

EDITORIAL: Practical implications of governance and regulation

Dear readers!

The coronavirus pandemic has revealed a number of vulnerabilities of the companies. They responded by accelerating the introduction of artificial intelligence and IT infrastructure based on hybrid cloud, 5G, and edge computing. The Internet of things enabled connectivity, and the 5G network provided speed. Complexity has become the new normal. These really are struggles for survival.

In the “new quantitative era”, we are faced with ever deeper penetrations of digital technologies into the social fabric. The three key challenges of the digital era are: 1) to have technology, 2) to know how to use it, and 3) to create and understand the social, economic, and political concept of society that it supports. Disruptive innovations that occur at an accelerated pace can cause a blockade of other industries and companies that cannot keep up with such speed. Consequently, innovation is not only an opportunity to create new value, but also results in an asymmetry of power at the level of industries, countries, and regions, and a greater digital divide. The World Economic Forum in Davos, Switzerland in 2019 revealed that 3.4 billion people still live on the brink of extreme poverty, despite the UN’s policy to eradicate poverty in all its forms and dimensions (MDGs — Preambles), reducing inequalities within and between states (MDGs — Goal 10) and the promotion of peaceful and inclusive societies for sustainable development (MDGs — Goal 1). This is really sad.

The authors of papers in this special issue of the *Journal of Governance and Regulation* come from different parts of the world such as West and South Africa, South and Southeast Asia, the Middle East, the Balkans, Western Europe, and the USA, and offer interesting, vivid and educational experiences how countries with different economic, political, cultural and regulatory frameworks deal with global challenges, testifying that the universalism of science and good governance practices transcend geopolitical conflicts and divisions. Each of these papers sheds light on some aspect of governance and provides financiers, investors, regulators, scientists, managers, professionals, students, and other interested readers with useful insights into the market opportunities and challenges of developing countries. The practical implications of these academically written papers are supported by a solid research methodology that ensures the credibility of the written word and calls for new empirical verifications. In this issue of the journal, the authors incite dialogue on the following topics:

1. The need for upskilling in the era of the 4th Industrial Revolution. A paper titled “*University strategic planning and the impartation of technopreneurship skills to students: Literature review*” by *Mapeto Bomani, Gladys Gamariel, and James Juana* is focused on STEM universities in Sub-Saharan Africa, and through fresh and informative analysis of the existing literature provides evidence of the need to enable students in addition to technical knowledge to acquire entrepreneurial skills that will increase their career chances in the world of work. The research by *Fitriya Fauzi, Darius Antoni, and Emi Suwarni* titled “*Mapping potential sectors based on financial and digital literacy of women entrepreneurs: A study of the developing economy*” conducted on a sample of micro, small, and medium-sized enterprises in Palembang, Indonesia identifies women entrepreneurs as important stakeholders who can increase company growth and their adaptability to dynamic changes in the environment, assuming investment in financial and digital literacy. *Jyxhel Spahi, Venet Shala, and Demir Limaj* in their paper titled “*Formal experience of SME owners in the field of HRM: A case study in Kosovo as a country with an emerging economy*” point to the need for formal education of SME owners in the field of human resource management as a basic prerequisite for the development of the art of management in Kosovo and consequently a higher quality of business practices in this part of the world. This paper contributes to a set of previous literature, for example, Fish and Ma (2021).

2. The quality and reliability of accounting information. Quantitative research by *Adel Qatawneh and Ayman Bader* titled “*The mediating role of accounting disclosure in the influence of AIS on decision-making: A structural equation model*” conducted on a sample of respondents in commercial banks in Jordan draws attention to AIS (accounting information system) applications as useful tools to increase the quality of accounting information. A paper by

Wan Adibah Wan Ismail, Iman Harymawan, Dian Agustia, and Khairul Anuar Kamarudin titled "Financial reporting quality following the corporate governance reforms: A conditional conservatism perspective" through the analysis of financial reporting after corporate governance reforms in Malaysia, points out that the lesson learned from this example is that for a successful change of the institutional environment, strengthening corporate governance is not enough, but also requires the support of a strong economic and legal system. This paper contributes to the previous literature by Grove, Clouse, and Xu (2021), Li and Qi (2008), Maingot and Zeghal (2008), Huse (2005), and Melis (2003).

