EDITORIAL: Corporate governance and regulation: Further evidence on the ongoing developments

Dear readers!

When searching through the editorial note policy of the *Journal of Governance and Regulation*, I came across the philosophy of the journal that emphasizes on "*providing a continuous development that enables our readers to outline the new and most challenging issues of research in corporate governance and related topics*".

I trust that the original philosophy of the journal has been considered in the papers that are published in this issue. It is noticed that very few articles in accounting journals are trying to advance our knowledge and link academic research skills to practical problems, while the rest concentrate on theory and abstract, which in turn may lead to the dearth of normative research.

The current issue of the *Journal of Governance and Regulation* featured contributors from developed and developing countries associated with gender diversity, as well as, covering different specializations as accounting, finance, economics, and auditing.

As expected, this issue comprises one of the hot issues in the literature; which is the board of directors and its components and impact of different factors either inside or outside the firm. In "*The impact of board characteristics on earnings management*", *Mahmoud Mohmad Aleqab* and *Maha Mohammad Ighnaim* contribute to the existing literature (Marchini, Medioli, Tibiletti, & Triani, 2017; Liu, Harris, & Omar, 2013; López-Iturriaga & Saona Hoffmann, 2005) by exploring the characteristics of the board of directors and its impact on earnings management in Jordanian context using a sample of companies during the period of 2015–2017. The paper concludes with the direction and the nature of the relationship between both: board members' independence and board members' financial experience on earnings management through real activities and shows to what extent the results are in line with previous studies. *Anisa Kusumawardani, Wirasmi Wardhani, Siti Maria*, and *Rizky Yudaruddin* addressed the role that the disclosure can play to reduce agency costs and the uncertainty faced by investors in "*Board structure and disclosure of intellectual capital: An empirical study in an emerging market*". The paper explores the ways the board structure, comprising board size, independence, female board members and CEO dichotomy, affects intellectual capital disclosure (ICD) within Indonesia. The paper depends on secondary data collected from a sample of non-commercial companies in different industries listed publicly on Indonesia Stock Exchanges from 2008 to 2017. The results show the impact of large and small board size and the extent of ICD. Additionally, the findings revealed the level of ICD that significantly and negatively would affect CEO duality. *Zyad Marashdeh, Mohammad W. Alomari, Mahmoud Mohmad Aleqab*, and *Rateb Mohammad Alqatamin* in "*Board characteristics and firm performance: The case of Jordanian non-financial institutions*" employ the random effects regression model on a sample of non-financial institutions in the Jordanian context over the period 2008–2019 to test the impact of board characteristics on performance. The paper contributes to the previous literature (Asamoah & Puni, 2021; Alqatan, Chbib, & Hussainey, 2019; Kostyuk & Barros, 2018; Abidin, Ahmad-Zaluki, & Ilona, 2011; Rashid, 2010) and ongoing debate on the relationship between the board characteristics and firm performance, particularly in developing countries such as Jordon. The issue of the board's diversity and its effect on cash management is discussed by *Musviyanti, Yana Ulfah*, and *Yanzil Azizil Yudaruddin* in "*Women on board, firm size and cash holding: Empirical evidence from the developing country*" where the study looks at how the size of a company affects the relationship between female board members and cash holdings, especially at high and low cash holding levels. The findings have implications for regulators and corporate decision-makers in terms of board gender equality; as companies with women on board had relatively more cash on hand. *Pietro Fera* and *Gianmarco Salzillo* in "*Earnings quality and the cost of debt for SMEs under severe information asymmetry*" discuss the relevance of transaction-lending technologies and the role of financial reporting in the bank-firm relationship in Italian setting. This paper highlighting the negative consequences of low-quality earnings and distinguishes itself from the previous literature by providing evidence that, even during a credit crunch period, financial institutions weigh up the expected return from lending transactions, relying on both the sign and the magnitude of discretionary abnormal accruals as a vehicle to get firms' private information.

The corporate governance principles add more control on the behavior of firms' management in a way to monitor the interest of the stakeholders. In "*Corporate governance and organized crimes: Comparative analytical study of the legislative role*", *Tayil Mahmoud Shiyab, Mohammad Amin Alkrisheh,* and *Alaa Y. Darawsheh* study organized crime, its characteristics, and the legislative role in combating it in the United Arab Emirates and Jordan. This paper focuses on the laws concerning common organized crimes such as narcotic drug trafficking, human trafficking, and money laundering, as well as highlights the efforts exerted by legislators in both countries to combat organized crimes. The findings indicate the specific laws and regulations that both countries enforced to stop such crimes. *Ike Phaswana* and *Theuns Pelser* in "*A corporate governance and business ethics framework: The case study of bank subsidiaries in an emerging country*" investigate the degree of compliance to the 2016 King IV Report on Corporate Governance™ for South Africa (King IV™) principles. The study uses a survey on a sample of participants from Standard Bank African subsidiaries. This paper contributes to the literature where it recommends a framework of the corporate governance and business ethics that would assist the Standard Bank Group in meeting the prescripts of King IV™. In "*Governing headquarters-subsidiaries relationship: An agency perspective*", *Dimitris Manolopoulos, Anastasios Magoutas,* and *Yiannis Kapnias* discuss how multinational enterprises coordinate and control their geographically dispersed subunits and evaluate the effects of headquarters-subsidiary convergence on the performance levels of the latter. The paper indicates the dimensions that define their strategic posture, span the organizational context and underlying competitive imperatives and concludes with the determinants of subsidiary performance.

