EDITORIAL

Dear readers!

The recent issue of the journal Corporate Ownership and Control contains articles authored by scholars from different countries (USA, Italy, Lebanon, Brazil, South Africa, etc.) They explore questions of corporate governance, corporate social responsibility, executive compensation, human resources, equity funds, firm performance, organisational performance, global recession, acquisitions and mergers, etc.

Mireille Chidiac El Hajj, Richard Abou Moussa and May Chidiac study the lack of gender diversity at the board level in Lebanese banks following Corporate Social Responsibility (CSR) principles. They also address women's reactions and behaviours towards this issue. The employed methodology is multi-modal and uses both quantitative and qualitative tools.
Wan-Ting Wu examines the choice of performance measures in performance-vested (p-v) equity compensation and its relation with future performance. Based on a sample of the S&P 500 industrial firms which granted p-v equity compensation to executives during 2006-2008, this paper presents several interesting results.
Renata Ferreira and Andre Carvalhal analyze the market timing capability of equity fund managers in Brazil. The active management and market timing ability of equity funds are very important to generate consistent positive returns, especially in the current volatile scenario in Brazil. The authors study 130 equity funds with active management using an alternative methodology for testing market timing, using an alternative measure of market timing, based on the portfolio held by funds ("holding-based measure") in order to avoid the biases observed in the measurement of observed returns ("return-based measure").
Irina Berezinets, Yulia Ilina and Liudmila Alekseeva explore the relationship between ownership structure and dividend policy in Russian public companies with dual-class shares. The sample includes all companies issuing both ordinary (voting) and preferred (non-voting) shares traded on the Russian Trading System (RTS) in the period of 2003-2009. Using panel data and employing both linear and nonlinear regression modeling approach, we tested the relationship between ownership structure and dividend payout. One of the major conclusions is the existence of a negative relationship between the dividend payout on ordinary shares and institutional ownership, as well as between dividend payout on ordinary shares and offshore ownership. Unlike for ordinary shares, ownership structure is not related to dividend payments on preferred shares. Dividend policy on preferred shares is, instead, essentially related to a company's performance.
Chipo Mellania Maseko investigates the root causes of reworks,which generally continue to be overlooked, despite the fact that reworks regularly cause corporate budgets to be exceeded by more than 12.4 %. The issue of Reworks is a recurring problem which companies are gradually losing control of and, as a result, contributes to time and cost overruns, thereby bringing adverse effects on project performance. To improve corporate performance and control it is, therefore, necessary to identify the root causes of reworks in construction projects. This article explores the root causes of reworks on construction projects with reference to South Africa. The desktop methodological approach was adopted based on scholarly articles to ascertain root causes of reworks. Following a conceptual analysis on corporates, thirty-five causes of reworks were, identified and categorized into five main categories namely client-related, design-related, site management-related, subcontractor-related and transporter-related.
Maryam Abdulla Althawadi and Gagan Kukreja investigate the impact that the financial crisis which occurred in 2007 and 2008, has had on the global banking industry. As a result, many banks went bankrupt or the governments had bailed them out. Thus, to protect banks against such a situation, the Basel Committee on Banking Supervision (BCBS) had scrutinized and altered the banking regulations, termed as the Basel III. The purpose of this paper is to analyse the Basel III paradigm and its impact on the banks' financial health of Bahrain. This kind of study will enhance the understanding of Basel III and its impact on banking sector for researchers of GCC in general and Bahrain in particular.
Johnson Bosco Rukundo examines the relationship between firm performance and innovation in developing countries using micro data from enterprise surveys. The purpose is to empirically test the importance of firm performance in terms of sales, for a firm's proneness

to innovate specifically in developing countries. A two-stage least squares (2SLS) model is applied to a sample of 2356 firms from the manufacturing and service sectors. Results show that firm performance, defined as sales, is found to be a significant factor contributing to innovation among firms. This relationship holds in manufacturing firms even when distinguished from the services sector. The findings underline the importance of firms' performance through increased sales. The paper adds to the existing limited research literature on performance and innovation studies in developing countries especially Africa.

Maria Gaia Soana and Giuseppe Crisci focuse their research on duties and responsibilities of the nominating committee. Many corporate governance codes and reports emphasize the importance of creating nominating committees within boards. Focusing on banks, the Basel Committee on Banking Supervision (2015) recommends that boards of directors should create an internal nomination/human resources/governance committee. In this context,the authors have analysed the presence and main characteristics of this committee in the 30 systemically important banks (G-SIBs). The analysis shows that the nominating committee is often also a "governance committee". Its main responsibilities towards the full board of directors usually include identifying individuals qualified to become board members, guiding the board in its annual review, reviewing succession plans and, occasionally, monitoring education programs for directors.

