

## **EDITORIAL: Reframing corporate governance — From formal compliance to functional expertise**

*Dear readers!*

Welcome to this exciting edition of the *Corporate Board: Role, Duties and Composition* journal. Several relevant topics are being brought into the light. Main themes in this edition include corporate governance challenges in emerging markets, chief executive officer (CEO) succession, the use of industry experts as independent directors, auditing committees, and a perspective on what corporate governance can do for environmental, social and governance (ESG) challenges.

The article “*Company secretaries’ commercial attributes as moderators of CEO succession and real earnings management: A conceptual framework in the Malaysian public-listed companies*” by Mohd Azuwan Khalidi and Nur Ashikin Mohd Saat directs us towards the corporate governance challenges in emerging markets rarely arise from the absence of rules. Rather, they stem from a persistent gap between formal compliance and functional effectiveness. The studies featured in this issue collectively argue that governance works only when it is exercised by actors with the right expertise, ethical grounding, and strategic capacity. Across diverse contexts, the evidence points to a common conclusion: who governs matters as much as how governance is structured. The authors set the tone by advancing a conceptual framework that repositions company secretaries as active governance agents rather than procedural administrators. Focusing on Malaysian public-listed companies, they identify CEO succession — particularly early-tenure or heir-apparent appointments — as a high-risk period for real earnings management. Drawing on agency theory and resource dependence theory, the authors argue that company secretaries’ commercial attributes, including financial expertise, strategic insight, risk management capability, and governance engagement, can moderate these risks. Their framework challenges traditional views about the company secretary and highlights its potential to strengthen internal controls and board oversight in environments marked by ownership concentration and weak enforcement.

Alexander Maune presents us with a systematic literature review on industry-expert independent directors (IEIDs), titled “*Industry-expert independent directors and corporate governance: A systematic literature review*”. This paper places emphasis on capability over formality. Using a Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA)-based methodology, the study

reveals that Zimbabwean corporate governance frameworks emphasize director independence while largely neglecting industry-specific expertise. As a result, boards may meet regulatory requirements but lack the knowledge needed for effective monitoring and strategic decision-making. The review demonstrates that IEIDs enhance board effectiveness, reinforcing the argument that independence without expertise produces symbolic rather than substantive governance.

*Mohammed Khalaf Alshammari's* empirical study on audit committee composition in Saudi Arabia, titled "*The role of audit committee compositions in influencing the quality of financial reporting*", which is anchored on the agency and resource dependence theories, suggests that audit committee financial expertise and independence significantly improve financial reporting quality, measured through qualitative International Financial Reporting Standards (IFRS) characteristics. By focusing on reporting quality rather than narrow earnings management proxies, the study underscores the importance of technically competent oversight bodies in protecting transparency and investor confidence.

*Sarlina Sari, Dodik Siswanto, Hilda Rossieta, and Nureni Wijayati's* systematic review introduces an ethical dimension by examining Islamic religiosity within top management teams in the paper titled "*Top management team, Islamic religiosity, corporate governance, and earnings management: A systematic literature review*". Their synthesis suggests that religious values may constrain earnings management, but this effect weakens under organizational pressure unless reinforced by strong corporate governance. The study suggests that ethical predispositions must be institutionalized through governance mechanisms to remain effective.

Finally, governance effectiveness is also examined through a sustainability lens in *Nadya Elmaliya Putri, Ahmad Juanda, and Agung Prasetyo Nugroho Wicaksono's* study on carbon emissions, ESG performance, and board gender diversity, titled "*The role of the board of directors' gender diversity moderation in the relationship between carbon emissions and ESG performance*". The results suggest that firms with higher carbon exposure tend to strengthen ESG disclosures over time, suggesting a legitimacy-driven response. While board gender diversity does not directly affect ESG outcomes, it enhances governance structures that support transparency and accountability. This highlights the role of board composition as an enabling mechanism rather than a symbolic gesture within compliance-oriented ESG regimes — a core subject under the scope of this journal.

Taken together, these papers constitute a great starting point to reflect on corporate governance and a potential need to reframe it across diverse regions. For regulators, this calls for capability-based reforms; for scholars, richer empirical inquiry; and for practitioners, a renewed focus on governance that genuinely performs.

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