EDITORIAL: The intertwined play of governance, regulation, financial information and disclosure – Suggestions for further research

Dear readers!

We are pleased to present the first issue of the Journal in 2019. The current issue of the Journal focuses on some key topics that spread from the description of the forthcoming globalization scenario, to the investigation of banks' and financial institutions' governance mechanisms within specific countries, and finally to the analysis of the interlocking network phenomenon in a specific country's stock market.

Ivo Pezzuto opens this issue providing a qualitative analysis that starts from the description of the environment, investigates the key forces and uncertainties, depicts different potential scenarios, and assesses the impact of alternative situations. The author confirms the central and positive role that disruptive innovation is likely to have in the near future as a major driver of a change in the economic and social models of many countries. *Hesham Albarrak and Sherif El-Halaby* focus on the relationship between disclosure and financial performance of Islamic Banks under the Islamic law. They show how that compliance with Islamic governance standards has a positive effect on enhancing disclosure and this affects positively the financial performance of Islamic banks (ROA and Tobin's Q). *Hussein Salia, Emmanuel Budu Addo, Nicholas Adoboe-Mensah* propose a case study on the banking industry in Ghana and they investigate how weak corporate governance systems, namely not functioning audit committees, could negatively impact on banks financial performance. *Anthony Wood and Keisha Small* provide an assessment of corporate governance mechanisms in financial institutions in Barbados. Authors conclude that these banks perform high average corporate governance scores and they posit that this result is due to the fact that Barbados Banks are affiliates of foreign-owned financial institutions. This means that Barbados Banks are monitored by multiple local, regional and international regulatory agencies. *Hatem Elfeituri* proposes a contribution that is focused on the productivity of 11 MENA countries' Banks after the financial liberalization. The analysis covers a 1999-2012 observation period and the results show that banking productivity is improved by financial reforms and technological progress. Lastly, *Davide Carbonai* proposes a network analysis to show the level of interlocking directorates within the listed companies in Brazil. Therefore, the author shows how the Brazilian antitrust law is quite ineffective in hindering this phenomenon. This paper contributes to the previous research by Alshimmiri (2004), Chidiac El Hajj (2018), Davidson and Rowe (2004), Kostyuk (2003), Guerra, Fischmann, and Machado Filho (2008).

Through different methodologies and perspectives of analysis, to some extent, this issue raises again and investigates as well, the question whether regulation and connected enforcement have a positive impact on the business prosperity, corporate accountability and transparency in respect to stakeholders' expectations. In fact, literature has not provided yet an unambiguous result on whether the association between corporate governance (CG) and firm's performance (FP) is direct or indirect; research well establishes that CG and firm's capital structure choices influence FP (Shleifer & Vishny, 1997; Boone et al., 2007; Bhagat & Bolton, 2008). Therefore, we believe that this issue's contributions are well addressed along the fruitful research path in the field of CG literature in order to provide more comprehensive and fine-grained understanding of the role of CG in influencing firm's performance. More insight can be found at Bebchuk, Cohen, and Ferrell (2009), Chen, Chen, and He (2008), Cucari (2018), Kostyuk and Barros (2018), Habbash (2012).

Moreover, this topic is strictly related to the impact of regulation on corporate governance mechanisms, and the implications for financial reporting quality (Elshandidy & Neri, 2015). In fact, financial reporting and disclosure are key topics because they represent the means through which stakeholders support their decisions. Financial as well as non-financial information and their accountability are relevant for financial markets' functioning (ICAEW, 2016; Lai et al., 2018). Therefore, standards setters and regulators play an important role in encouraging firms to provide more useful and transparent information and this represents another relevant research path in a way that it could provide new insights on the impact of regulation on markets, institutions, and management behavior (Abraham & Shrives, 2014; Dobler, 2008). In other words, it could be interesting to understand if we should support the hypothesis that reporting standards should be formulated to solely help users predict, evaluate and compare future cash flows and their associated uncertainty or should we posit that information disclosure and transparency are meant to promote the efficient allocation of resources.

Moreover, the progressively improved regulation vis a vis the management discretion (Verrecchia, 1983; Wagenhofer, 1990) in integrated reporting and non-financial reporting are more and more impacting on accounting, auditing and governance, resulting in new challenges and opportunities, and this could be another stream of the research that is worth to address (Elshandidy et al., 2018; Manes Rossi et al., 2017; Maingot & Zeghal, 2008; Melis, 2003).

Therefore, we hope that you will enjoy reading the journal and in the future, you will contribute to studying the most important issues and best practices of governance and regulation!

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