

## EDITORIAL: Geographical insights of the corporate governance research

*Dear readers!*

The recent issue of *Corporate Ownership and Control* journal contains both empirical and review papers describing the wide variety of corporate governance issues from the board of directors and executive compensation to mergers and acquisitions, stock market and institutional investors. The geographical representation of the papers provides an excellent opportunity for international comparison.

*Abdlmutaleb Boshanna* conducts a systematic review and provides a comprehensive up-to-date review of the literature about diversity on corporate boards. Unlike previous studies, the authors did not restrict the search to a specific type of diversity or limited firm outcomes. The aim was to review, evaluate, synthesize, and summarize the literature on five key areas: 1) the theoretical approach (going beyond the theoretical analysis of each article by exploring how the theoretical perspective informs their focus); 2) dominant framing and theorizing; 3) determinants and consequences; 4) how board diversity is defined and operationalized; and 5) the outcomes of board diversity. This paper contributes to the previous research paper by EmadEldeen, Elbayoumi, Basuony, and Mohamed (2021), Jonty and Mokoaleli-Mokoteli (2015), Giovinco (2014), Shehata (2013), Santen and Donker (2009).

*Patrick Ulrich* and *Robert Rieg* declare that in family businesses, which *per se* are less likely to offer variable compensation to their executives, it is assumed that internal rather than external metrics are more likely to be used as the basis for compensation. This paper tests this thesis on the basis of an empirical survey of 113 German companies. The empirical study shows clear differences in the use of internal and external metrics as a basis for executive compensation — a fact that has so far not been addressed in other, previous empirical studies, including Lemennicier, Hermet, and Palanigounder (2019), Beavers (2018), Iskandrani, Yaseen, and Al-Amarnah (2018), Alshimmiri (2004).

*Sunny Oswal* and *Kushagra Goel* study the concept of equity returns and see whether there is a significant difference between the expected return which is calculated through the capital asset pricing model (CAPM) and the actual return given by the stock. For this study, 10 stocks with maximum market capitalization are taken focusing on 12 countries for this research subdivided into developed and developing countries. The hypothesis being whether the actual stock returns are significantly different from the expected stock return, for the same paired t-test has been deployed on 120 stocks to check the significance.

*Thien Le* examines the relation between firm pair's sharing of a top institutional investor (i.e., an institutional investor with the largest shareholding) and accounting comparability. Using data from Compustat, CRSP, and Thompson Reuters over the 1993–2017 period, the study finds that firm pairs that share the top institutional investor exhibit higher accounting comparability than other firm pairs. Also, firm pairs whose top institutional investors are monitoring institutions (regardless of whether they are the same institutions) exhibit greater comparability than other firm pairs whose top institutional investors are non-monitoring institutions.

*Isha Gupta*, *T. V. Raman*, and *Naliniprava Tripathy* examine the impact of related/unrelated merger and acquisition (M&A) on value creation and research and development (R&D) of Indian non-financial sector companies. This study focuses on whether related M&A outperforms unrelated M&A in the context of value creation and R&D. The sample of the study includes 64 companies to evaluate the significance of relatedness and unrelatedness between target and acquiring companies of the Indian non-financial sector. The findings of the study acclaim that related M&A outperform unrelated M&A.

*Um-E-Roman Fayyaz*, *Raja Nabeel-Ud-Din Jalal*, *Gianluca Antonucci*, and *Michelina Venditti* intend to investigate the impact of chief executive officers' (CEO) powers on corporate decisions made by firms in the context of board oversight (BO) and market competition (MC). From 2007 to 2017, the authors applied a quantitative approach to a sample of two stressed European markets (i.e., Hungary and Greece). The authors found that CEO power has a negative impact on corporate risk and firm performance. Furthermore, results also reveal no sign of moderation effect for MC with corporate decisions, whereas BO moderated the CEO power and corporate decisions in the Hungarian market. This study provides a contribution to the previous papers by Daradkash (2021), Wukich (2020), Saerang, Tulung, and Ogi (2018).

*Massimo Cecchi* examines, instead, a larger sample of approximately 15,000 Italian limited companies, which include, in particular, unlisted companies. No statistically significant correlations between performance and gender emerge. Therefore, if women have to “be better” to be treated “equally”, we can conclude that women do not seem to perform better than their male counterparts. However, women are not found to perform worse, either. This is an excellent contribution to the research by Derbali, Jamel, Lamouchi, Elnagar, and Ltaifa (2020), Velte (2017), Iren (2016), Ahmad and Alshbiel (2016).

