EDITORIAL: Cross-country research in corporate governance

Dear readers!

The recent issue of the journal has been composed of the papers which are mostly empirical and contribute new ideas to the major issues of corporate governance such as ownership structure, a board of directors, earnings management, auditing, tax avoidance, executive compensation, acquisitions, etc. We have a pleasure to inform you that scholars from many countries of the world are authors of these papers. They represent the USA, Germany, Italy, Greece, Egypt, Jordan, etc. This makes the recent issue of the journal very interesting for the readers.

Melchior Gromis di Trana and *Simona Alfiero* conducted a study to identify if financial ratios may be useful tools to assess whether an entity may incur in going concern matters and, as a consequence, in a Going Concern Opinion. An empirical analysis, performed on a sample of Italian listed companies confirmed the importance of the relations between the net financial position and the cash flow from operations, as well as the relevance of the equity on debts ratio. These results have a sufficient practical relevance too and provide a contribution to the previous research by Borhan, Naina Mohamed, and Azmi (2014), Hopwood and McKeown (2003), Drury (1981).

Gary L. Caton, Jeremy Goh, and *Jinghao Ke* studied the relation between company value and the interplay between CEO power, CEO equity incentives and the friendliness of the board of directors. The authors succeeded to find that firm value tends to increase when equity incentives are combined with a friendly board of directors and concluded that the negative effects of CEO power on firm value reported by others are limited to firms with weak CEO equity incentive compensation plans and arms-length boards of directors. The authors provided contribution to the research by Lemennicier, Hermet, and Duraisamy (2019), Saerang, Tulung, and Ogi (2018), Guerra, Fischmann, and Machado Filho (2008), Werner and Zimmermann (2006) and the most important contribution was that the authors were the first to combine these datasets and show that friendship between powerful CEOs and their boards, when agency problems are mitigated through CEO compensation, leads to higher value.

Ahmed B. A. Boghdady investigated an effect of ownership type on the relation between corporate governance and earnings management. The authors used three proxies for measuring accrual and real earnings management, namely discretionary accruals (DA), abnormal cash flows (ACFO), and abnormal discretionary expenses (ADISX). This research reported a positive relationship between ownership type and both accruals manipulation and sales manipulation. The results suggested that the ownership type moderates the relationship between corporate governance and earnings management. This paper contributes to the previous cross-country research by Zeitun (2009), Rogers, Dami, de Sousa Ribeiro, and de Sousa (2008), Barako and Tower (2007) through providing a reliable conclusion about the link between ownership type on one side and accruals manipulation and sales manipulation on another side.

Nafez Nimer Ali, Mahmoud Allan, and *Maha Roshdi Baker* approached to identify the impact of brand-related factors (brand image, credibility, accessibility and service quality) on customer loyalty in Jordanian telecommunication companies. The authors concluded, referring and contributing to the previous papers by Pedrini and Ferri (2019), Yang, Shen, and Ho (2009), McMullan and Gilmore (2008), that brand image, credibility, accessibility, and service quality have a statistically significant impact on customer loyalty to the Jordanian telecommunication companies.

Mauro Romano, Marco Taliento, Christian Favino, and *Antonio Netti* investigated the relationship between firm determinants and forward-looking risk disclosure in Italy. The paper reported that large-sized companies are inclined to disclose forward-looking estimation to reduce asymmetry information and to attract potential investors. It is worth mentioning too that larger firms are more likely to disclose additional information because they can bear more easily the cost of future projections and extended disclosure than the smallest companies. The authors made a remarkable contribution to the previous research by Basuony and Mohamed (2014), Shehata (2013).

Patrizia Riva and *Roberta Provasi* researched the specified purpose acquisition with application to Italy. The authors performed an analysis on the Italian SPACs by examining their target firms, stock performance before and after the business combination and the impact of the SPACs on SME corporate governance models. This is a quite specific field of research previously investigated by Kolb and Tykvova (2016), Dimitrova (2016), Boyer and Baigent (2008).

Evangelos Chytis, Stergios Tasios, Ioannis Georgopoulos, and *Zois Hortis* investigated the relationship between corporate tax avoidance with corporate governance characteristics such as board independence, the type of auditing company and the concentration of ownership, and a range of selected financial indicators such as return on capital employed, liquidity, leverage, and company size. The research results, going in the line with the research by Sikka (2018), Gaaya, Lakhal, and Lakhal (2017), Preuss (2010), suggested that the cash effective tax rate has a statistically significant positive relationship with company size and a significant negative relationship with return on capital employed.

Marc Eulerich and *Rainer Lenz* conducted a research about the integration of the internal audit function into the organizational governance structure of nine different organizations and identified best practices and organizational differences to improve the overall governance quality from the perspective of IAFs. Having contributed successfully to the previous research by Velte and Stiglbauer (2012), Habbash (2012), the authors highlighted factors to improve the relationship between the IAF and other assurance providers, such as the board of directors, the supervisory board in the two-tier-system, the audit committee, risk management or the external auditor.

Marco Bigelli and *Fabio Manuzzi* undertook research on 50 listed the US and European asset management firms in the 2008-2017. These firms are characterized by a high EBIT and earnings margin, respectively equal, on average, to 28% and 17% of revenues, represented by fees. The average yearly fees are equal to 1.04% of assets under management (AUM) and the average firm value is equal to 3.01%, confirming the values at which these companies are typically acquired on the market. Similar interesting research could be found at Joenvaara and Scherer (2016) and Shojai (2001).

Jost Kovermann and *Patrick Velte* researched a sample of firms going public in Germany between 2005 and 2015 and found that NDTA are positively associated with long-run stock price performance. The association is particularly strong among loss firms that is a valuable contribution to the research undertaken by Samarakoon and Perera (2018), Bauman and Bowler (2018), Bauman and Bauman (2002).

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

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