EDITORIAL: A cross-disciplinary vision of the corporate governance research

Dear readers!

The recent issue of the journal has been composed of the papers which are mostly empirical and contribute new ideas to the major issues of corporate governance such as ownership structure, a board of directors, board gender diversity, earnings management, auditing, etc. We have a pleasure to inform you that scholars from many countries of the world are authors of these papers. They represent the USA, Canada, Germany, Italy, Egypt, India, Jordan, etc. This makes the recent issue of the journal very interesting for the readers.

Wan-Ting Wu examined firms that reported losses during the first year of the COVID-19 crisis (i.e., 2020) and their subsequent reversals to profitability in 2021. A comparison of data on the COVID-19 crisis with the Global Financial Crisis (GFC) and a general sample period (1976–2021) shows a high frequency and magnitude of losses reported during the COVID-19 crisis. Although the magnitude of losses reported during the COVID-19 crisis is not significantly higher than the losses reported during the GFC, the percentage of loss firms that reversed to profitability is greater after the COVID-19 crisis than after the GFC.

Simona Ranaldo, Grazia Dicuonzo and *Francesca Donofrio* provided a systematic literature review (SLR) to understand the main strands of research that investigated the relationship between board diversity and financial and sustainable performance. The results show that several studies have found a relationship between board diversity and financial performance, while there are still limited studies that analyze the relationship between board diversity and sustainable performance. This paper contributes to the previous literature by Morrone et al. (2022), Mantovani et al. (2022), Hundal et al. (2022), Hogan & Kostyuk (2021), Noureldin & Basuony (2021), Magnanelli et al. (2021).

Rosalinda Santonastaso, Riccardo Macchioni and *Claudia Zagaria* examined the conceptual structure of the field of internal audit (IA) research to provide a comprehensive overview of the academic field. A bibliometric analysis was used to analyse 461 papers from 152 journals between 1991 and 2020 divided into the following two steps. The descriptive statistical analysis highlights the characteristics of the IA research community in terms of publications, productive authors, journals, and countries. Then, the co-word analysis adopting multiple correspondence analysis (MCA) has been performed to analyse the conceptual structure of the IA field.

Tobias Carlé, Nicolas Pappert and *Reiner Quick* investigated text similarities in key audit matters (KAM) disclosure practice in the auditor's reports of German HDAX companies between 2017 and 2019. The results suggest that auditors often use similar formulations when disclosing a KAM on the same issue at the client level in consecutive years. The authors further found that the similarity rate is significantly negatively correlated to an audit firm change, and positively correlated to client firms that have a stable financial position measured by a high portion of equity.

Patrick Velte focused on the relationship between earnings management and materiality disclosure quality in integrated reporting (IRQ) in an international setting. Moreover, board gender diversity as a moderator variable will be included. A cross-country sample consisting of 696 firm-year observations between 2014 and 2019 is included in this empirical-quantitative study. Correlation and regression analyses are conducted in order to focus on the impact of both accruals-based earnings management (AEM) and real earnings management (REM) on IRQ and the moderating impact of board gender diversity (Blau index). Both AEM and REM are negatively related to IRQ and board gender diversity weakens this relationship. A bidirectional link between earnings management and IRQ is not stated. While prior research did not find significant impacts of accruals attributes on IRQ, this analysis makes a key contribution as the link between AEM, REM, and IRQ is both analysed and stated for the first time.

Dory N. Daw and *Charles J. Tawk* explored if the selection process has an impact on employees' performance inside Lebanese small and medium-sized enterprises (SMEs). The research was conducted in SMEs located in the Greater Beirut area in which the empirical study consists of a quantitative method. The results have shown that the selection process has a full impact on employees' performance and retention inside Lebanese SMEs. This study contributes to mitigating selection errors among SMEs that form the backbone of the Lebanese economy and hence reducing their turnover expenses, and increasing their longevity.

Ayishat Omar examined the role of dual-class share structure on the nexus between the presence of at least one female member on the audit committee (gender diversity) and audit fees. The study estimates a regression model using 2,519 firm-year observations for 475 public U.S. firms, and in line with the view that gender diversity helps firms to be more attentive and committee members act within their control to ensure a higher level of audit coverage, the study finds that gender diversity is associated with higher audit fees. Further, this study reports that the interaction of dual-class share structure and gender diversity is associated with lower audit fees. This highlights the merits of dual-class share structures which continue to be a subject of much debate.

