

EDITORIAL: Corporate governance and regulation: An international outlook

Dear readers!

The editorial team is happy to present a new issue of the Journal of Governance and Regulation. The recent issue is devoted to the matters of human development, corporate governance mechanisms, economic crises and economic globalization, sport management, financial shenanigans, political disclosure, accountability, board of directors etc.

Issue 3 of 8th volume of the Journal of Governance and Regulation opens with “Human development and international migration: Lessons from low- and middle-income countries” by *Leonie Decrinis*.

Through the analysis of the rate of migration from 111 low- and middle-income countries into the aggregate of 15 OECD countries between 2000 and 2010, the author finds strong support for the inverted U-shaped relationship between human development and migration. These results reveals the myopia of recently widespread political strategies aimed at reducing migration.

The topic of migration was investigated by Suwandi (2015) with reference to behavior model of Indonesian female migrant domestic workers in Egypt. Main results are that encouragement from the surrounding environment, including family and friends, who agree, hope, recommend, or persuade women to work as a migrant worker is a significant factor in improving the intention to become a migrant worker, especially in Egypt.

The second article of this issue is “Challenges to compliance with corporate governance mechanisms and accountability in emerging markets: Evidence from Libyan listed companies”, by *Ismail Elshahoubi, Fathi Eltraiki, Jamal Jaballa and Emhemed Bazina*. The findings of their study provide evidence that Libyan listed companies are to some extent committed to implementing Corporate Governance mechanisms, but that Corporate Governance and accountability practices are still at an early stage of development in the country and there are significant weaknesses in terms of practice. The results of the study show the lack of knowledge and awareness about the concept of Corporate Governance, the weakness of the Libyan legislative environment and the lack of accountability mechanisms. All these factors inhibit the advance of Corporate Governance in the Libyan environment. This paper contributes to the previous research and articles by dela Rama and Kostyuk (2019), Mortimer (2009), Abor and Biekpe (2006).

The Libyan context has already been investigated by Atkins, Zakari and Elshahoubi (2018) and by Elmghamez and Ntim (2016) respectively with reference to board of directors’ mechanism and the effectiveness of internal governance controls and processes with specific focus on the skills and challenges facing internal auditors operating in Libya when they conduct internal audits.

The following article entitled “Testing for contagion in economic literature” by *Ceren Kocabas* deals with the very important topic of the contagion across countries. By analyzing four different econometric techniques used to test for contagion effect of financial crises - cross-market correlations, GARCH models, cointegration and probit models - the author provides a really broad literature review on new economic thoughts and empirical studies on testing for contagious crises. However, the conclusion reached by the two authors is that there was no consensus between economists on the reasons of contagion and how crises spread from one country to another.

Tim A. Herberger, Andreas Oehler and Florian Wedlich in their article “Third party ownership arrangements: is a ban in football really appropriate?” examine a specific area, namely the football one, by analyzing a recently used alternative financing instrument - Third Party

Ownership arrangements (TPOs). They investigate whether the TPOs' ban established by FIFA since 2015 is really appropriate or it could be possible to use this instrument with some precautions aimed at avoiding a potential conflict of interests as well as problems in ethics and compliance. The authors propose a financing-theory-oriented view on the design and functional possibilities of TPOs. The main contribute of this paper consist of setting the basics for a profound legal and economic discussion on the use of TPOs in football as well as sports in general. Corporate governance in football clubs has been previously considered by Davies and Moyo (2017), Tiscini and Strologo (2016), Boya (2016), Salguero and Rivera-Camino (2016).

About the lack of transparency typical of football club and the consequent difficulties to attract investors and capital, a previous article by Faraudello and Gelmini (2019) reveals that only three countries have a dedicated body that has specific oversight of investment and ownership in its football clubs and only two nations are able to fully track and monitor the money behind club investments and ownership.

The fifth article of the issue by *Diane Jamieson, Ifedapo Francis Awolowo, Nigel Garrow, Joanne Winfield* and *Firoz Bhaiyat* entitled "Financial shenanigans: the importance of anti-fraud education" examines the importance of education in the fight against corporate fraud. Evidence indicates that employees can be effective corporate watchdogs in the fight against financial deception and unethical decisions; increasing the number of people in a firm with enhanced fraud awareness and knowledge through education should, therefore, be one of the essential requirements for our future business managers and leaders. Their conclusions go in the direction of broadening the coverage of forensic accounting education to provide as many individuals as possible with the necessary skills to fight financial shenanigans, reducing them and ideally eliminating. Tackling fraud through education will have potentially invaluable social consequences.

Tutino and Merlo (2019) provided a broad literature review on the main features of accounting fraud by putting the environment and the different ways to prevent fraud under a microscope. The study analyses in five steps how corporate governance, ethical behaviour, accounting manipulation, detection techniques and forensic accounting are related to fraud. The authors conclude that in order to avoid fraudulent behaviour in a company, it is important, mostly, to establish an ethical education between employees and executives.

In the sixth article entitled "Does improved corporate political disclosure and accountability improve stock market and financial performance?" by *John Holcomb, Hugh Grove, Maclyn Clouse* and *Bruce Klaw* the answer to the research question seems to be positive whether appropriate criteria are used to measure corporate political disclosure and accountability practices. So the authors find a positive relationship between corporate political disclosure and accountability practices and improved financial and stock market performance, by re-evaluating and re-ranking of the 196 corporations in the top two quintiles of the S&P 500 using revised criteria that include important aspects of corporate political activities and accountability.

The importance of the balance between discretion and accountability in corporate governance was investigated by Paces (2019) who concludes that corporate law should enable companies to choose and adapt the balance between managerial discretion and accountability depending on their circumstances.

Khalid Al-Adeem and *Ibrahim Y. Al-Sogair* closes this issue with an article entitled "Effectiveness of the board of directors in monitoring executive management: Preliminary evidence from Saudi Arabia". This study aims to investigate empirically whether the board of directors is an effective mechanism for monitoring managers in Saudi Arabia through a survey targeted at individuals who had relevant experience as members of the board of directors as the respondents. The results indicate that the respondents generally disagree with the survey items, pointing out the ineffectiveness of the board of directors in monitoring executive management. Although the subjects' credible experience can be

assumed, the generalizability of their research findings is limited because of the low number of respondents.

We hope that you enjoy these articles and find the ideas in them stimulating. We are grateful for our authors, readers, reviewers, associate editors, and the production and support team of Virtus Interpress.

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