# EDITORIAL

*Dear readers!*

We are pleased to present the second issue of the journal in 2018. The recent issue of the journal "Corporate Board: Role, Duties and Composition" is devoted to the issues of interlocking directorates, corporate governance, social network analysis, corporate networks, power structure, financial distress, sustainability, liquidation, corporate law, decision making, cognitive science, behavioural finance, executive compensation, firm performance, commercial banks, board of directors etc.

*Salvatore Esposito De Falco, Nicola Cucari and Federica Di Franco* update the contribution by Drago et al. (2011) about cross-shareholdings and interlocking directorates in Italian listed companies (FTSE MIB) to 31 December 2016, reinforce theory of enlarged collusion and find how interlocking directorates can contribute to understanding the power structure. *Kudzai Mpofu, Anthony O. Nwafor and Koboro J. Selala* investigate, through doctrinal approach, the efficacy of the statutory provisions relating to the role of the business rescue practitioner in the business rescue process and argue against the disqualification of juristic persons from appointment as business rescue practitioners. *Daisuke Asaoka* explores the behavioural aspects of corporate law by drawing on recent developments in the field, and so to deepen understanding of the corporate organization. *Majd Iskandrani, Hadeel Yaseen and Asma'a Al-Amarneh* examine the relationship between CEO compensation and corporate performance among commercial banks operating in a small emerging market, namely Jordan.

We are very pleased to provide a brief editorial note for the last issue of the Corporate Board Journal. The articles in this issue reflect an increasing interest in the study, both theoretical and empirical, of board structure and composition. Ten years have now passed since the commencement of the global financial crisis in September 2008. The near collapse of the Anglo-American banking system then was followed by waves of subsequent failures and scandals in banks, both around Europe and globally. Despite post-crisis reforms and regulatory interventions, there is a sense of urgency to fix the roots of the governance problems that caused these crises. These articles contribute to understanding and defining these causes.

The articles in this issue focus on some aspects of the above quest, namely understanding the dynamics of management and decision-making, especially in the context of listed companies. In "Executive compensation and corporate performance: Evidence from Jordanian commercial banks", Iskandrani, Yaseen and Al-Amarneh conduct a very interesting empirical study on a sample of thirteen commercial banks listed on the Jordanian Stock Exchange and analyse the relationship between executive compensation and corporate performance. This article provides some interesting insights into one of the most topical academic debate that surfaced from the early 2000s, with the more vigorous emergence of the problem of executive pay which eventually exploded in the period between 2006 and 2009. The authors measure firm performance by looking at return on equity (RoE) and return on assets (RoA) and most interestingly find that CEO compensation is insensitive to corporate performance.

Another very relevant angle of analysis is provided in "Interlocking directorates and different power forms: An explorative analysis in Italian context", where De Falco, Cucari and di Franco examine cross shareholdings and interlocking directorships in Italian listed firms. Their analysis is enriched by a thought-provoking insight into the power structure of the examined boards (among which for instance the authors refer to the Mediobanca Group). This is done by using social network analysis.

A different perspective over the question of sustainable management at board level is provided in "Exploring the role of the business rescue practitioner in rescuing a financially distressed company", by Mpofu, Nwafor and Selala. The authors here focus on the South African market and in particular they examine the context of companies facing liquidation. The thrust of this article lays in a doctrinal examination of the role of business rescue practitioners as they supplant the board and replace the interest of shareholders with that of creditors.

Finally, in "Collective intelligence or groupthink? Group decision making under the Japanese Companies Act", Asaoka puts forward a topical examination of board structure and composition under Japanese company law. In particular, the author discusses recent reforms in Japan and the impact that they are likely to have on Japanese boards. Interestingly, the analysis provides a distinctive focus on small companies (traditionally characterised by a small number of directors), and it employs the findings of behavioural science to show that individual managerial decisions are often associated with better outcomes than collective board decisions. These findings of course provide much food for thought with respect to the management and the flexibility that is necessary to regulate small companies and start-ups.

Overall, this is a timely set of articles, dealing with scholarly problems that have become extremely contentious particularly over the last fifteen years. While corporations, of all sizes and from all industrial sectors, are the engine of capitalist societies where they perform a vital function with respect to employment and innovation, their optimal regulation is increasingly a puzzle. Many ideas have been floated in academic circles but few substantial reforms have been passed since the crisis of 2008, and mostly they have been piecemeal – most poignant of which is the capping of bonuses under EU law. It is hoped that this issue of Corporate Board Journal will represent a useful contribution to these debates and spark new ideas, given its multidisciplinary approach to business corporations and the examination of different economic contexts.

Some of the aspects of the topics studied in mentioned papers were explored in the academic literature previously. For example, a network analysis of interlocking directorates was highlighted in several papers (Akanmidu, 2017; Cárdenas, 2015; Heemskerk, 2013; Huse, 2005; O'Hagan, 2017; Simoni & Caiazza, 2012) however the network structure of interlocking boards and centrality measures like degree, eigenvector and betweenness centrality along with the network density and average degree are presented for the first time. Widely debated issue in recent years is the role of the business rescue practitioner in rescuing a financially distressed company (Apreda, 2006; Greve, Nielsen & Ruigrok, 2009; Kostyuk, 2003, 2018; Ujunwa, Nwakoby & Ugbam, 2012) although they it was not put into the emerging market' perspective as it is done in the paper published in the current issue. Also there are a number of papers devoted to the behavioural aspects of Japanese corporate law (Eberhart, 2012; Simeon, 2009) and corporate governance in general (Calza, Profumo & Tutore, 2017; Ho, Tower & Barako, 2008; Lopes, Ferraz & Martins, 2016) however they did not pay sufficient attention to the issue of group decision making under the Japanese Companies Act. The topic of the executive compensation and corporate performance is also very polemical (Farid, Conte & Lazarus, 2011; Iswaissi & Falahati, 2017; Jing, Wan & Gao, 2010; Nourayi & Daroca, 2008; Pereira & Esperança, 2015; Victoravich, Xu & Gan, 2012) so that their review in Jordanian commercial banks' context becomes relevant enough.

We hope that you will enjoy reading this issue of our journal!

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