Edited by

Shab Hundal
Alexander Kostyuk
Dmytro Govorun

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CORPORATE GOVERNANCE: A SEARCH FOR EMERGING TRENDS IN THE PANDEMIC TIMES

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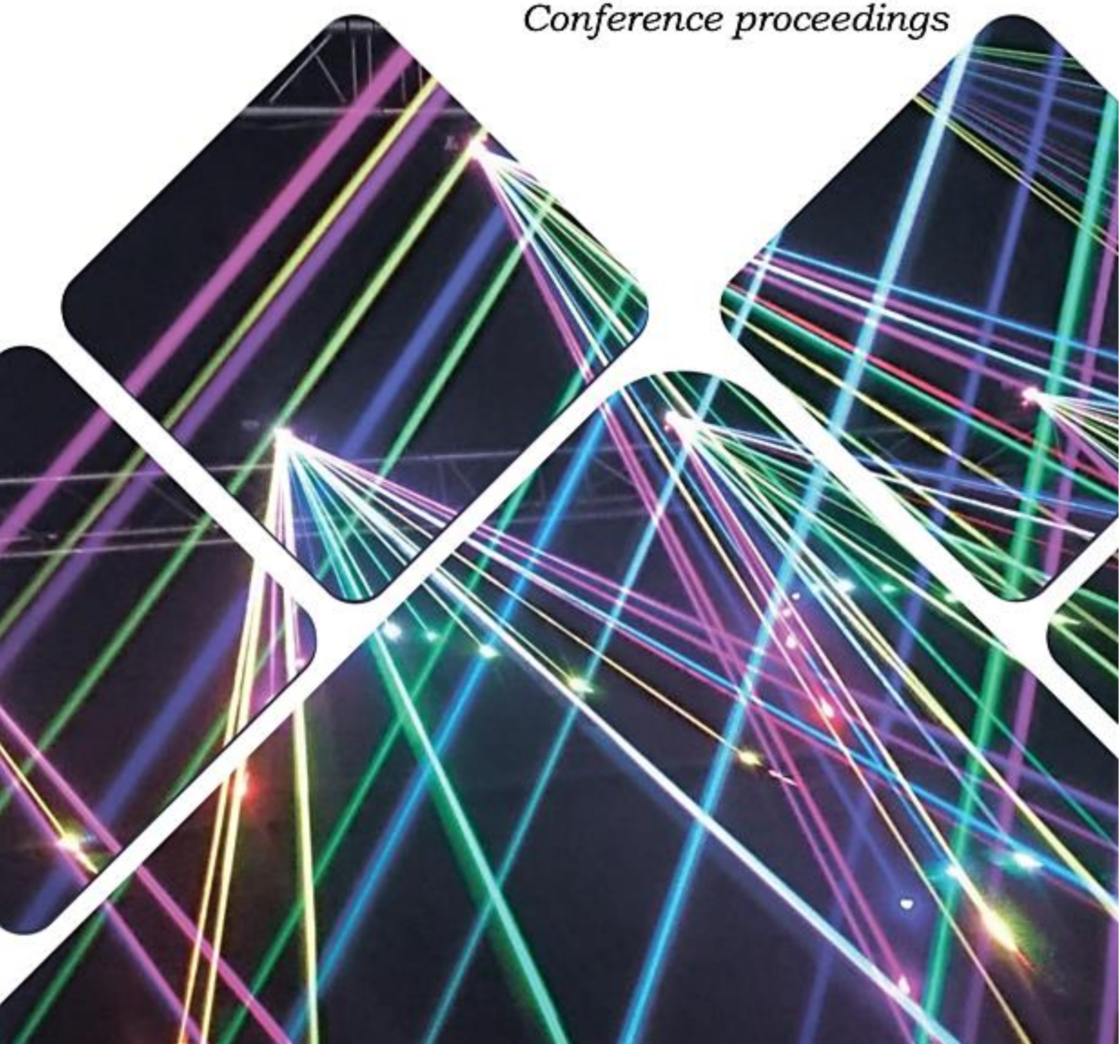

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FROM PILLARS TO NEW HORIZONS IN CORPORATE GOVERNANCE RESEARCH

Shab Hundal *, Alexander Kostyuk **, Dmytro Govorun ***

* JAMK University of Applied Sciences, Finland
** Director, Virtus Global Center for Corporate Governance, Ukraine
*** Virtus Global Center for Corporate Governance, Ukraine

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The modern-day corporate governance system is based on two important *pillars*. The first pillar aims to create an effective and sustainable business ecosystem that promotes business ideas, fosters innovation, enhances corporate performance, and facilitates changes in the institutional settings, among others. The second pillar aims, on the one hand, to increase the capacity and capability of the corporate governance system to enhance the accountability of business organizations to maximize the utility of a broad range of specified stakeholders, and on the other hand, to expand the domain of accountability of the same stakeholders. The abovementioned pillars of corporate governance system can be more effective if they are fully aligned with the political governance system of modern-day welfare-oriented states, which, on the one hand, assures health, protection, and safety of its people and environment, and on the other hand, strives to increase production and employment, and ensures distribution, and redistribution of national wealth based on the principles equity, and fairness.