Reiner Quick, Daniel Sánchez Toledano and *Joaquín Sánchez Toledano* overviewed the results of a structured literature review. It covers archival studies on the relationship between non-audit services (NAS) fees and factual as well as perceived audit quality published in journals included in the accounting subject category of the SCImago Journal Ranking. It also includes a critical evaluation of the research methods applied in prior research and offers avenues for future research.

Akshay Damani and *Nandip Vaidya* built, in the first part, a benchmark index based on the optimal mix of indices for the global asset classes of equity, fixed-income securities, real estate, commodities, and currencies including cryptocurrencies so as to maximize the ex-post Sharpe ratio. In the second part, a comparison of portfolio performances is based on five methods of portfolio construction viz; 1) historical returns and variance matrix used along with Markowitz model to discover optimal weights for portfolio components, 2) modification to this approach by using autoregressive integrated moving average (ARIMA) based predicted returns in place of historical returns, 3) global minimum volatility (GMV) portfolio, 4) global market weight portfolio and 5) equal weight portfolio.

Virginie Laurette Lagmango, Jules Roger Feudjo and *Félix Zogning* aimed to understand and explain the strategic levers used by these managers to maintain their positions at the top of the company, based on 12 cases in state-owned enterprises (SOEs). The results corroborate existing knowledge and make it possible to identify the singular contingencies in the instrumentalization and instrumentation practices of governance bodies and structures that enable manager entrenchment.

Nagalingam Nagendrakumar, Chathurini Kumarapperuma, Chathura Malinga, Kalpani Gayanthika, Nethmi Amanda and *Ashini Perera* explored the association and impact of corporate governance (CG) with firm integrated performance (FIP). The study followed the deductive approach and adopted correlation and regression analysis techniques using the secondary data from 132 randomly selected cluster samples from 303 listed companies from the Colombo Stock Exchange (CSE). The study found that CG has a positive but weak relationship and a significant positive impact on the FIP. Thus, this study sheds light on the practical implication that managers must not solely depend on financial performance (FP) but concentrate on FIP when they make strategies for organizational performance and development.

Mohamed A. K. Basuony, Mohammed Bouaddi, Rehab EmadEldeen and *Neveen Noureldin* examined the impact of gender board diversity on firm performance for companies registered on the London Stock Exchange (LSE). The data has been collected from a unique set of 644 financial companies in the Main (MAIN) market and Alternative Investment Market (AIM) for the period 1999–2016. In the MAIN market, the executive female directors negatively affect the firm's financial performance; however, the non-executive female directors positively impact the firm's financial performance. Furthermore, the positive effect of non-executive female directors in the bad market is higher than in the good market. Whereas the negative effect of the executive female directors in the bad market is lower than in the good market.

Durga Prasad Samontaray and *Abdullah Saud Al Zuwidi* examined the extent of underpricing of initial public offerings (IPOs) in Saudi Arabia by using the data of 44 IPOs listed on the Saudi Stock Exchange from January 2010 to October 2021. The authors found that IPOs on average were underpriced by 49.4%. The stepwise multiple regression results showed that the number of individual subscribers, the level of over-subscription by individuals, and the firm size have a significant relationship with IPO returns. The outcomes are hence consistent with the prediction of ex-ante uncertainty and the winners' curse hypothesis.

Aurelija Griskaite and *Rainer Lueg* tested the information content of earnings less risk-free interest charge (ERIC) and analyses its ability to explain fluctuations in market-adjusted stock returns. Following Biddle et al. (1997) study design, the authors perform relative and incremental information content tests. Relative information content tests reveal that mandatory reporting metrics — such as earnings before extraordinary items (EBEI), cash flow from operations (CFO), and total comprehensive income (TCI) — are more highly associated with stock returns and firm values than ERIC or residual income (RI). A number of sensitivity analyses support our findings. To test incremental information content, the authors split ERIC into five components. Primary results indicated that components specific to ERIC — changes of net assets, after-tax interest expenses, and capital charge — do not add relative information content. Yet, sensitivity tests suggest that some ERIC components add incremental information, especially when accounting for market expectations.

