

EDITORIAL: New research perspectives in the field of governance and regulation

Dear readers!

The editorial team is proud to present a new Issue of the *Journal of Governance and Regulation*. In particular, the latest 2020 Issue 4 of Volume 9 hosts contributions of various authors from different parts of the world who focus on several interesting topics in the field of governance and regulation, including corporate social responsibility, digitization opportunities, gender diversity, labour and tax-related issues, as well as on the characteristics and composition of banks' board of directors.

The new issue opens with "Environmental responsibility performance, corporate social responsibility disclosure, tax aggressiveness: Does corporate governance have a role?" by *Amrie Firmansyah* and *Riska Septiana Estutik*, who analyze the effect of environmental responsibility performance and social responsibility disclosure on tax aggressiveness as well as the role of corporate governance in moderating such effects. The work is original and explores the consequences of the responsible and sustainable behaviour of virtuous corporations towards their stakeholders under a new and different perspective.

Muhammad Mahboob Ali follows with "Digitization of the emerging economy: An exploratory and explanatory case study", which - by means of a quantitative and qualitative analysis - investigates whether the transformation of Bangladesh towards the digital economy can act effectively and efficiently for the benefits of the society and the economy also. In particular, the paper aims at answering the research question if the benefit from transforming the society through digital economy may outweigh the possible related negative impacts and turn threats into opportunities, reduce demand for labour and disguised unemployment and narrow down the scope of creating new employment opportunities in the country.

Jameel Aljaloudi presents "Fiscal decentralization in Jordan". The paper measures the degree of fiscal decentralization in Jordan by estimating the indicators used by the World Bank and the International Monetary Fund. In conducting its analysis, the author uses a set of data referred to the period 2016-2018 on public revenues and expenditures of the central government, independent government units, as well as the municipalities' budget figures. As a result, the study reveals that the degree of fiscal decentralization in Jordan is very low, especially when compared to other countries that had implemented decentralization reforms.

Zaid Al-hawatmah and *Osama Samih Shaban* discuss "The effect of lending policy on the profitability of commercial banks: Evidence from Jordan". The study shows, *inter alia*, that the lending policies adopted by the Jordanian commercial banks have explained approximately the 53.9% of their profitability due to the strict lending policy adopted by these banks. As a result, the authors suggest that the Jordanian commercial banks should focus on clearly allocated tasks, responsibilities and powers when adopting credit policies, so that different administrative levels may be able to take high-quality and quick decisions concerning credit disbursement, and thus increase their customer base and profits.

This issue continues with the contribution by *Hugh Grove*, *Mac Clouse*, and *Tracy Xu* on "Stakeholder capitalism strategies and opportunities for corporate governance", which - moving from the well-known statement issued by the Business Roundtable (BR) in August 2019 - asks whether companies who have committed to stakeholder capitalism are fulfilling their commitments and provides some recommendations to their boards of directors. The interesting findings show that companies that signed the BR have failed to deliver fundamental shifts in corporate purpose to stakeholder capitalism. However, non-BR companies, primarily public benefit corporations and B-corporations, have implemented stakeholder capitalism strategies and offer innovative stakeholder opportunities for corporate governance. As a result, the authors suggest that the boards of BR companies should advocate for a more affirmative duty to stakeholders and consider converting corporate structures to develop stakeholder capitalism.

Mithkal Hmoud Alqaraleh, *Nawaf Samah Mohammad Thuneibat*, and *Abdulnaser Ibrahim Nour* present "The factors affecting the adherence of Islamic accounting standards AAOIFI in Jordan", which aims at highlighting the problems faced by Islamic banks in Jordan due to the adoption of

the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The study shows the existence of both internal and external criticalities, as well as a general lack of research on the matter.

Christian Rainero and *Giuseppe Modarelli* discuss “The concept of emotional labour within the boundaries of social responsibility”. This interesting study investigates the main areas of influence on work motivation and personal satisfaction in the teaching profession in Italy. The research has been carried out, among others, through the analysis of a wide cross-regional sample of professional teachers working in Italian public schools, as well as aspiring teachers. As a result of their analysis, the authors claim the importance of the individuals’ social responsibility as a determinant factor that may conduct to higher levels of satisfaction for each professional.

