

EDITORIAL: Corporate governance and regulation is getting ready for the 2020s

Dear readers!

At the dawn of a new decade, the editorial team is happy to present a new issue of the Journal of Governance and Regulation. In this spirit, the latest 2019 Issue 4 of Volume 8 is devoted to interesting topics in the field of governance as well as regulation that will be very relevant for 2020 and beyond: financial reporting, the multi-factor partitioning model, corporate governance in Middle East and Africa, valuation methods, impact finance, Corporate Social Responsibility and Green Bonds.

The 2019 Issue 4 kicks off with “Quality of financial reporting under IFRS and corporate governance influence: Evidence from the Greek banking sector during crisis” by *Panagiotis Ballas, Alexandros Garefalakis, Christos Lemonakis and Vassiliki Balla*. Their analysis revealed the positive contribution of variables to the accuracy and quality of the information offered to stakeholders. The originality of the work lies at the fact that it focuses on Greek financial institutions for a period that incorporates both the burst of the global financial crisis and the beginning of the Greek sovereign debt crisis making inferences on quality of reporting as a result of IFRS and Corporate Governance practices adoption. With financial reporting the questions of information accuracy and overload become immanent. Malkiel and Fama (1970) already addressed these questions, more recently Al-Hajaya and Sawan (2018), Wadesango, Tasa, Wadesango, and Milondzo (2016).

Georgios Xanthos and Konstantina Psimarni discuss “The multi-factor partitioning model and a suggestion for its modification” in their article. The purpose of their paper is to present the multi-factor partitioning (MFP) model and its connection to traditional and homothetic one; to explain why the use of standardized relative changes in the use of the MFP model ignores two effects: the distribution effect and the structure effect; to propose a modification of multi-factor partitioning model taking into account the previous mentioned effects and to apply the multi-factor partitioning and the proposed modified multi-factor partitioning model in order to identify growth regional patterns in thirteen Greek regions.

Khaled Otman presents “Corporate governance challenges: In the context of MENA countries”. His paper evaluates the corporate governance landscape by identifying Development Economic and policy challenges in the MENA countries. In addition, it discovers the role of MENA markets and OECD in improving corporate governance. The study finds that corporate governance is still in the early stages in MENA region (see as well Braendle, 2013) and it recommends that there is a need for future research to develop corporate governance model in the unique economic and social environment in the MENA countries. This study contributes to the previous studies of the MENA region by Elfeituri (2018), Akrouf and Othman (2016), Satt (2016), Farooq and Satt (2014).

Elisa Cavezzali, Enrico Maria Cervellati, Pierpaolo Pattitoni and Ugo Rigoni present “Analysts’ recommendations and the market impact of the valuation methods”. The authors of this interesting paper believe that the informative value of the analysts’ valuation methods has not been thoroughly examined in the literature. They test whether investors’ reaction is jointly influenced by recommendations and target revisions and mainly by valuation method used because it summarizes the information considered to be relevant by the analysts. Further, they analyze the market reaction to recommendation revisions with an event study methodology, calculating market-adjusted abnormal returns at the report release date.

Along these lines, *Luca Piras* in his paper “A critical analysis of the impact measurement in impact finance” believes that academic literature on impact finance has not yet covered all aspects of the topic, nor has significantly contributed, so far, to solve several relevant problems arising from the field. Therefore, his paper tries to summarize the state of the art,

through the analysis of the available literature and tries to address some possible development in future research.

Back to the MENA region, *Elhadi Eltweri* and *Ahmed Eltweri* discuss “Does CSR encourage customer loyalty: A case study - Libyan telecom sector?”. Their study aims to the determination of the degree of customer awareness in relation to activities for customer social responsibility that should be undertaken by a company that is socially responsible, as well as to establish the influence that CSR has upon the loyalty of customers in the Libyan telecom sector. CSR and customer loyalty is definitely one of the topics that attracts research interest beyond MENA (Aramburu & Pescador, 2017), taking into account a solid background of previous research in CSR (Crifo & Reberieux, 2016; Lizarzaburu & del Brío, 2015; Suttipun, 2014; Kostyuk, Kostyuk, Mozghovyi, & Kravchenko, 2013).

Massimo Mariani, *Francesco Grimaldi* and *Alessandra Caragnano* close the issue with their paper on “A new tool to gather debt capital: Green bond. Risks and opportunities for firms and investors”. Given that climate change has been identified as the number one issue to be addressed in the 2020s in many countries across the globe, the authors believe that green bonds represent the financial tool that better meets the enterprises need to collect capital as well as the possibility of conveying the latter through strict obligations towards high environmental impact initiatives. Considering the high potential in using this tool, their work aims at investigating, in a double perspective, from both the issuing companies and the investors’ point of view, risks and opportunities.

Happy reading! We are grateful for our authors, readers, reviewers, the editorial team and the support team of Virtus Interpress.

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