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Special Issue Guest Edited by

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Theme of Global Special Issue:

“Corporate Governance Challenges Across Selected Emerging Countries”

Preface

Emerging countries covered in this special issue of JIBED are based in the Middle East, North Africa (MENA) and East Asia are a diverse and fascinating regions, that went through rapid development building upon a rich history foundation to shape an attractive business environment. This corporate evolution alongside the strong cultural background presents unique challenges for corporate governance in these regions. The high political and financial uncertainty in these regions and globally is causing more boards to think about risk management and oversight. While it is important to have a perspective on global corporate governance trends, this should be sensitive to the regional culture and specific issues in that less mature corporate governance environment.

Utilising progress made throughout the past few years, a strong corporate governance framework is important across emerging countries as they endeavour to improve economic growth, competitiveness, and capital markets and build a dynamic business environment, especially since the pandemic. Establishing an environment of transparency, accountability and trust as well as aligning corporate governance policies with international standards are essential efforts to attract long-term investment.

Such emerging regions faces unique corporate governance challenges including, for example, despite the growing regulator interest reflected in many new regulations are coming into force in emerging regions to emphasis the responsibility of directors of the Environmental, Social and Governance (ESG) performance and reporting, corporates are away from having ESG-concerns driven strategies. Other common challenge in these emerging regions is governance and succession in family businesses. These businesses operate in multiple and sometimes unrelated industries creating large conglomerates, where there is a lack of structure governing the relationships between parent companies and subsidiaries. Moreover, while considerable strides have been made globally around the broad board diversity, boards in the Middle, East Asia and the Middle East are taking their initial steps in board gender diversity with modest participation by women in corporate leadership. Board diversity phenomenon vary by country; however, boards will begin to experience additional pressures to consider ethnic and racial diversity. Governance issues such as board quality, composition, and director overboarding are of significant concern in the region and, therefore, more rigorous board assessments are expected to be conducted, with an independent assessment frequently. Other challenges include a high degree of state ownership, impediments to capital market development, especially since the pandemic, and limited transparency and disclosure. This special issue of JIBED is aimed at encouraging scholars and practitioners from different disciplines to engage in a dynamic dialogue about major corporate governance developments and challenges, including implementation and enforcement efforts. International experience, peer dialogue, and mutual learning that will be facilitated by this special issue will benefit policymakers to review corporate governance frameworks and practices across emerging countries.

The six scholarly studies that constitute this special issue focus on various interesting subjects including ‘a bibliometric analysis of ethical finance’, ‘foreign direct investment and cost of sustainable development goals: implications for FDI decision makers’, ‘new styles and methods of accounting learning’, ‘the readiness of commercial banks to the crisis caused by the Covid-19 pandemic : evidence from G-20’, ‘accounting information quality, free cash flow and over investment: evidence from Iran’, ‘The effect of audit committee attributes and gender

diversity on audit quality' and 'accounting information quality, free cash flow and over investment: evidences from Iran'.

The first paper entitled, "A Bibliometric Analysis of Ethical Finance" by Haitham Nobanee, Osama F. Atayah, Mehroz Nida Dilshad, Muneer M. Alshater and Amna Tariq presents a comprehensive assessment of the existing research studies on the ethical finance by using Scopus database. This paper has analysed the research papers published over the past 33 years from the period of January 1987 through April 2020 revealing significant contributions of researchers on this topic. The bibliometric method has been employed in this study to measure scientific contributions in this area of study. Data used in this bibliometric study was examined and retrieved by using VOSviewer. Descriptive analysis has been followed by a distribution of articles based on several other metrics such as most productive countries, institutions, journals, authors, citation analysis, various co-relationships, keyword occurrence, and researches performance. This topic has been studied under eight different themes: corporate social responsibility, corporate governance, financial institutions, Islamic banking, regulations, financial crisis, ethical banking, and business ethics. This study concludes that research studies in the past have contributed significant value to this area of study. Furthermore, this topic of study is gaining more importance and popularity in current financial markets research globally.

The second paper entitled "New Styles And Methods Of Accounting Learning" by Maryam Tabatabaeian introduces the learning styles of accounting students and suggests new methods that could be used to improve accounting education. This method has implications for the period of crises that would affect learning approaches. The study discusses that accountants need to better understanding of their professional duties and perform them with technological and skilful tools to help meet users' needs. Business owners also intend to work with graduates possessing a variety of skills. Accounting education is the first way to train professional and successful accountants for society. Therefore, it is necessary to pay enough attention to its styles and methods to improve professionals' knowledge, skills, values, and attitudes. This article introduces styles and methods for learning accounting as alternatives or complements to the traditional method to facilitate understanding of accounting concepts and acquisition of comprehensive skills. This review study has summarized studies and has introduced accounting learning styles and methods around the world. The results showed that using new methods of accounting education based on students' learning style can help increase education quality and improve students' academic and professional levels.