COVID-19 pandemic has brought about umpteen as well as unprecedented health and safety challenges, which have been affecting political, societal, business, and economic *spectra* for nearly a year and a half. Most of these challenges have been unknown hitherto, and global leadership has been struggling to understand the dynamics of this pandemic and develop solutions to overcome it. The pandemic has forced companies to change their normal production, and distribution systems abruptly, and innovate alternative business approaches, for example, telework. The telework approach, on the one hand, aims to ensure the health and safety, and family lives of their employees and, on the other hand, endeavors to improve productivity, efficiency, and sustainability of business operations. Similarly, amidst the ongoing *new normal* situation, companies will have to cultivate and create a culture that encourages effective communication, creativity, cooperation, collaboration, and wellbeing. Furthermore, the global business ecosystem will experience more impetus to create, and diffuse scientific developments, strengthen the health system (especially the public one) and make significant investments in the field of technological innovation, and social entrepreneurship.

Such innovations in terms of business planning, strategies, and operations, on the one hand, underline the inherent strength, competitiveness, and resilience of the modern corporate world, despite being surrounded by the global threat to humanity *per se*, on the other hand, point out the governance challenges that the corporate world is grappling with.

In 2015, the member states of the United Nations adopted 'the 2030 Agenda for sustainable development' at the UN summit held in New York. A striking feature of this agenda is the significant emphasis on the multidimensional synergies of business organizations with national governments, multilateral organizations, civil societies, and other stakeholders. Undoubtedly, business leaders can play a pivotal role in discharging their commitment to support sustainable development by incorporating sustainable development goals (SDGs) into their corporate planning, strategies, and operations. *The new normal* has necessitated the global corporate governance system to look even more outward and work in close cooperation with external stakeholders including global political leadership, civil society, and media to calibrate, customize and implement the SDGs at both micro and macro level. Stakeholder-based corporate governance research has a solid fundament (Rendtorff, 2020; Rudyanto & Veronica Siregar, 2018; Danker, 2013; Gray, 2006; Freeman & Evan, 1990). The board of directors will be expected to play a more proactive role to solve the global socio-economic-ecological problems including climate change, water and food crises, poverty and inequality, health issues, among others. These expectations are based on numerous previous research (Jaber, 2020; Guedes & Monteiro, 2020; Otman, 2019; Rix, 2019; Huse, 2005). The existing crisis has also led the corporate governance system to include more effective dialogue and cooperation between smaller (even start-ups) and larger corporates (including multinational corporations) to develop the minimum common understanding of the core issues and efforts to find the relevant solutions subsequently. Corporate governance boundaries are expanding remarkably (Gouiaa, 2019; Pérez Carrillo, 2009; Ho, Tower, & Barako, 2008).

In the future, any academic research, and discourse in the corporate governance discipline will be requiring considerable focus on the issues highlighted above. However, this path is not free from challenges either. Researchers can come across challenges related to the objective understanding of core problems, and related dynamics and national regulatory principles, and policies. Conceptualizing the research ideas in the light of *the new normal* and developing appropriate research methodology can also be daunting tasks. The research journey starting from research ideas — to developing of research objectives — to forming of hypotheses — to creation of variables — to building up of analysis models will be requiring significant dependence on an inter-disciplinary approach.

On the one hand, researchers must be prepared to embark upon developing new research topics, for example, the effects of board structures on sustainability initiatives, human rights, public policy initiatives, technology and sustainability, and wellbeing and quality of health, however, they must also undertake existing topical research especially those related to board dynamics, ownership structures, the role of institutional investors, executive remuneration in the new institutional settings particularly those in Asia, Africa and other developing countries in the world.

