EDITORIAL: Navigating complexity: Internationalization, sustainability, and governance as drivers of firm performance

Dear readers!

On behalf of the Editorial team, I am pleased to introduce issue 2 of volume 3 of the *Business Performance Review* in 2025. This issue comprises scholarly articles that help readers navigate complexity in firm performance through factors related to internationalization, sustainability, and governance. Together, the eleven articles offer a rich and diverse exploration of contemporary issues in business performance — from strategic and financial perspectives to ecosystem dynamics and governance practices — providing both theoretical insights and practical implications for researchers, practitioners, and policy makers.

The first article, entitled "*Internationalization strategy and performance of SMEs: An analysis based on organizational learning*" by *Hourya Mehdaoui* and *Nada Moufdi*, provides unique insights into the relationship between internationalization and the performance of small and medium-sized enterprises (SMEs). SMEs with exploratory strategies are committed to developing new products and services beyond current offerings, with a strong emphasis on research and development. SMEs with exploitative strategies focus more on selling current offerings rather than developing new ones and are less focused on research and development. This study found that the relationship between firm performance and internationalization is negatively impacted when firms adopt both exploratory and exploitative strategies simultaneously (ambidexterity). Firm strategy should align with the environment, particularly during uncertain times such as the COVID-19 pandemic.

The second article, by *Olumide Samson Ola, Mohd Lizam*, and *Edie Ezwan Mohd Safian*, is entitled "*Evaluating the financial performance metrics of real estate investment trusts: Identifying appropriate metrics for investment analysis*". The authors longitudinally evaluate the effectiveness and relevance of conventional financial performance metrics for real estate investment trusts (REITs) listed on the Malaysian Stock Exchange. Results indicate that intrinsic value in Malaysia's REIT sector is best explained through equity-based profitability rather than cash-flow or market-value proxies. Investors should consider return on equity as the dominant screening and weighting criterion in REIT portfolios, and they should focus on equity-efficient capital allocation, conservative debt management, and disciplined reinvestment.

The third article, "*Factors affecting dynamic capabilities in firm performance of sustainable community enterprises*", by *Akkadet Uppachai, Sanyasorn Swasthaisong, Chardchai Udomkijmongkol, Denchai Sompong*, and *Chainarong Phoonkasem*, applies structural equation modeling to understand the relationships between intellectual capital, absorptive capacity, dynamic capabilities, and organizational performance across 346 companies in Thailand. Findings provide evidence that intellectual capital enhances dynamic capability and organizational performance, while absorptive capacity positively affects both dynamic capabilities and organizational performance. These findings underscore the importance of non-physical assets in the adaptability and success of community enterprises.

The fourth article, by *Mohammad Sami Ali, Sultan Alabdulatif, Saleh Baqader, Mohammad Hariri*, and *Mahmud Alataibi*, is entitled "*The mediating role of the digitized trading system in dividend payout policy and banking performance*". In this study, the authors examine the performance and dividend policies of Jordanian banks using time series data from 2013 to 2024. They find that dividend distribution decisions can improve bank performance by increasing the traded value within the digital trading system. Increased dividend distributions can motivate investor demand for bank stocks, leading to greater market capitalization.

The fifth article, "*Unraveling the ESG-firm value nexus: A systematic analysis of current literature and emerging themes*", by *Ameya Patekar* and *Sarika Mahajan*, systematically reviews and analyzes 287 research articles on the relationships and annual trends between firm value and environmental, social, and governance (ESG) performance. The authors identify a notable surge in ESG studies following the global pandemic, with most studies indicating a positive correlation between firm ESG performance and company value. Exceptions relate to industry specifics, geographical variations, and time period differences. The authors emphasize the need for standardized ESG ratings and separate evaluations for environmental, social, and governance dimensions.

The sixth article, by *John Kwame Akuma, Derrick Nukunu Akude, Emmanuel Addai Kwaning, Isaac Kwame Amoah-Ahinful*, and *Peter Besah Avevor*, is entitled "*Green packaging and the profitability of manufacturing firms: The moderating role of market responsiveness*". The authors surveyed 267 representatives from manufacturing firms in Ghana to determine whether environmental commitment, innovation in green packaging, regulatory compliance, and consumer preparation positively correspond to profitability and whether these relationships are moderated by market responsiveness. Results highlight the importance of market responsiveness in strengthening these relationships. Furthermore, environmental commitment and innovation in green packaging play significant roles in firm profitability, underscoring the value of sustainable practices for long-term success.

The seventh article, by *Suraj Pradhan, Vikas Kumar Khare, Tara Kumar Sharma, Sandeep Raghuwanshi, Arif Hasan, Lavanya Singhal*, and *Monika Saxena*, is entitled "*Factoring services and business performance: A bibliometric review of global research trends*". In this study, the authors conduct an in-depth bibliometric analysis of global trends in factoring services and accounts receivable research from 1938 to the present. Factoring, which is a practice that involves debt collection, credit protection, and administration of outstanding accounts, is shown to be a more efficient financial management instrument than traditional loans. Organizational leaders, especially in SMEs, may consider this approach if they have not already done so.

The eighth article, "*The SME ecosystem: An empirical analysis of internal and external factors shaping firm performance*", by *Rexhina Alite, Gerald Çeka, Lindita Milo*, and *Shkëlqim Fortuzi*, examines factors related to the performance of SMEs in Albania. Results from 383 SMEs show that organizational outcomes cannot be attributed solely to internal resources; rather, they are embedded within an entrepreneurial ecosystem that includes institutions, networks, market forces, and support mechanisms. Additionally, human capital and intermediary services play crucial roles in driving SME performance.

The ninth article, by *Hussein Zuhair Abdulameer Zainy* and *Rabab Adnan Fadhil Al-Rubaye*, is entitled "*The impact of implementing IFRS 18 on analyzing financial performance and enhancing investment decisions*". The authors examine the impact of implementing International Financial Reporting Standard 18 (IFRS 18) on investors' ability to analyze banks' financial performance on the Iraq Stock Exchange. Comparing data from two Iraqi banks — Bank of Baghdad and Mansour Bank — they find that banks adopting IFRS 18 offer investors more transparent financial information, enabling more informed decisions regarding risk and return. Implementation of these standards may benefit banks' sustainability and competitiveness.

The tenth article, "*Corporate governance compliance practices and financial performance of listed companies in the emerging market*", by *Isaac Francis Antwi, Carla Carvalho, Cecília Carmo*, and *Eric Nkansah*, explores whether adherence to the 2010 Ghana Securities and Exchange Commission's six principles corresponds positively to firm financial performance between 2009 and 2020. The authors find that compliance with audits, disclosures in annual reports, and financial practices is the most influential factor in enhancing performance.

The final article, by *Hamid Mohsin Jadah, Noor Hashim Mohammed Al-Husainy*, and *Hadeer Khayoon Ashour*, is entitled "*The impact of banks' performance on economic growth: A dynamic generalized method of moments approach*". This study examines bank performance in the context of an emerging economy characterized by a weak political system and significant corruption in Iraq. The authors find that economic growth in Iraq depends on bank profitability, with return on equity and return on assets serving as key indicators of profitability and stability.

Together, the articles in this issue advance understanding of the multifaceted drivers of firm performance across contexts, industries, and methodological approaches. We believe this collection not only deepens theoretical knowledge but also offers practical insights for managers, investors, and policy makers seeking to enhance performance through strategic internationalization, robust governance, sustainable practices, and innovative financial tools. We extend our gratitude to the authors for their valuable contributions and to our readers for engaging with the *Business Performance Review*. We trust that this issue will inspire further inquiry and meaningful impact in both research and practice.

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