The third paper entitled, "The Readiness of Commercial Banks to The Crisis Caused By The COVID-19 Pandemic: Evidence From G20" by Osama F. Atayah, Haitham Nobanee, Muneer M. Alshater and Ahmad Al-Hiyari investigates the readiness of banks operating in the G20 countries to respond to the expected loan loss and bad debt related to the COVID-19 pandemic. The results show that banks operating in G20 have significant differences in their readiness for the COVID-19 era. Italy, Turkey, India, Brazil, South Africa, and Russia have loan loss provision reserves to total loans higher than 5% in the year 2019, while Canada, Australia, United Kingdom, United States, and Germany have loan loss provision reserves to total loans lower than 2%. The loan loss provision reserves to total loans ratio have improved in the first quarter of the year 2020 for Argentina, Canada, Indonesia, Mexico, Russia, Saudi Arabia, Turkey, United Kingdom, and the United States. However, the loan loss provision reserves to total loans ratio have declined in the first quarter of the year 2020 for Brazil, Italy, Spain, France, Japan, and South Korea.

The fourth paper entitled, "Foreign Direct Investment And Cost Of Sustainable Development Goals: Implications For FDI Decision Makers" by Zeeshan Ali Syed, Rasol Eskandari, Hassan Yazdifar and Babafemi Ogundele examines that policy makers struggle to understand the limited impact of FDI on achieving Sustainable Development Goals (SDG). However, they overlook the fact that FDI like any other investment decision is affected by the relative costs and benefits considerations. This study explores this aspect and notes that to

align and encourage FDI to be more sustainable, policy makers either need to contribute towards these costs or provide substantial benefits. Using panel data on five countries for 19 years, this paper finds that costs of implementing SDG act as a detriment to FDI; therefore, if the countries can develop the infrastructure themselves or help foreign investors to do so then the trend may be reversed. Secondly, this paper also finds the existence of pollution haven hypothesis in developed trading economies. Thirdly, it identifies a worrying trend that exhibits negative relationship between educational parity and FDI. This indicates that FDI decision makers view female workforce as a cheap source of labour and are not inclined to incur higher labour costs by paying females equal to men, even if they are equally educated. Therefore, this paper recommends having a global regulatory regime to ensure that FDI brings in the wage equality. The findings of the study also contributes to the literature for consideration of the above matter at the time of crises including the pandemic.

The fifth paper entitled, "The Effect Of Audit Committee Attributes And Gender Diversity On Audit Quality" by Mounia Boulhaga, Hany Elbardan and Mahmoud Zaatout investigates if the audit committee independence and gender diversity affects its quality in France, using 930 observations from a sample of 93 French companies listed on the SBF 120 over 10 years period from 2012 to 2021. This study attempts to investigate the impact of gender diversity, which has been largely overlooked in the literature as well as in the existing corporate governance guidelines. More specifically, it investigates whether these two characteristics have an impact on the audit quality in one of the developed countries characterized by strict legal liability and a volatile financial market. The study found that while AC independence enhances the audit quality, audit committee experience and the gender variety have a materially negative impact on the audit quality.

The sixth and final paper in this special issue entitled, "Accounting Information Quality, Free Cash Flow And Over Investment: Evidences From Iran" by Mohammad Afsharmehr, Ahmad Nasser, Hassan Yazdifar, Mohammad Albahloul and Rasol Eskandari investigates the relationship between accounting information quality and over investment based on data from 110 companies which are accepted in Tehran Stock Exchange from 2008 through 2014 and also compares the relationship between accounting information quality and over-investment in companies with low and high free cash flow. Principal-Agent Theory and Information Economics Theory suggest that increase in accounting information quality can decrease over investment. Accounting information quality by Dechow and Dichev's Model (2002), over-investment by Richardson's Model (2006) and free cash flow by Yuan and Jiang's Method (2008) were measured and hypotheses were tested using Yuan and Jiang's Model (2008). Results of this investigation show that there is a reverse and meaningful relationship between accounting information quality and over-investment; meaning thereby that improvement of accounting information quality can decrease over-investment. Also the effect of accounting information quality on over-investment in companies with high free cash flow is more than companies with low free cash flow. Although past investigations done in Iran, studied the relationship between financial reporting quality and over-investment; but this article is the first study which reviews the relationship between accounting information quality and over-investment and free cash flow in Iran.

The six papers of this special issue provide insights into various organizational situations, financial reporting, investment and analysis in various contexts and hence broadly contribute to literature and identify areas for future studies.

Future academic research might test some of the findings of these studies in other contexts such as other emerging countries and also test some of the models proposed by these studies with field experiments sponsored by local or national governments. The studies in this special issue have adopted various research methodologies including primary and secondary data analyses, mathematical models, questionnaires and interviews. The adoption of different research methodologies in this special issue is very interesting and would help researchers to gain insights into how such methods (separately or mixed) could be applied in future research

across the world. It would be interesting to see future studies in other emerging countries are built on the findings and methodologies adopted in this special issue.

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