

## EDITORIAL: Corporate governance and organizational architecture at crossroads

*Dear readers!*

It is a great pleasure to herald the new issue of the journal *Corporate Governance and Organizational Behavior Review*, an esteemed academic journal with an interdisciplinary approach to corporate governance matters.

As evidenced by many publicized incidents, a business ecosystem is continuously undergoing great changes shaped by technological, political, institutional and economic forces. This has opened the floodgates of criticism toward corporate governance which is deemed to have a narrow focus on stock price and accounting earnings as overwhelming determinants of corporate performance. This view underestimates the role of the organizational architecture of the firm which also embraces the mechanics such as decision-making authority, performance evaluation and compensation structure. The shareholder value optimization at the core of corporate governance necessitates interdependence of three organizational elements; assigning decision-making authority to the most knowledgeable and experienced employees, accurately and consistently measuring the employee performance and building compensation systems which incentivise the employees to make firm value-increasing decisions.

Happily, this issue of *Corporate Governance and Organizational Behavior Review* makes an effort to fill this gap in research about corporate governance and organizational design facets by hailing many interesting and carefully selected scholarly articles from all over the world. This issue covers a wide range of interesting theoretical and empirical papers with an interdisciplinary focus on corporate governance.

The first paper by *Tingting Sun* offers mechanisms to ensure effective governance in China, where the legal infrastructure is weak and aims to provide a theoretically sound framework for firms and policymakers to integrate different levels of corporate governance practices as they contribute to better firm performance (Mutlu et al., 2018).

The article by *Normando Capulong Simon* highlights the importance of customer retention and loyalty for the long-term success of the company and reveals that corporate social responsibility practices have a significant impact on branding and customer satisfaction.

*Asri Santosa, Suharnomo, and Mirwan Surya Perdhana* examine the role of feeling trusted within the linkage between high-performance work systems and work engagement. Feeling trusted by a supervisor is believed to be an indicator that employees are valued by an organization (Pfeffer, 1998).

*Naim Ismajli, Meriton Ismajli, and Adelina Gashi* discuss the problem of youth unemployment which has started to receive attention in a relevant way recently, especially in Europe, where the percentage of unemployment registered for this category of the population is relatively greater than that for the adult population (Perugini & Signorelli, 2010).

*Ajtene Avdullahi and Behxhet Shala* aim to investigate linear economy and recycling as a necessary component of a circular economy in a transition economy such as the Kosovo case. Initially, the paper investigates the legal framework for the environment, waste management, recycling industry, circular economy, and green entrepreneurship in Kosovo.

*Mohammad K. Shbeilat* reflects on the extent to which the auditors need to deal and communicate with a well-established audit committee, as the ultimate goal of the two parties is to ensure the robustness of the financial reports. This study experimentally examines auditors' perceptions of factors affecting the audit committee's effectiveness. Effective audit committees are the best guarantee of sound corporate governance (Levitt, 1999).

In many organizations, especially those dealing with services, customer satisfaction is considered a challenge (Pula, 2022). The study by *Duc Tai Do, Van Sang Dang, Van Dang Pham, Van Luyen Le, and Van Thanh Dang* is grounded in the theory of customer satisfaction and service quality. The purpose of their study is to examine the relationship between service quality at local independent auditing firms and customer satisfaction. Their study has demonstrated the crucial value of service quality in Vietnam's auditing sector. The study demonstrates how customer satisfaction can be impacted by service quality because it was discovered that degrees of loyalty rise as customer pleasure with the calibre of services provided decreases.

Boards of directors play an important role in the success of the internationalization process of companies, as they contribute to strategic decision-making and support access to the resources and capabilities needed to enter the international market. In this issue, *Roberto Herrera-Barriga* and *Diana Escandon-Barbosa* conducted a bibliometric review of the research on the relationship between boards of directors and the internationalization of companies. This review lays the groundwork for future research on boards of directors and the internationalization of companies, highlighting the need for more research at a global level, especially in Latin America. It also suggests future lines of research on emerging issues such as board capital and board-to-board networking.

The importance of positive relationships among colleagues and their impact on several aspects is globally recognized. Time is one of the main and most challenging factors of cooperation (Promethean, 2021). Usually, principals keep their distance from staff, this can lead to misunderstandings, therefore, improving functional communication strengthens interpersonal relationships (Plotinsky, 2022). *Menada Petro and Ornedo Gega* hypothesize the question: “How cooperative are professionals in pre-university educational institutions in Albania?”, to highlight the importance and the benefits that come from the cooperation between teachers and principals.

In the current globalised world, the milieu can be a competitive advantage for companies rooted in their local production context, as is the case for the agri-food industry (Riviezzo et al., 2017; Sgroi et al., 2020). In this realm, *Mara Cerquetti and Annamaria Romagnoli* exploit how the relationship between a company, its environment and local assets can be a successful marketing strategy that can trigger a virtuous circle that benefits sustainable tourism development. They investigate whether and how the wine industry in the Marche region, Italy, communicates its relationships with the milieu and cultural heritage on official websites.

