

EDITORIAL: Board of directors' practices, firm performance, and sustainability

Dear readers!

The recent issue of the *Corporate Ownership and Control* journal can be referred to as a special issue because of the truly international outlook provided by the scholars and built around the major issues — an issue of the board of directors' practices, firm performance, and sustainability.

Patrick Ulrich and *Hasan Andac Güler* studied enterprise resource planning systems with 94 participants. The outcomes indicate that using ERP systems within management accounting offers benefits that are positively interrelated with the extent and the satisfaction of using this information to make decisions. As a higher extent of using this information and a higher degree of satisfaction with this information is positively interrelated with organizational performance, they show that using ERP systems within management accounting helps improve organizational performance.

David Qian, *Wahed Waheduzzaman*, and *Sarod Khandaker* examined the impact of board diversity including the gender, nationality, and independence of board members on the financial performance of publicly listed companies in China. This study finds that women on the board impact positively on firm's financial performance while measured by ROA, but not by Tobin's Q. The study also finds that the nationality of directors and independent board membership is found to have no significant influence on firms' financial performance. This is an excellent contribution to the previous papers by *Abbadi*, *Abuaddous*, and *Alwashah* (2021), *Tsene* (2021), *Mirone*, *Sancetta*, *Sardanelli*, and *Mele* (2021), *Gouiaa* (2019), *Caserio* and *Trucco* (2019), *Kostyuk* and *Barros* (2018), and *Velte* (2017).

Zhonghui "Hugo" Wang and *Zonghui Li* extended the research of the antecedents of the CEO-TMT pay gap by directly comparing different theoretical predictions regarding the impacts of board power and CEO power on the CEO-TMT pay gap. Conducting dynamic panel analyses with GMM estimator on a sample of 2,117 firm-year observations in the S&P 500 between 2006 and 2013, the authors empirically test the contrasting predictions regarding the relationships among board power, CEO power, board-CEO power imbalance, and the CEO-TMT pay gap. The authors find that board power is negatively associated with the CEO-TMT pay gap and CEO power has the opposite effect. The stronger board power against CEO power, the smaller the CEO-TMT pay gap becomes. The authors contributed to the existing theoretical debate among agency theory, tournament theory, and managerial power theory regarding the determinants of the CEO-TMT pay gap, including the previous papers by *Watkins-Fassler* (2017), *Altuwaijri* and *Kalyanaraman* (2017), *Ntong*, *Vila Biglieri*, *Santos de Oliveira*, *Ferreira de Sousa*, *Outman*, and *Masárová* (2017), and *Nulla* (2015).

Marc Eulerich, *Joleen Kremin*, *K. Kelli Saunders*, and *David A. Wood* prior outlined that previous research finds that the internal audit function plays a critical role in organizations, yet there is still a stigma toward the profession. The authors examined how this stigma affects internal audit outcomes, using three different data sources: survey results from parts of Europe (113 observations) and the United States (124 observations) for the year 2017 and an experiment (65 observations) in 2018. The authors find that when internal auditors in parts of Europe and the U.S. believe there is a negative stigma about internal auditing, they report negative work outcomes, including less ability to add value, less influence in the organization, more resistance to implementing their recommendations, and more pressure to change audit findings.

John MacCarthy examined the effect of earnings management and deferred tax on tax avoidance. A probability sampling technique selected twenty-four firms from 2001 to 2020 on the Ghana Stock Exchange. A quantitative research technique is used to test five hypotheses. Panel data regression is employed to predict the effect of earnings management on tax avoidance. The study revealed that earnings management and other macroeconomic variables accounted for or explained 77.9% of tax avoidance practices of the selected firms. The study revealed a significant and positive relationship between earnings management, deferred tax, and leverage on tax avoidance.

Neveen Noureldin and *Mohamed A. K. Basuony* aimed at filling the existing research gap by scrutinizing the influence of females on management boards on sustainability performance in a developing country using cross-sectional data from the Egyptian Stock Exchange (EGX) of non-financial companies over the period 2012–2019. The analysis is considered one of the earliest empirical studies that tests the relationship of females on the management board and sustainability performance in Egypt. Results indicate that female representation on board has a positive impact on sustainability performance, which demonstrates that companies that have females on their boards have a better sustainability performance. Besides, board size and independence enhance sustainability performance. This paper contributes to the previous literature by *Hundal*, *Kostyuk*, and *Govorun* (2021), *Singh*, *Singhania*, and *Aggrawal* (2021), *Cambrea*, *Lussana*, *Quarato*, and *Varacca Capello* (2017), *Kostyuk*, *Braendle*, and *Capizzi* (2017), *Eklund*, *Palmberg*, and *Wiberg* (2009), and *Kostyuk* (2003).

Carl-Christian Freidank and Franziska Handschumacher underlined that the recent discussions about the “right” profit in business administration have led to uncertainty in research and practice about which performance measures and business management concepts should be used to manage companies. The authors are of the opinion that this is only possible with the help of top financial ratios with regard to the shareholder value concept. Therefore, the methods of the weighted average cost of capital approach and the capital asset pricing model should be used to determine the value of the company. In addition, non-financial goals should be included in the management processes with the help of the integrated balanced scorecard. The authors develop a holistic controlling concept for listed companies, which can be used for strategic corporate management, taking into account the income tax effects relevant to decision-making.

Valentina Della Corte, Massimo Aria, Giovanna Del Gaudio, Fabiana Sepe, and Enrico Di Taranto aimed to understand whether the current literature deals with the general issue of stakeholder value creation and specific marketing activities for human resources and if they can generate value for different stakeholders. In order to achieve this goal, the paper uses a bibliometric analysis that determines the conceptual structure of the topic, highlighting its evolution over time. Accordingly, this study uses the precise context of the hospitality industry since human resources are of strategic importance in the world of hospitality.

Francesco De Luca, Stefania Migliori, Hussain Muhammad, and Agnese Rapposelli examined the effectiveness of corporate governance mechanisms by analysing the influence of corporate board structure on firm performance. A sample of 224 non-financial publicly traded Italian firms is selected to test the proposed research hypotheses and evaluate the firm’s efficiency by adopting the DEA approach. The findings show that corporate governance mechanisms are crucial in the performance of Italian publicly listed firms. The results show that the inclines and declines in DEA efficiency rankings are associated with the characteristics of the corporate boards. This paper addresses a contribution to the papers by Antwi, Carvalho, and Carmo (2021), Bajaher, Thabet, Alshehri, and Alshehri (2021), Abdel-Azim and Soliman (2020), Dao and Nguyen Tra (2020), Derbali, Jamel, Lamouchi, Elnagar, and Ltaifa (2020), and Alleyne and Thompson (2019).

We see that the board of directors’, sustainability, and related practices are still intensively used by scholars worldwide in their research, and we expect this to continue as boards seek solutions to the increasingly complex global challenges in our world today. We expect that you will enjoy reading this special issue of the journal.

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