“Post-1994 labour legislations: An overview of influence on employment relations in emerging markets” is an interesting paper by *David Isaac Ntimba*, *Karel Frederick Lessing*, and *Ilze Swarts* who provide an overview of the primary labour legislation that was promulgated after the democratization of South Africa after 1994. In particular, following an in-depth analysis of the argument, the study shows that there has been an improvement in workplace relationships since the implementation of the post-1994 labour legislation although such improvement has been gradual.

Fitriya Fauzi, *Darius Antoni*, and *Emi Suwarni* present “Women entrepreneurship in the developing country: The effects of financial and digital literacy on SMEs’ growth”. The paper aims at investigating the effects of financial and digital literacy on the growth of small and medium enterprises (SMEs) managed by women in Indonesia. The results show that both financial and digital literacy are crucial for SMEs managed by women in the short-term. Thus, the authors suggest that, in the long-term, women entrepreneurs must focus on the digital implementation of their businesses.

“Board of directors’ characteristics and bank performance: Evidence from the Egyptian banking sector” by *Mohamed Hassan Abdel-Azim* and *Sabah Soliman* investigates the impact of the board of directors’ characteristics on bank performance in the Egyptian context. In particular, the analysis reveals that banks with large boards - including a high proportion of female and foreign directors - achieve higher performance. In addition, the results interestingly show, among others, that the higher is the proportion of independent directors, the lower is the board’s performance, which contradicts the agency theory proponents.

Houcine Berbou and *Oumaima Sadqi* discuss “The impact of internal governance mechanisms on financial and stock market performance of listed companies: Evidence from an emerging market”. The study aims at empirically testing the impact of internal governance mechanisms on the financial and stock market performance of listed companies in Morocco. The analysis - conducted on a sample of 44 companies listed in the Casablanca Stock Exchange - reveals that these companies’ performance is significantly affected by the internal corporate governance mechanisms adopted by them.

“Rethinking the role of business school in creating corporate managers” by *Khurram Parvez Raja* and *Muhammad Anowar Zahid* is an interesting paper that focuses on the expected role of corporate managers and business schools in light of the corporate scandals and financial crises of the late 20th and early 21st centuries. As a result of a qualitative research, the authors suggest that business schools should adopt certain measures to prepare the corporate managers who would efficiently serve the interests of the shareholders and, at the same time, of other stakeholders (including the society as a whole).

Ahmad Abed Alla Alhusban, *Haitham A. Haloush*, *Hashem Alshurafat*, *Jebreel Mohammad Al-Msiedeen*, *Ali Abdel Mahdi Massadeh*, and *Rawan J. Alhmoud* analyze “The regulatory structure and governance of forensic accountancy in the emerging market: Challenges and opportunities”. The research examines the available regulations, standard laws, and codes of conduct that might guide a forensic accountant in performing forensic accounting services in Jordan. Also, the paper investigates the applicability of general rules of contract and tort law in addition to the Companies Act in order to provide adequate protection for forensic accountants in Jordan.

Ahmed Eltweri, *Alessio Faccia*, and *Luigi Pio Leonardo Cavaliere* examine the role played by the culture on the adoption of the International Standards on Auditing (referred to as ISA

henceforth) that intends to stimulate establishing an efficient auditing regime in Libyan auditing practice. The paper provides fresh insights into auditing practices in a politically unstable country. Awareness is also raised about other relevant drivers of adopting ISA.

The papers published in this issue of the journal contribute to the previous research in corporate governance and firm performance by Aroui, Hossain, and Muttakin (2011), Eklund, Palmberg, and Wiberg (2009), Barako and Tower (2007), Carvalhal da Silva and Leal (2006); board of directors and firm performance by Moscariello, Pizzo, Govorun, and Kostyuk (2019), Kostyuk, Mozghovyi, and Govorun (2018), Meier and Meier (2013), Kyereboah-Coleman and Biekpe (2006); stakeholder capitalism and CSR by Al Fadli (2020), Pitoska, Katarachia, and Giannakis (2018), Grove and Clouse (2017), Boubaker and Nguyen (2014); accounting and auditing issues by Rotili, Giosi, and Ceccobelli (2019), Eltweri, Sawan, and Tahar (2018), Alrabba and Ahmad (2017).

We hope that all readers may enjoy this issue and find the ideas contained in it stimulating. We are grateful for our authors, readers, reviewers, the editorial team and the support team of Virtus Interpress.

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