*Vuyani Ndlovu, Emmanuel Mutambara and Akwesi Assensoh-Kodua*research the issue of executive remuneration, which has been the subject of close scrutiny, huge public outcries and criticisms in the recent past in South Africa. This has invariably attracted unprecedented research interest across different sectors of the economy. Various studies on executive remuneration versus corporate performance have been conducted across South African companies with no finite consensus. This study joins the debate with the hope of reaching common understanding on the relationship between the two variables. The study seeks to investigate the relationship between CEO remuneration and company performance on the Johannesburg Stock Exchange Listed (JSE) Companies from 2010 to 2015. In particular, the focus of the study was to determine if these two constructs were correlated and aligned with the corporate governance principles. The study, employed a deductive methodological approach, based on a longitudinal, descriptive quantitative design. Purposive sampling technique was used to select the actively listed companies that met the prescribed criteria. Secondary data, sourced from McGregor BFA database was used for the study. Data analysis took an archival quantitative research approach.

Randy Beavers explores the CEO incentives of inside debt in the form of deferred equity compensation in the context of M&A decisions. The study runs statistical regressions on the likelihood of a merger, whether the deal is diversifying, how much stock is used to pay for the deal, and the relative deal size controlling for CEO long-term incentive pay as the main variable of interest and including controls for firm characteristics, merger characteristics, industry, and year. This paper sheds light on LTIP effects before compensation changes occur after an M&A event. This study uses archival data from 1996 to 2005 for the United States with data collected from CRSP, Compustat, and SDC Platinum. This is one of the first studies to focus on the United States.

Giovando Guido and Crovini Chiara investigate the topic of prudential vigilance and financial sanctions inflicted to financial intermediaries by the Bank of Italy during the period between 2013-2016. The paper seeks to analyse the trend of sanctions during the period between 2013 and 2016 and if sanctions in 2016 were influenced by the dimension of the financial institution, corporate governance and financial reporting items of the previous year (2015). Consequently the study was divided into two parts: in the former a unique dataset was accumulated and considers all the documents and related information on the financial penalties inflicted by Banca d'Italia in the period between 2013 and 2016. For the second part, a multivariate regression model was elaborated with variables linked to specific types of sanctions and items of the 2015 financial reporting standards of all the Italian financial institutions involved and we hand-collected data by downloading the financial reporting standards from the websites of each entity and by analysing in depth the information regarding those sanctions.

Libero Mario Mari, Manuel Soscia and Simone Terzani explore the impact of ownership concentration on earnings quality of banks. Previous literature shows that ownership concentration reduces agency costs between property and management, resulting in higher quality and transparency of information, and thus on earnings quality. The reason why this

study focuses on banks lies on the specific constraints and regulations to which financial institutions are subjected, and as well as the different incentives to earnings management activities from management and property. Thus, the main issue of the research is to understand whether ownership concentration has an impact on banks earnings quality. A sample of 6,323 bank-year observations, across 35 countries, over the period 2001-2016 was used. Three different regression models are adopted to measure earnings quality according to the existing literature: (1) earnings persistence, (2) cash flow predictability and (3) earnings management to just-meet-or-beat the prior year's earnings.

Hugh Grove and Maclyn Clouse analyse weak corporate governance that facilitated over $1.5 trillion in investment losses in the 21st Century in just 17 primarily U.S. public companies. Sir David Tweedy, the former chair of the International Accounting Standards Board, has commented: "The scandals that we have seen in recent years are often attributed to accounting although, in fact, I think the U.S. cases are corporate governance scandals involving fraud" (Tweedy, 2007). Thirteen prominent U.S. business leaders from industry, asset management firms, and an activist investment firm secretly worked for one year to develop corporate governance principles that would become a pathway for the future. The importance of implementing good corporate governance principles, as developed by this committee in 2016, is stressed by these $1.5 trillion of investment losses. This paper has developed lessons learned from these scandals which reinforce these corporate governance principles as a pathway to avoid such malpractices in the future. Attention should be particularly paid to the violations of two critical principles which amassed the majority of these investment losses: Principle I. Board of Directors – Composition and Internal Governance, especially Composition and Independence and Director Effectiveness, and Principle IV. Public Reporting, especially Transparency and Non-Generally Accepted Accounting Principles.