*Emiliano Di Carlo* outlines the elements required to assess the extent of the risk of conflict of interest in organizations. The research framework considers the following two elements: a) the probability that the secondary interest may interfere, even if only apparently, with the primary interest of the organization; b) the seriousness of the damage and/or moral unacceptability of the mere appearance of improper behavior. The assessment also allows understanding not only what the causes are, that can increase the probability of interference of the secondary interests, but also the factors that feed these interests, suggesting the most suitable remedies.

*Giacomo Bider* and *Gimede Gigante* investigate whether corporate venture capital (CVC) activity, measured as the number of investments, deal size, and the number of realized exits is beneficial for value creation and innovation for European listed companies. It is found evidence that CVC activity creates firm value in the period under consideration (2008–2019), confirming North American’s past evidence. Exits convey a negative effect on firm value, suggesting that CVC performance may not be satisfactory enough. When considering innovation, evidence is presented that investing in rounds with a higher deal size positively affects investor’s patenting levels, indicating that the later the start-up’s stage in its life cycle, the higher the possibility for the CVC investor to effectively absorb its technology.

*Catherine E. Batt*, *Páll Rikhardsson*, and *Thorlakur Karlsson* explore how sudden changes in organizational context impact the importance of budgeting. This study is based on a survey of CFOs of the 300 largest companies in Iceland, according to the dataset *Frjáls Verslun*, following the financial crisis of 2008. The results show widespread use of budgeting, regardless of the size of the organization. Also, uncertainty and organizational complexity do not impact the perceived importance of budgeting.

*Alessandro Migliavacca*, *Christian Rainero*, and *Vera Palea* address equity investment valuation through market multiples and its consequences in investors’ financial statements under fair value accounting principles. The authors analyze the distribution of the estimated-to-actual fair value ratio under the IFRS 13 perspective and the effects of a randomly selected portfolio on the balance sheet and income statement of the investor. The study’s primary findings are that the market multiples tend to produce consistent results in 7 (at least) to 20 (at best) out of 100 cases, and over or underestimate the fair value in all the remaining cases without any apparent or predictable reason.

*Angelo O. Burdeos* extends past studies by examining the effect of ownership structure on discretionary current accruals. The study determines the level of income-increasing earnings management of initial public offerings (IPOs) in the Philippines and the factors that explain it. Particularly, the paper examines the effect of ownership concentration and largest shareholder ownership on discretionary current accruals. The study finds -4.19% discretionary current accrual on average.

*Arash Faizabad*, *Mohammad Refakar*, and *Claudia Champagne* investigate the effectiveness of corporate, social, and political connections on corporate governance practices. The findings of this research show that networking activities in various forms positively and negatively affect corporate governance practices. As for corporate connections, there is no consensus on the relationship between interlocked boards and firm performance. As for social connections, the evidence provides contradictory results regarding the effects of social ties on CEO compensation and firm performance.

*Shab Hundal* and *Tatyana Kauppinen* explore the following research objectives. First, the motivation of internationalization of family firms (FFs) in Russia; second, their process of internationalization, and third, the problems and challenges faced by the FFs. Different theoretical perspectives have been discussed to problematize and analyze the research objectives of the study. The current qualitative study is based on the semi-structured interview method. As many as ten FF entrepreneurs, representing five different industries, have been analyzed.

The findings show that there is neither clarity nor unanimity of the very meaning and understanding of FFs in Russia.

*Badar Alshabibi, Shanmuga Pria, and Khaled Hussainey* investigate whether corporate board characteristics influence dividend policy in Omani listed firms. It was found that dividends payout is positively associated with board independence, board activity, and board nationality diversity. Though, no evidence is found that board size and gender diversity have an impact on dividends payout. When controlling for the global oil crisis, none of the corporate board attributes influence dividends payout.

*Mehadi Mamun* attempts to shed light on workers who are very vulnerable and examines the impact of privatisation on workers' quality of working life. Employing document analysis and semi-structured face-to-face interviews with privatised and state-owned organisations' workers in Bangladesh, this study finds that workers' compensation, job security, access to trade unions, and leave entitlements in most privatised case study organisations are less than their counterparts in comparable state-owned organisations.

The papers published in this issue of the journal are very interesting and useful sources of the literature for both experienced and younger researchers.

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