The issue of labor force empowerment and its impact on sustainable economic growth and development is one of the themes covered in this issue of the journal. In "*Labor regulation in the public sector: Employment relationship, employment relations satisfaction and psychological contract*", *David Isaac Ntimba, Karel Frederick Lessing*, and *Ilze Swarts* report on the outcome of the study that investigated the cause of the ongoing antagonistic employment relationship (ER) in the South African public sector workplace, which has negatively affected employment relations satisfaction (ERS) and psychological contract (PC) fulfilment. This study contributes to knowledge and literature on ER, ERS and PC pertaining to their nature, interrelationship and collective effect in the workplace. *Agus Utomo, Yosephine Angelina Yulia*, and *Yenni Khristiana* in "*Empowerment of employees in creative economic business: Case study of the developing economy*" used a case study approach, at the company Janur Biru, in Indonesia, to determine employees' perceptions of employee empowerment and the impact of empowerment on creative business. The paper concludes with the most dominant employee empowerment, as well as, providing an explanation on the lack of creative encouragement for employees to think about work strategies. *Besime Ziberi, Donat Rexha*, and *Kosovare Ukshini* in "*Skills mismatch in the labor market: The future of work from the viewpoint of enterprises in case of Kosovo*" discuss how a poorly trained workforce penalizes companies when they try to grow and analyze the problems that companies in the Republic of Kosovo face during the selection process, the necessary training, and also the projections for new employments for the coming years. The paper concludes with the difficulties faced by enterprises to provide the necessary profiles with adequate skills. Additionally, it comes up with further recommendations for the well-functioning of the triangle of higher education institutions, policymakers, and enterprises. In "*The individual and combined influence of the lack of employee benefits, collective bargaining and communication on labor unrest*", *Kusangiphila Sishi, Sanjana Brijball Parumasur*, and *Kogielam Keerthi Archary* explore the relationships between collective bargaining, communication, employee benefits and their potential effect on labor unrest in South Africa. The paper sheds light on factors that are crucial for success within the organization, as well as provides some recommendations, which when adopted have the potential to reduce the occurrence of labor unrest.

At the macro level, this issue of the journal includes four papers that add to our knowledge and contribute to our understanding of the market reaction towards the attitude of accounting professionals. In "*Exploring the application of analytical procedures by Jordanian external auditors*", *Modar Abdullatif, Aya Banna, Duha El-Sahsah*, and *Taher Wafa* explore the application of analytical procedures (AP) as a major external auditing procedure in the Jordanian context. The study carried out semi-structured interviews with experienced Jordanian external auditors to elicit the detailed use of AP and the most significant issues that may limit the effectiveness and reliability of this procedure in the Jordanian context. The findings indicate the extent to which AP are generally used and the problems facing the application of AP, and potentially limiting its reliability and effectiveness in Jordan. *Sarah El-Khishin* and *Mohamed Zaky* in "*The impact of budgetary and political institutions on fiscal cyclicality: Evidence from Egypt*" investigate the cyclicality of fiscal policy in Egypt during the period of 1976–2019 with a focus on how budgetary and political institutions affect fiscal performance during economic cycles. The paper defines new variables for budgetary and political institutions and incorporates them in a vector error correction model (VECM) and impulse response functions (IRFs) analysis. The results reveal that while current and capital spending are proven to behave procyclically, revenues respond countercyclically during business cycles. The paper recommends reinforcing the Golden Rule and changing the nature of the electoral system to a party-based to strengthen the role of parliament in keeping the government accountable. In "*A multiplier of e-consumption: The study of the developing economy*", *Tanpat Kraiwanit* examines the e-consumption and private sector consumption in Thailand to understand the extent to which the multiplier would affect e-consumption in Thailand due to the COVID-19 pandemic. The study depends on an online survey directed to the Internet users who have shopped and sold as merchants through online platforms across Thailand. The findings show the most goods and services that were purchased offline and that were having the highest percentage of online purchases. The results of the study model show the significance of education and saving to e-consumption. The results conclude with the volume of the multiplier of e-consumption in Thailand and provide a comparison between the private and the public consumption and the significance for the Thailand economy, and conclude with some recommendations that would: 1) support and facilitate the e-consumption, 2) improve the human skills to use e-consumption, and 3) encourage e-retail. In "*Factors affecting stock market index volatility: Empirical study*", *Mohammed Ali Al-Rimawi* and *Thair Adnan Kaddumi* investigate the impact of some selected macroeconomic variables on the stock market price direction in Amman Stock Exchange (ASE) for the period 1999–2018, and pinpoint how is stock market price volatility affected. The results discuss the impact of inflation rate, interest rate, economic growth rate and foreign investment on ASE performance. The study concludes with some recommendations to 1) Jordanian banks on interest rate and how it would enhance investment in securities and improve economic growth rate, and 2) Jordanian authorities that should encourage foreign direct and indirect investment and make more efforts to attract more foreign investment.

I hope that the authors of the sixteen papers included in this issue are keeping their ambition to write articles that are relevant to important issues in practice and provide inspiration for many other prospective future contributors to the Journal of Governance and Regulation. In this way, we will keep ongoing developments in the regulation of accounting and auditing and in corporate governance.

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