EDITORIAL

Dear readers!

The recent issue of the journal Corporate Ownership and Control is devoted to the questions of corporate fraud, corporate governance, risk disclosure, IPO, long-term sustainability, board members selection, relationship between ownership structure and financial performance etc.

Barbara Sveva Magnanelli, Luca Pirolo and Luigi Nasta explore the role of corporate governance as a system to monitor and predict fraud occurrence and magnitude acting within the agency theory theoretical framework. Their study examines the impact of the quality of corporate governance on the fraud occurrence and magnitude in the firms, where fraud was detected. The research contributes to the governance literature by focusing on the corporate governance quality and its impact on financial statement frauds. Moreover, the analysis suggests that a good level of governance can help companies to mitigate the agency problems and to detect fraudulent behaviours, thus our empirical evidence can guide regulators in developing regulations to avoid the fraud occurrence.
Tarmizi Achmad, Faisal Faisal and Melani Oktarina investigate the influences of corporate governance and firm characteristics on risk disclosure of Indonesian public listed companies. The authors analyse a total of 118 annual reports using the content analysis method. The results show that the mean of risk disclosure index is 32%. Statistical analysis indicates that the size of the audit committee, the firm size, and financial performance are all positively related to the extent of risk disclosure.
Faisal Alqahtani and Zakaria Boulanouar present a comprehensive analysis of initial public offerings (IPOs) in Saudi Arabia, using a sample of 72 IPOs examined during the period between 2004 and September 2010. To compute the market performance of the IPOs, the authors split the sample into two sub-samples: sharia-compliant and non-sharia-compliant and use two methods of calculations (BHAR and CAR). In contrast to the majority of reported outcomes worldwide, these results show that based on one-year after-market performance, on average, underperformance does not exist in the Saudi market. Based on this result, the authors introduce a new factor which they call non-sharia-compliant underperformance.
Ahmed Mohsen Al-Baidhani, Amalina Abdulah, Mohamed Ariff, Fan Fah Cheng and Yusuf Karbhari provide a review of the extant ERC literature and expound on its evolution and development of the relevant theories, offer perspectives, and highlight the models used since 1968 when the earnings-to-returns relationship first became prominent. The main research results found while conducting this review supports the relevance of accounting information announcements to stock price formations, and therefore enhancing the confidence of investors and firm's stakeholders in such. In addition to enhancing the stakeholders' confidence in the accounting information, this review paper will be useful to financial accounting standards setters and contributes to a holistic understanding of the literature on earnings-to-returns relationship.
Elizabeth Chinomona and Teboho Mofokeng examine the influence of servant leadership on organizational citizenship behaviour, organizational commitment and job performance from a Leader- Member Exchange (LMX) perspective. The problem was investigated within the SME sector of Zimbabwe. The study was quantitative by nature and adopted positivism as the research paradigm. 189 Small and Medium Enterprises (SMEs) in Zimbabwe formed the unit of analysis. The empirical testing of the study's six hypotheses revealed that the relationships are positive and significant. This implied that servant leadership, organizational citizenship behaviour and organizational commitment have a constructive effect on employee job performance and thus SMEs in general.
Reginah N. Makgata and Collins C. Ngwakwe evaluate the relationship between human capital expenditures and company turnover. The research is built on two major objectives – to analyse the relationship between employees' health and safety investment and turnover, and to evaluate the relationship between employees' skill development investment and turnover over a period of 5 years (2011–2015) from the archives of selected companies in the JSE SRI. The paper concludes with recommendations for companies to expedite strategic

investment in employees' health and safety and skills development to enhance growth in corporate sales turnover.

Hugh Grove and Mac Clouse analyze 15 of the largest EU public companies, including Volkswagen, that were included in Forbes' 2015 list of "The World's Biggest Public Companies" in order to investigate possible best practices for long-term sustainability, as emphasized by the EU Sustainability Directive. CEO pay and various well-known financial ratios were correlated with market capitalization creation to create a sustainability score which was then correlated to market cap creation to indicate possible long-term sustainability practices. Key correlations were CEO pay, sales growth, profit margin, and leverage or adequacy of capital. Such key variables could then be monitored for possible long-term sustainability practices by Boards of Directors for good corporate governance, as opposed to recent bad corporate governance by Volkswagen. In just the last year, Volkswagen managed to destroy all the prior three years of its market cap creation.

Ku Nor Izah Ku Ismail, Intan Maiza Abd. Rahman, Ifa Rizad Mustapa, and Shamsul Nahar Abdullah seek to understand the principle behind board members selection, and reasons for women to accept board appointments based on a questionnaire survey on women who sit on the boards of companies in Malaysia. The study provides evidence that education, expertise and leadership qualities are necessary for women to reach the boardrooms whereas gender plays an insignificant role. Willingness to contribute to and share their expertise with a company are the main factors for women to accept the appointment as a director. The outcome of this study complements and strengthens the efforts made by the Malaysian government.

Majed Alharthi estimates efficiency and its factors of Islamic banks in GCC countries during the period 2005-2014. Efficiency is measured using data envelopment analysis (DEA), which is divided into technical efficiency (TE), pure technical efficiency (PTE), and scale efficiency (SE). The statistical methods to find the determinants are generalized least squares (GLS), generalized method of moments (GMM) and Tobit regressions. The results obtained in the study may help bankers and policy makers to evaluate the financial performance in banking sector and enhance efficiency based on the outlined positive and negative determinants.

Shadrack Themba Mzangwa explore the economic implications of the ever-growing rate of unionised strikes in post-apartheid South Africa. The study assesses its impact on the real gross domestic product (GDP) and brings to light the most affected sectors, the root causes and the implications for policy.

Marco Tutino, and Marco Pompili investigate relationships between different levels of fair value hierarchy for the valuation of financial assets and two main variables: market capitalization and net income. The study consideres a sample of 506 insurance companies in two main areas –in the US and in Europe - all listed between 2013 and 2008.

*Inten Meutia, Mukhtaruddin, Yulia Saftiana, and Muhammad Faisal*analyze the influence of CEO's international work experiences, foreign ownership and controlled variables of profitability and firm size on CSR disclosure. The sample of this research is represented by 134 manufacturing companies listed on the Indonesian Stock Exchange (IDX) in 2014. It analyzes the companies' annual reports using content analysis method based on the GRI G4. The data panel is analyzed using multiple linear regression. The results of this research show that the CEO's international work experience has a positive and significant effect on CSR disclosure. Profitability and firm size, taken as control variables, also have a significant positive effect on CSR disclosure.

Ayman Ahmad Abu Haija and Hussein Mohammed Alrabba aim to identify the relationship between ownership structure (i.e. family, foreign, managerial and institutional ownership) and Jordanian companies' financial performance. 114 companies listed in ASE from 2009 to 2015 (seven years) constitute the sample of the study.