Giovanna Del Gaudio, Enrico Di Taranto and *Maria Spano* analyzed the intellectual, conceptual, and social structure of the papers published in the *Tourism Management* (TM) journal. The paper uses a bibliometric analysis, studying the scientific production and the impact of TM, the main cited journals as well as the journals citing TM, the most productive countries and universities, the most cited authors and publications and the topics of the conceptual structure. The results of the analysis allow us to define the strategic journey undertaken by various editorial boards that have occurred over the years.

Papers published in this issue of the journal provide a solid contribution to the previous research by Ulfah et al. (2022), Asamoah & Puni (2021), Hundal et al. (2021), Singh et al. (2021), Derbali et al. (2020), Kostyuk et al. (2018).

We hope that you will enjoy reading this issue of our journal!

Alexander Kostyuk, Ph.D., Dr., Prof.,
Virtus Global Center for Corporate Governance, Ukraine,
Co-Editor-in-Chief, Corporate Ownership and Control journal

REFERENCES

1. Asamoah, E. S., & Puni, A. (2021). Corporate governance and financial performance of listed companies: A case of an emerging market. *Corporate Governance and Sustainability Review, 5*(3), 8–17. https://doi.org/10.22495/cgsrv5i3p1
2. Derbali, A., Jamel, L., Lamouchi, A., Elnagar, A. K., & Ltaifa, M. B. (2020). The effect of the board of directors on the performance: Case of Tunisian banks. *Corporate Law & Governance Review, 2*(2), 8–17. https://doi.org/10.22495/clgrv2i2p1
3. Hogan, K. M., & Kostyuk, A. (Eds.). (2021). *Corporate governance: Fundamental and challenging issues in scholarly research.* https://doi.org/10.22495/cgfcisr
4. Hundal, S., Eskola, A., & Troudi, M. (2022). Do board of directors' characteristics and executive remuneration impact financial reporting quality? A quantitative analysis of the Nordic manufacturing sector. *Corporate Ownership & Control, 20*(1), 59–67. https://doi.org/10.22495/cocv20i1art5
5. Hundal, S., Kostyuk, A., & Govorun, D. (Eds.). (2021). *Corporate governance: A search for emerging trends in the pandemic times.* https://doi.org/10.22495/cgsetpt
6. Kostyuk, A., Mozghovyi, Y., & Govorun, D. (2018). Corporate governance, ownership and control: A review of recent scholarly research. *Corporate Board: Role, Duties and Composition, 14(1),* 50–56. https://doi.org/10.22495/cbv14i1art4
7. Magnanelli, B. S., Paolucci, G., & Pirolo, L. (2021). Diversity in boardrooms and firm performance: The role of tenure and educational level of board members. *Corporate Board: Role, Duties and Composition, 17*(3), 31–41. https://doi.org/10.22495/cbv17i3art3
8. Mantovani, G. M., Kostyuk, A., & Govorun, D. (Eds.). (2022). *Corporate governance: Theory and practice.* https://doi.org/10.22495/cgtap
9. Morrone, C., Bianchi, M. T., Marsocci, V., & Faioli, D. (2022). Board diversity and firm performance: An empirical analysis of Italian small-medium enterprises. *Corporate Ownership & Control, 19*(3), 8–24. https://doi.org/10.22495/cocv19i3art1
10. Noureldin, N., & Basuony, M. A. K. (2021). Females on board and sustainability performance in a developing country: Evidence from Egypt [Special issue]. *Corporate Ownership & Control, 19*(1), 288–298. https://doi.org/10.22495/cocv19i1siart6
11. Singh, J., Singhania, S., & Aggrawal, D. (2021). Gender diversity on corporate boards: Review and future research agenda through bibliometric mapping. *Corporate Governance and Sustainability Review, 5*(3), 57–72. https://doi.org/10.22495/cgsrv5i3p5
12. Ulfah, Y., Ambarita, N. P., Hidayani, Yudaruddin, R., & Lesmana, D. (2022). Board structure and earning management: A comparative study between the pre-pandemic and during the COVID-19 pandemic periods. *Corporate & Business Strategy Review, 3*(2), 177–187. https://doi.org/10.22495/cbsrv3i2art16