*Pranvera Dallosi and Delvina Kyqyku* highlight the importance of citizens’ information communication technology skills for the acceleration of the digital economy by conducting an empirical analysis which examines the impact of different levels of digital skills on the digitalization of the economy. Additionally, the paper investigates whether the way individuals acquire digital skills differs between highly digitalized European Union (EU) economies and other parts of the EU.

The article by *Y Anni Aryani, Evi Gantowati, An Nurrahmawati, Taufiq Arifin, and Sutaryo Sutaryo* investigates the effect of women’s representation in the local government head and legislative positions on public service quality in Indonesian local governments. Empirical findings demonstrate that women’s representation in the legislative board provides a positive impact on public service quality while women’s local government head has no significant effect. The effect is consistent both in district local governments and city local government observations. Their study provides recommendations that suggest that women’s representation in local politics should be increased to promote gender equality which leads to better public governance.

*Muhammad Tahir Karepesina* in his study, analyzes the influence of organizational culture and work motivation on the performance of civil servants in Indonesia. The results of the study explain that motivation has no effect on employee performance. This condition implies that motivation needs to be encouraged and driven by the leadership so that employees want to work optimally. On the other hand, factors of communication, coordination, environment, achievement recognition, and mutual respect are needed to create comfortable working conditions for all parties. Meanwhile, organizational culture factors have a very positive effect on employee performance. These results prove that a strong organizational culture is the result of spreading trust and values that develop within an organization and directing employee behavior in the desired direction thereby increasing a sense of comfort and loyalty to the organization.

*Iswanti, Ujianto, and Slamet Riyadi* conducted a study on ethical leadership, culture and public service motivation on organizational citizenship. The results showed that ethical leadership and work culture had positive and significant effects on organizational citizenship behaviour (OCB), while public service motivation had no significant effect on OCB. Ethical leadership had no significant effect on performance, whereas work culture and public service motivation had positive effects, especially on performance. OCB has a positive and significant impact on employee performance. OCB conveys the impact of ethical leadership and work culture on employee performance; however, OCB does not assess the impact of public service motivation on employee performance.

*Fiyinfoluwa Giwa and Ireem Choga* aim to investigate the effect of property tax on wealth accumulation. From 1990 through 2019, the study involved seven African countries: Cameroon, Eswatini, Madagascar, Mauritius, Morocco, South Africa, and Tunisia. Wealth accumulation aids in the survival and betterment of disadvantaged households. The majority of African households acquire wealth in the form of properties, which form part of their assets. The panel vector error correction model (PVECM) was employed as the econometric technique approach. The variables used in the study are property tax, land wealth, political stability, education, and household income. The findings show that property taxes have a positive and significant relationship with wealth accumulation in the long run in the seven African countries studied. In the short run, however, the relationship is negative and statistically insignificant. The study recommends a policy review on land ownership to attain easily landed properties and a reduction in property tax.

*Jeremiah M. Kapotwe, Nkombe Herman Bamata, and Maxwell A. Phiri* investigated the role of crisis leadership in improving organisational culture during the COVID-19 pandemic by focusing on the effect of women’s representation in the local government head and legislative positions on public service quality in Indonesian local governments. Their empirical findings demonstrate that women’s representation in the legislative board provides a positive impact on public service quality while women’s local government head has no significant effect. The effect is consistent both in district local governments and city local government observations. Their study provides recommendations that suggest that women’s representation in local politics should be increased to promote gender equality which leads to better public governance.

Accounting information systems (AIS) provide appropriate information for managers to make decisions and improve corporate performance. *Tuan Tran Trung* and *Anh Huu Nguyen* delve into the impact of accounting information systems on the corporate performance of joint stock commercial banks in Vietnam. Their results reveal that there is a positive relationship between the accounting information system and the corporate performance of joint stock commercial banks in Vietnam. Based on the findings, some recommendations are proposed relating to accounting information systems for enhancing corporate performance.

Although the relationship among default risk, size, and equity returns is comprehensively investigated in developed stock markets, the analysis is still lacking for Vietnam, an important emerging market in Southeast Asia. *Le Quy Duong*, *Pham Dan Khanh*, and *Manh Dung Tran* aim to examine the relationship among default risk, size, and equity returns in the Vietnamese stock market, and compare the explanatory power of the default-risk factor to the size factor in asset pricing models. They use an option-based model to obtain the proxy of default risk for approximately 360 listed firms in Vietnam. Empirical results show that distance to default is negatively related to stock returns. When size is controlled, the default effect exists in different size-ranked portfolios. In asset pricing models, the default-risk factor is more powerful in explaining Vietnamese equity returns compared to the size factor of Fama and French (1993). As a result, default risk is a significant factor in Vietnamese stock returns, consistent with the risk-based point of view.

After presenting highlights from all papers in this issue, finally, on behalf of the editorial board of the journal *Corporate Governance and Organizational Behavior Review*, I would like to extend our gratitude to the authors who have contributed by sharing their valuable insights on a wide array of topics related to corporate governance and organizational behaviour. A deep thanks also goes to our reviewers for their dedication to maintaining the highest academic standards. Last but not least thank goes to our beloved readers for their everlasting support, engagement and feedback. We hope that the articles published in this issue will benefit all interested parties and lead to further academic research. Thank you for your ongoing support and readership.

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