3. Coping with the global challenges. A paper by *Mostafa E. AboElsoud, Anas Al Qudah, Dimitrios Paparas, and Ahmed Bani-Mustafa* titled "The federal funds rate effect on subprime mortgage crisis management: An ARDL approach" aims at a critical rewriting of the causes of the collapse of the global financial system 2007–2008. Drawing the resources for their theses in the monthly data for the period from 1993 to 2019 for the US which were retrieved from the World Bank Indicators and the Federal Reserve Bank of St. Louis Database (FRED), the authors point to the need to reevaluate the Fisher effect and expand the understanding of the mechanism between interest rates and inflation. *Hugh Grove, Maelyn Clouse, and Tracy Xu* in their paper titled "Climate change risk: Challenge for corporate governance" analyze the recent developments in climate change and identify potential sources of vulnerability of companies, but also business opportunities arising from climate change, basing their conclusions on the analysis of documentation of relevant international organizations and institutions. An inferential analysis by *Dondon T. Dagdag* titled "Public governance in rural ecotourism: The case of developing economy" draws attention, using the example of ecotourism in the Province of Quirino (Philippines), on customer focus as a key trend of new business models and points to the importance of educating staff to successfully cope with constant changes in the business environment. A paper by *Adriano Mazenda and Privilege Cheteni* titled "Governance and economic welfare: A BRICS panel analysis" aims to explore the effects of governance proxied by the World Bank Governance Indicators (WGI) on economic welfare in the BRICS (Brazil-Russia-India-China-South Africa). Relying on their analysis of data from 1996 to 2019 the authors want to test the theses of those scholars who claim that "democracy and governance can be a catalyst to growth regardless of the economic system at play" (p. 291). *Shaip Bytyci, Venet Shala, Besime Ziberi, and Ervin Myftaraj* in their paper titled "Transforming traditional business into online: The impact of COVID-19 pandemic on consumer behavior" are focused on the impact of the COVID-19 pandemic and its consequences on business in Kosovo and North Macedonia. For sample, construction and data collection, they reached into the huge Google and Facebook repositories and came to the conclusion that this external shock increased the consumers' confidence in online shopping. The lesson learned is that the adoption of business models based on advanced technologies facilitates and accelerates companies' adaptations to the challenges of the global environment. *Flamur Keqa* in the paper titled "The determinants of banks' capital adequacy ratio: Evidence from Western Balkan countries" bases his analysis on annual data for the period 2010–2018 from 103 commercial banks from 6 Western Balkan countries. The author is focused on the soundness of the banking sector in the observed countries, emphasizing the crucial role of bank regulators who have responsibilities and powers to "apply various legal measures and blocking erosion of capital level or quality of capital" (p. 358).

4. Fighting against corruption. How different state bodies deal with numerous aspects of corruption in Kosovo is at the center of the interest of a paper by *Xhemazie Ibraimi* titled "An institutional approach to governance and corruption in Kosovo". An analysis of data from the EU database reveals that corruption is a major obstacle preventing the development of Kosovo in the direction of a proactive state and agile civil society. A paper by *Williams C. Theme* titled "Theft of public assets in developing countries and the ineffective legal frameworks on cross-border asset tracing and confiscation" offers an important insight that one of the devastating consequences of the COVID-19 pandemic is the rapid growth of corruption in government bodies and institutions in developing countries. The shameful social and economic implications of this pathological process are the growing rate of pauperization and underdevelopment of these countries. The descriptive analysis of Islamic banks by *Hasan Mukhibad, Prabowo Yudo Jayanto, and Indah Anisykurlillah* titled "Islamic corporate governance and financial statements fraud: A study of Islamic banks" conducted on a sample of 11 commercial banks in Indonesia as a way out of the maze of fraudulent financial reporting finds it necessary to increase the quality of audit committees and strengthen the institutional environment.

5. The impact of human potentials. A paper by *Maria João Guedes* and *Sara Falcão Casaca* titled “*The GBB index: A proposal to measure the gender balance on company boards*” is a contribution to the deficient stream of research focused on measuring the gender composition of corporate boards, convinced that the promotion of gender equality can contribute to the development of a society that will provide more equal opportunities and less social inequalities. The paper contributed to the previous research by Morris, Sodjahin, and Boubacar (2021), Moreno-Gómez, Lafuente, and Vaillant (2018), Sghaier and Hamza (2018), Jonty and Mokoaleli-Mokoteli (2015), Giovinco (2014), and Zelechowski and Bilimoria (2006). Using a quantitative methodology, *Abena Engmann* and *Collins C Ngwakwe* in their paper titled “*A moderation approach to online social interaction in entrepreneurship using the effectuation and causation theory*” present their research on a sample of young entrepreneurs in Ghana, which aimed to explore the impact of social media on business decisions, emphasizing the crucial importance of online contacts for business success because social interactions represent a source of resources in resources scarce Sub-Saharan Africa.

Enjoy your reading.

Long live the discourse!

Prof. Branka Mraović,
Head of the Chair of Organisational Theory and Management, Faculty of Geodesy,
University of Zagreb, Croatia
Editorial Board member of the Journal of Governance and Regulation

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