

## **EDITORIAL: Challenges and opportunities in corporate governance and regulation for a new decade**

*Dear readers!*

In the light of a challenging start of this new decade, the editorial team is happy to present a new issue of the Journal of Governance and Regulation. The first issue of 2020 is composed by five papers addressing interesting topics attempting to highlight the corporate governance ability needed to face the rapid increase of using artificial intelligence (AI) in some business; the influence of corporate governance on Asian firm performance; the joint effect of fiscal rule and corporate governance on explaining the procyclicality of fiscal policy on Asia-Pacific development and emerging countries; and whether the increase in institutional investors has encouraged investee companies to establish better corporate governance structure.

*Hugh Grove, Mac Clouse, Laura Schaffner, and Tracy Xu* in the paper entitled “Monitoring AI progress for corporate governance” explain in an accurate way how the rapid increase in AI development will have tremendous repercussions for all the major players for effective corporate governance and national leadership: boards of directors, owners, regulators, legislators, and the national public interest. In particular, the author highlight how the increase of productivity and competitive advantage jointly with the uncertainty that the transformation of the workforce produced as a consequence of AI utilization needs to be faced by corporate governance and regulation. All above make a serious contribution to the previous papers in the fundamental fields of research by Al-Mamun, Yasser, Rahman, Wickramasinghe, and Nathan (2014); Maingot and Zeghal (2008); Guerra, Fischmann, and Machado Filho (2008); Carvalhal da Silva and Câmara Leal (2006).

*Thi Thanh Binh Dao and Thu Tra Nguyen* analyze how corporate governance influences Asian firm performance. The authors by using meta-analysis on over 251 studies covering 24,867 businesses of 37 distinguished published papers provide evidence that better corporate governance index and more board independence significantly enhance firm performance. However, the business's financial value would be harmed as raise management shares proportion. This paper is able to deliver new insight to the previous research by Samarakoon and Perera (2018); Abdulsamad, Yusoff, and Lasyoud (2018); Kostyuk, Mozghovyi, and Govorun (2018); Agyemang-Mintah (2015); Liu, Harris, and Omar (2013).

The impact of national fiscal rules and government effectiveness on the procyclicality of fiscal policy on advanced and emerging Asia-Pacific countries is analyzed by *Chiung-Ju Huang* and *Yuan-Hong Ho*. By using the Panel Generalized Method of Moments the authors investigate the impact of fiscal rules and government effectiveness on the procyclicality of fiscal policy in eight Asia-Pacific countries. Interestingly, the results show that fiscal rules alone decrease the procyclicality of fiscal policy for advanced countries but fiscal rules have no significant impact on government expenditure cyclicity for emerging countries. However, when the government effectiveness and the interaction of fiscal rules and government effectiveness is taking into account it seems that for advanced countries, not only government effectiveness but also the interaction between fiscal rules and government effectiveness decreases the procyclicality of fiscal policy, while, for emerging countries, government effectiveness has a significantly positive effect on government cyclicity; the interaction of fiscal rules and government effectiveness reduces the procyclicality of fiscal policy but the effect is not significant. The findings suggest that stronger fiscal rules with higher levels of government administrative effectiveness help create an institutional environment where governments can follow countercyclical fiscal policy and the effect on reducing the procyclicality of fiscal policy is significant only in advanced countries

*Akio Otsuka* attempts to highlight whether the increase in institutional investors has encouraged investee companies to establish a better corporate governance structure. The

author shows that while during the rise of institutional investors, in terms of the solution for corporate governance, institutional investors have been viewed as a central accountability mechanism and essential to long-term sustainable corporate growth however stewardship is more challenging because of regulatory issues, cultural differences, and ownership structures such as cross-shareholdings. This paper contributed by the previous research by Hunjra, Perveen, Li, Chani, and Mehmood (2020); de Miguel, Pindado, and de la Torre (2005).

Finally, *Guido Max Mantovani* provides an interesting review of the book titled “*Innovation in financial restructuring: Focus on signals, processes and tools*” authored by Marco Tutino and Valerio Ranciaro and published by Virtus Interpress in 2020. The book is devoted to the financial practices in restructuring processes, focusing on all the operational actions related to the procedure. The author describes fundamental questions researched in the book and concludes that the book is useful both for academicians and practitioners

Happy reading! We are grateful for our authors, readers, reviewers, the editorial team and the support team of Virtus Interpress.

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