EDITORIAL: Recent trends and future expectations

Dear readers!

This issue of the journal has a number of useful articles to include reporting of research related to the use of artificial intelligence (AI), the impact of the recent supply chain disruptions, and the impact of disclosure of environmental, social, and governance (ESG) information. These (as well as the other articles in this issue) are highly pertinent to current research. This editorial will address some impacts of AI, the impact of business disruption from exogenous sources, and the impact of company requirements to disclose ESG information.

AI activity is rapidly growing. This growth has been perceived as creating risks to employment and related litigation (Marshall et al., 2024). Some studies have found that AI is not replacing employment, but is increasing pressure on employees to adapt and master AI skills, thus increasing insecurity that affects employee creative performance and psychological health (Wu et al., 2024). Digital transformation has led to rapid advances in technology which along with the green transformation to a sustainable and low-carbon economy generate a need for employees to improve their skills, retrain, and adapt (Ciderova et al., 2023).

On a related matter, the impact of AI on profitability is of interest. There is evidence of positive impact of AI on employment (Damioli et al., 2023). AI has been found to improve net profitability, operating efficiency and return (Mishra et al., 2022). Peng et al. (2022) reported the results of their study that the application of AI to portfolio management yielded better profitability than conventional methods. Chandramana (2022) analyzed emerging trends and practices of AI use in the retail industry, enhancing customer experiences and adding value to retail businesses.

Another major change in recent business activity has been the major supply chain disruptions from the COVID-19 pandemic, and war activity (especially in the Ukraine and Middle East). Vojtekova and Kliestik (2024) reported the impacts of government restrictions due to the pandemic on Slovakian businesses. The economic indicators most affected were total assets, equity, and sales. Uddin and Chowdhury (2021) examined the impact of exogenous shocks on private equity exit strategies. COVID-19 was found to have a significant negative impact on investor profit potential, as investors tend to wait for better times to exit their equity investments.

There is great pressure to improve ESG activity. Kapil and Rawal (2023) applied bibliometric mapping of literature and found that ESG had an impact on investor behavior, cost and risk mitigation, portfolio screening, and ESG performance. Uddin et al. (2023) investigated the impact of geopolitical risk, corruption, and governance on environmental degradation in BRICS (Brazil, Russia, India, China, South Africa) countries. Abdullah et al. (2024) studied the impact of geopolitical risk on ESG performance at the firm level, finding a significant impact.

Our culture and economy are operating in interesting times with many changes. This issue of *Risk Governance and Control: Financial Markets & Institutions* includes interesting current research to include consideration of the impact of AI, exogenous disruptions, and ESG activity that is in line with current published research.

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