

EDITORIAL: Better governance for complex times — Theoretical assumptions and empirical evidence

Dear readers!

The latest issue of the *Journal of Governance and Regulation* has been published.

The need to govern phenomena is strongly felt in a world where uncertainty, crises, and failures are no longer extraordinary. This issue explores governance in several areas of investigation: governance in private companies (corporate governance), in public administrations (public governance), and the implications and new challenges for international institutions and bodies (global governance).

The editorial board and external reviewers worked to expand research on the topic and contribute to the scientific debate. *Journal of Governance and Regulation* is thankful to the authors who, with their studies, made it possible to develop this Volume 12, Issue 1 (special issue).

This special issue makes several contributions to the governance theory, and the findings highlighted in the papers can potentially encourage further scholars to embark on new lines of research.

Increasingly, the imperatives of improving effectiveness and efficiency have inspired public administration reforms. Through the introduction of market logic in the public sector and the granting of wider margins of autonomy and responsibility to public managers, the transition from an “input-based” bureaucratic model to one focused primarily on management outputs took shape. As a result of decentralization, public service delivery in Indonesia has been mandated to local governments. Then, *Y. Anni Aryani, Evi Gantowati, An Nurrahmawati, Taufiq Arifin, and Sutaryo Sutaryo* analyze the determinants of local government public service quality after framing the agency theory in the particular context of public domain.

Some studies show the shortcomings of the agency theory: this is the case of the study by *Hakeem Hammood Flayyih and Wided Khiari*, which investigates the dynamics of the failure of some Iraqi banks. Applying the principal-agent model can be more difficult when the relationships with stakeholders are much more complex and layered. This concern could open up new trajectories of applied research and contributes to the previous research by *Blomson (2021), Zejnullahu (2021), Kostyuk et al. (2018)*. Instead, the work “*The effect of political connection on corporate tax avoidance: The moderating role of accounting information quality*” by *Ahnaif Ali Alsmady* supported the agency theory in the sense that accounting information quality reduces information asymmetry and leads to the reduction of agency problems.

Interestingly, the issues of the quality of financial disclosure, manipulation of the financial data, and earning management are central both in studies on the banking sector and in public sector studies (such as the paper by *Azher Subhi Abdulhusein, Hussien Amran Naji Al-Refiay, and Asaad Mohammed Ali Wahhab*). The importance of strengthening internal control systems and internal auditing to reduce the level of corruption strongly emerges and, at a conceptual level, the need to look at corruption phenomena as acute symptoms of the weakness or inadequacy of the culture and the tools of the control systems and the managerial techniques adopted. This is an excellent contribution to the previous literature by *Musah et al. (2022), Hasnan et al. (2022), Laupe et al. (2022)*.

Furthermore, governance was tested through benchmarking before and after the pandemic. The results suggest that conventional economic models may lead to a risk of oversimplification of reality. Corporate governance mechanisms are often studied and verified in situations of normal economic performance but may not be confirmed if tested in exceptional contexts. For example, the article “*Beta inversion effect of COVID-19 pandemic*

using capital asset pricing model” (by Mohammad Al-Dwiry and Weaam Amira) shows that the pandemic has altered the fundamentals of the market by changing the level of risk in many companies. This provides new insights addressed in the previous literature by Hundal et al. (2021), Di Tommaso (2021), Pazarkis et al. (2021).

Further challenges are related to developments in technology. What are the critical factors for blockchain adoption in corporate governance? How implement the link traditional corporate governance theories to blockchain adoption? The study “*The development and application of the zakat collection blockchain system*” (by Khairil Faizal Khairi, Nur Hidayah Laili, Hisham Sabri, Azuan Ahmad, Van Hieu Pham, and Manh Dung Tran) explores blockchain potential in corporate governance to improve transparency, accountability, and reliability in zakat management. Arkan Walid Al-Smadi, Osama Abdulmunem Ali, Ahmad Malkawi, Ayman Muhammad Al-Hammoury, Nevin Youssef Kalbouneh, and Asaad Alsakarneh test the readiness of Jordanian commercial banks to implement blockchain. Both studies raise challenges related to managerial, regulatory, and ethical perspectives of blockchain adoption in corporate governance. In this sense, banks represent significant laboratories for future scientific investigation.

From the above, we believe this collection of scholarly articles identifies relevant research nodes for future investigations; it also faces the problem of theoretical “stagnation” of corporate governance theory, offering ideas for its specific declination to new phenomena and contexts.

Enjoy the reading!

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