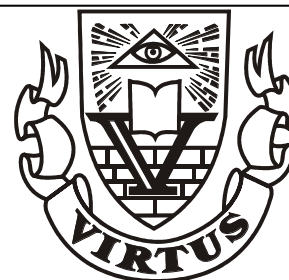


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## CONTENTS



- EDITORIAL** 4
- LOOKING BACK AND MOVING FORWARD: A CLOSER LOOK AT THE DUTCH GENDER QUOTA** 7
- Annika Galle*
- The Dutch Civil Code stipulates that, for balanced gender representation, 30% of seats on the boards of large corporations should be occupied by women. If a company does not meet this requirement, the company is compelled to be transparent in its annual report by means of the 'comply or explain' principle. This article analyses the application of this rule through content analysis of the annual reports of 52 listed companies in 2012 and 49 in 2013. The article discusses whether this rule has the desired effect of creating transparency on the gender quota. The conclusion is that the comply or explain mechanism is inadequate without further measures, including sanctions.
- THE EVOLUTION OF CORPORATE GOVERNANCE IN THE GLOBAL FINANCIAL CRISIS: THE CASE OF RUSSIAN INDUSTRIAL FIRMS** 16
- Ichiro Iwasaki*
- In this paper, using a unique dataset of industrial firms obtained from enterprise surveys conducted across the Russian Federation in 2005 and 2009, we trace back structural changes in the corporate governance system before and after the global financial crisis. We also empirically examine the impacts of the crisis on the organization of boards of directors and audit systems. Our survey results reveal that, in the Russian industrial sector, the quality of corporate governance has been improved through the crisis. Furthermore, we found that, corresponding to the alignment hypothesis, in firms that decisively reformed their management and supervisory bodies in response to the 2008 financial shock, the total number of worker representative directors significantly declined, as did their proportion to all board members.
- CORPORATE SOCIAL RESPONSIBILITY AND FIRM VALUE AN EMPIRICAL STUDY OF AN EMERGING ECONOMY** 40
- Hassan M. Hafez*
- The purpose of this research is to evaluate the effect of CSR on firm value and financial performance in Egypt with a timeline of 8 years from 2007 till 2014. Data used in this study is secondary data obtained from the financial statements and annual reports of the Egyptian companies and official online websites. We proved that CSR has a insignificant negative effect on firm value and a significant positive effect on firm' financial performance in Egypt measured by Return on Assets (ROA) and Return on equity (ROE).
- MEASURING THE IMPACT OF CODE OF ETHICS ON THE QUALITY OF AUDITORS' PROFESSIONAL JUDGMENT** 54
- Hussein Mohammed Alrabba*

This study examined the impact of code of ethics on the quality of auditors' professional judgment in the case of Jordan. The study found out that different aspects of auditors have varied influences on their ability to detect any incorrect information in accounting statements. For example, it was evident that the integrity, objectivity and independence of auditors are weakly correlated with the ability to notice the incorrect financial information. However, the study discovered that all ethical aspects of audit profession such as the rules governing the rights to advertising, determination of commission, organizations' name and form, as well as contingent fees have significant impact on auditor's capacity to identify financial statements' misrepresentation.

**THE ACCURACY OF PROFESSIONAL FORECASTS AND MONETARY POLICY IN AN EMERGING COUNTRY** 61

**Salminah Pulumo, Leroi Raputsoane**

This paper analyses the accuracy of professional forecasts of monetary policy interest rate decisions in South Africa since 2008. This is achieved by examining the dissimilarity between the professional forecasts of monetary policy stance and the realised monetary policy interest rate on the basis of proximity, temporal structure and sensitivity to forecast horizon. The results show that the forecasts of insurance companies and international banks are closest to the realised monetary policy interest rate on average based on proximity, while the forecasts of banks and interest groups are closest to the realised monetary policy interest rate based on temporal structure.

**SURVEY OF CREDIT RISK MODELS IN RELATION TO CAPITAL ADEQUACY FRAMEWORK FOR FINANCIAL INSTITUTIONS** 68

**Poomjai Nacaskul**

This article (i) iterates what is meant by credit risks and the mathematical-statistical modelling thereof, (ii) elaborates the conceptual and technical links between credit risk modelling and capital adequacy framework for financial institutions, particularly as per the New Capital Accord (Basel II)'s Internal Ratings-Based (IRB) approach, (iii) proffer a simple and intuitive taxonomy on contemporary credit risk modelling methodologies, and (iv) discusses in some details a number of key models pertinent, in various stages of development, to various application areas in the banking and financial sector.

**THE VALUE OF MILLISECOND EXPIRY OPTIONS IN SPOT FOREIGN EXCHANGE MARKETS** 85

**John Stevenson**

The spot foreign exchange marketplaces are split into two types by their respective trading rules: markets with conventional resting orders versus markets with resting that orders that include optionality. This optionality is owned by the counterparty who placed the resting order and provides the option to refuse the aggressive order matched against the resting order. This paper describes and contrasts these two types of markets. A valuation method for these very short expiry options on the later marketplace is proposed. Appropriate historical volatility metrics are defined and applied for these uniquely short expiry timescales.

**ADAM SMITH ON GOVERNANCE AND REGULATION. AN ACCOUNT OF HIS LECTURES ON JURISPRUDENCE** 90

**Pilar Piqué**

The present study analyzes a little explored work of Adam Smith: his Lectures on Jurisprudence, understanding it as a "bridge" between his Moral Philosophy and his Political Economy. We show that Smith states in Theory of Moral Sentiments some tensions facing the sympathy once the bonds of affection between members of the same society began to reveal weak. This lead Smith into the study of Jurisprudence, the study of a society of strangers that need a common identification under a State that imposes rules of justice unveiled by science. In his Lectures on Jurisprudence, Smith finds that the division of labor was the result and the ultimate expression of opulence and freedom of humanity. These conduct him to answer why does the division of labor contribute to opulence and why does the division of labor brings about man's freedom and these two questions ended in the creation of The Wealth of Nations.

**BALANCING THE BUDGET: CAN THE SWISS DEBT BRAKE END ENDLESS U.S. DEFICITS?** 99

**Sven Larson**

The United States is the world's leading issuer of treasury bonds, and according to current forecasts there is no end in sight to annual budget deficits. Evidence strongly suggests that persistent deficits are closely associated with depressed growth, raising the possibility that a permanent end to U.S. deficits would permanently increase the country's economic growth. However, with nearly a half-century long, almost unbroken line of deficits it is unlikely that Congress will rise to the occasion and end borrowing on its own. Suggesting that the United States needs budget-balancing regulations, possibly at the constitutional level, this paper explores two types of balanced-budget measures: deficit-elimination and debt-capping.

**THE IMPACT OF INCLUSIVE BUSINESS ON ETHICAL VALUES & INTERNAL CONTROL QUALITY: AN ACCOUNTING PERSPECTIVE** 106

**Tamer A. El Nashar**

The objective of this paper is to examine the impact of inclusive business on the internal ethical values and the internal control quality while conceiving the accounting perspective. The study uses the approach of the expected value and variance of random variable test in order to analyze the potential impact of inclusive business. The findings show a probability of 85.5% to have a significant potential impact of the inclusive business by 100% score on internal ethical values and internal control quality. And to help contribute to sustainability growth, reduce poverty and improve organizational culture and learning.