EDITORIAL: An international context of corporate governance

Dear readers!

This issue of the journal *Corporate Ownership and Control* brings together a compelling collection of papers that explore the evolving dynamics of corporate governance, leadership, sustainability, and financial performance across diverse institutional, cultural, and geographical contexts. Together, these contributions provide a multi-faceted picture of how businesses are responding to complex challenges in a world increasingly defined by transparency demands, sustainability expectations, and stakeholder accountability.

The role of family ownership in shaping corporate behavior is a recurring theme throughout the issue. *Iwan Suhardjo* and *Meiliana Suparman* examine sustainable human resource practices in Indonesian family-owned listed companies, revealing that while sustainability is acknowledged, the approach remains largely compliance-driven and fragmented. This insight finds a parallel in *Francesco Napoli*'s study of Italian family firms, where a preference for strategic over research and development-related voluntary disclosure highlights the distinct governance logic in family-controlled businesses. Both papers underscore the unique blend of tradition, control, and long-termism that characterizes family enterprises, yet also illuminate their limitations when it comes to adopting comprehensive, forward-looking strategies. *Nnadozie Chijioke Nnaji-Ihedinmah, Nma Okechukwu Okoroji, Okechukwu Ferdinand Cyril-Nwuche*, and *Juliet Anuri Onwuchekwa* focus on the impact of block family, and institutional block ownership structure on the performance of listed firms in Nigeria. The three hypotheses for the study sought to establish whether block family ownership, block ownership, and institutional block ownership have any impact on the performance of the selected firms.

The intersection of leadership behavior and financial decisions is explored in depth through several studies. *Spencer N. Palmer*'s analysis of chief executive officer (CEO) participation in convertible note offerings offers evidence that executive involvement can meaningfully reduce financing costs, particularly in smaller, financially constrained firms. In a related vein, *Shab Hundal, Christina Borén*, and *Anne Eskola* analyze performance-based compensation across Nordic firms, demonstrating that CEO incentives tied to firm performance do improve financial outcomes, though governance structures such as board size and independence significantly moderate this relationship. These papers collectively contribute to a deeper understanding of how executive agency, compensation, and governance frameworks interact in shaping firm performance.

Governance quality also emerges as a central theme in studies addressing audit behavior and financial reporting. *Guoping Liu* and *Jerry Sun* study the motivations behind modified audit opinions in China, challenging the assumption that such practices stem from auditor conservatism and instead pointing to client quality as the dominant factor. *Julian Kordisch* and *Reiner Quick* add nuance by focusing on forecast reporting quality in Germany, where audit firm characteristics, especially tenure and specialization, demonstrate subtle but important effects. Meanwhile, *Mario Henry Meuthen*'s paper on auditor rotation behavior provides further evidence for transaction cost considerations over reputational concerns in German HDAX firms, offering a rare longitudinal perspective on how regulatory mandates play out in practice.

Two studies turn the lens toward broader sustainability and risk governance dynamics. *Souad Chaieb*'s exploration of accounting conservatism and cash holdings in French firms finds that board independence significantly strengthens the conservative approach to liquidity management, highlighting again how governance design can amplify or dilute financial discipline. Similarly, *Flavio Spagnuolo*'s study on circular economy orientation in mergers and acquisitions transactions finds that sustainability not only drives strategic behavior but also reduces informational frictions, resulting in more efficient due diligence processes. Together, these findings reinforce the growing strategic weight of environmental and governance factors in shaping market transactions.

At the conceptual frontier, *Billel Ferhani* offers a timely framework for integrating ethical leadership into corporate strategy, calling for a deliberate alignment between leadership styles and organizational ethics. Complementing this, *Hatem Elfeituri* and *Jassem Alokla* analyze the dual role of external governance indicators and internal mechanisms in influencing financial performance in the UK, finding that institutional quality, particularly the rule of law, is a powerful enabler of profitability.

Finally, the issue takes a bold step into the future of corporate decision-making with *Mfon Akpan*'s comparison of artificial intelligence large language models like ChatGPT, Claude, and Gemini to human educational benchmarks. While not directly tied to traditional governance themes, this study provokes critical questions about the evolving nature of expertise, transparency, and trust in the age of artificial general intelligence.

Across these diverse contributions, a unifying message emerges: strong, adaptive governance is essential in navigating complexity and creating long-term value. As regulatory environments tighten, stakeholder expectations rise, and technologies transform our decision-making landscape, the role of corporate governance as both a stabilizing and enabling force becomes more vital than ever.

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