” in 2018. It devotes itself to the issues of accounting standards, financial reporting, profit and loss contracts, IFRS, inside debt, CEO pay slice, executive compensation, incentives, organisational demography, board size, board leadership structure, CEO duality, sustainable development, environmental accounting etc.

Adil El Fakir and Mohamed Tkouat examine moral hazards and adverse selection risks in profit and loss sharing (PLS) Islamic contracts, trying to reduce moral hazards in the form of the entrepreneur’s effort shirking, within the game theory approach. Kanelllos Toudas investigates how US GAAP and IFSR accounting frameworks are evaluated by accounting professionals in four European countries, aiming at understanding the factors that impede the convergence of the two frameworks and the differences among the countries. Randy Beaver focuses on the different components of CEO incentives, in particular inside debt, overconfidence and CEO pay slice, and how they interact together, in order to find what matters most. Dimitrios Koufopoulos and Ioannis Gkliatis aimed at examining the effects of organisational characteristics on board attributes, such as board size, CEO duality and CEO dependence/independence among Greek manufacturing listed firms. Lastly, Nikolaos Sariannidis, Alexandros Garefalakis, Panagiotis Pallais and Evdokia Grigoriou investigate the notion of sustainable development within the realm of hospitality and tourism industry, trying to link sustainability with financial reporting and business performance.

Boards of directors are key corporate governance mechanisms able to control and influence corporate decisions. A great deal of research has been conducted on boards of directors (Davidson, & Rowe, 2004; Hermandin & Weinbach, 1988; Johnson, Daily & Elstradon, 1996; Kirkman, Tesluk & Rosen, 2004; Kosnik, 1990; Kostyuk, 2003; Miller & Triana, 2009;), but there is still need of further research in many areas, especially in firms where large shareholders are present and countries where this type of ownership is prevalent. Most of the articles in this issue are focused on countries such as Greece, Portugal, France and Germany, with high ownership concentration and the presence of controlling shareholders, advancing the knowledge on how boards perform in these contexts. The study of Koufopoulos and Gkliatis, in particular, investigates how organizational demography, in terms of organizational age, size and longevity on the Stock Exchange, impacts on board structure. They interestingly reported a positive association with the board size, but not with the leadership structure. This latter could be mainly related to other factors, such as ownership structure, which in these contexts usually takes the form of majority shareholder ownership, with the emergence of peculiar conflicts between controlling and minority shareholders. Indeed, a reflection on how different owners may pursue different goals, and on how these differences may have significant effects on firms, such as board structure, composition and functioning, is emerging. In particular, for firms characterized by high ownership concentration, because board structure and board members’ selection is likely to be influenced by controlling shareholders.

Reflecting on the articles of this issue, another important topic which is worthy to highlight is the link between board of directors and corporate sustainability actions, such as sustainability reporting. In recent years, it has become evident that the success of a business is no longer defined only by monetary gains but also by the impact that the activities of an organization have on society as a whole. Achieving sustainability is therefore one of the most relevant challenges for society and firms. In particular, corporate social issues are increasingly perceived as a competitive advantage for firms, that firms tend to disclose more and more often. This is clearly emerging in the article by Sariannidis, Garefalakis, Pallais and Grigoriou, who exploit the role of sustainable development and environmental accounting in the hospitality and tourism industry, finding a lack of focused research on sustainability reporting (Bear, Rahman & Corinne, 2010; Dunn & Sainty, 2009; Erhardt, Werbel & Shrader, 2003) and giving many useful directions for future explorations. Notwithstanding in recent years social and sustainable information has moved from a ‘peripheral’ to a ‘core’ part of investment analysis of institutional investors, and many countries across the world are increasingly asking their firms to disclose non-financial information, extant research on the issue is still underdeveloped.

In particular, the linkages between board structure and composition and corporate sustainable disclosure and performance have been exploited, based on the idea that boards are responsible for decisions related to sustainability, but the few studies addressing the relationship present fragmented and partially contradictory empirical evidence, highlighting the need for additional research in this area (Zhang, 2012). Indeed, board’s decision of disclosing non-financial information is vital for managing the change towards a sustainable global economy, by combining long term profitability with social impact and environmental protection.

Some of the aspects of the topics studied in the current issue of the journal were explored in the academic literature previously. For example, the International Standards on Auditing were described in several papers (Bartov, Goldberg & Kim, 2005; Chalmers, Clinch & Godfrey, 2011; El-Bannany, 2008; El-Gazzar & Finn, 2017; Erchinger & Melcher, 2007; Rietets, Taylor & Shortridge, 2018; Wu & Zhang, 2014) however the conclusion that economy of a country does indeed affect the perception of listed companies towards a potential convergence is presented for the first time. Components of compensation have been analysed in previous studies of corporate financial variables of interest (Alshimmiri, 2004; Deckop, Merriman & Gupta, 2006; Faghani, Monem & Ng, 2015; Lazarides, Drimpetas & Dimitrios, 2009; Petra & Dorata, 2008; Pukhuanthong, Talmor & Wallace, 2003; Sanders & Carpenter, 1998) but never together to get a sense of the complete picture of what truly matters (as it is done in the paper published in the current issue). Overall, this issue of the journal is composed of papers which consider many fundamental issues of corporate governance which have been described in a whole by other scholars (Akanniu, 2017; Boubaker & Nguyen, 2014; Huse, 2005; Mintz, 2006; Pearce & Zahra, 1991; Sikandar & Mahmood, 2018; Umans & Smith, 2013).
Overall, the articles in the present issue are dealing with timely subjects which have become extremely important in the last few years, but where the debate on the issue is still ongoing and unresolved. Hopefully, this issue of Corporate Board Journal will help to advance scholarly research on boards of directors, generating new ideas and calling for new emerging studies.

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

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REFERENCES