In this context, this international online conference "*Corporate Governance: A Search for Emerging Trends in the Pandemic Times*" held by the team and international scholarly network of Virtus Global Center for Corporate Governance is an excellent platform to present, discuss and share the most recent ideas in the corporate governance research. This conference is the third scholarly online forum held by the team of Virtus GCCR since May 2020. There are more than 20 accepted presentations from scholars from various countries of the world. Such sort of joint efforts of scholars is a bridge to the new horizons in corporate governance research, especially in the time of the pandemic.

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CORPORATE GOVERNANCE OF STATE-OWNED ENTERPRISES AND THEIR ROLE IN THE SOCIETY: HOW HAS IT CHANGED DURING COVID-19?

Francesco Di Tommaso *

* Commercialista Roma Studio, Rome, Italy

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Abstract

We can start talking about the COVID-19 pandemic as an unprecedented shock that has required unique responses from many corporations. Understanding how they have responded is of first-order importance for the fields of corporate governance, corporate finance and stewardship. While some insights begin to emerge, others will take time and depend on more complete data sets to become available, such as financial statements and governance records for 2020. Such data typically come from annual reports and proxy statements. US companies with an end of the fiscal year on December, 31 hold their annual meetings in the spring. They typically file their annual reports by the end of March, but in 2019, some 30 percent of the 7,000 reports were filed in April and later. While firms also publish quarterly data, most release comprehensive annual data only 90 days after their fiscal year end, so the earliest date that a large sample of data on US firms will be available is April 2021. These dates may be similar or even later for firms in other countries.

1. INTRODUCTION

In fact, in such a unique and rapidly changing business environment, it becomes increasingly important to secure effective communication to ensure that business decisions are taken efficiently.

Is your board of directors technologically equipped to have virtual meetings and do they need guidance and support to ensure virtual meetings run as smoothly and efficiently as possible? If not, or should such meetings not be possible, are your directors empowered to take resolutions in writing or appoint proxies if needs be and are relevant arrangements in place (electronic signature arrangements, etc.)? Could any tax issues arise as a result of such courses of action?

Was your annual general meeting (AGM) scheduled to take place in the midst of this crisis? One could consider holding these virtually in order to avoid undue disruption and the risk of missing regulatory deadlines and incurring default penalties. With the exception of listed entities, which are enabled by the listing rules to allow their shareholders to participate in general meetings by electronic means, Maltese law is silent on this matter.

2. ADMINISTRATION AFTER COVID-19

Undoubtedly, day-to-day administration will see a marked change. With many businesses are implementing remote working arrangements, companies should consider how administrative tasks are to be completed going forward.

For instance, how is original documentation to be received and processed as may be required at law or in terms of company policy? Is there a contingency plan to cater to this? How will filing deadlines be respected? Is your business equipped with the necessary technological solutions to submit documentation electronically, where possible? Does your business provide for the electronic signing of documentation?

Also, does the company rely on a specific individual as the sole signatory to its bank accounts or to prepare payroll for its employees? And if so, should the board consider appointing other individuals in such posts in case that single individual becomes unavailable to attend to his/her responsibilities due to confinement?

These concerns need to be addressed as soon as possible in order to secure the proper day-to-day functioning of the particular business.

3. BUSINESS CONTINUITY AND DISASTER RECOVERY POST COVID-19

As the Malta Financial Services Authority (MFSA) has highlighted in its recent stakeholder consultation on corporate governance, business continuity management is integral to good corporate governance.

The current scenario should thus act as a stark reminder of the importance of having adequate strategic management processes capable of identifying potential threats, advance planning and the safeguarding of critical business functions in the event of disruption.

Many businesses nowadays have continuity and contingency plans in place, the efficacy of which is now being put to the test. Adequate contingency planning should also provide for remote working, clear channels of communication and the protection of business relationships.

By way of example, what if the company's main suppliers are unable to supply components that are crucial to the company's manufacturing or provision of services? As far as possible, these concerns should be proactively addressed, especially in light of the duty that directors have to exercise reasonable care, diligence and skill, and this involves assessing and minimising the risks in similar extreme situations.

4. DIVIDENDS, LIQUIDITY AND INCENTIVES DURING COVID-19

Has your company recently declared dividends that have still not been distributed or are you currently deciding about dividend distributions? Bearing the current uncertainty and adverse market conditions in mind, it might be prudent to take a step back and gauge the market, public and stakeholder reaction.

In this sense, it is also important to act in a manner that is in sync with both internal (management, employees, etc.) and external sentiment. Liquidity and working capital requirements may naturally come under strain at such time and consideration will need to be given to cashflow management, banking arrangements and refinancing as well as available assistance/incentives including moratoria.

5. CONCLUSION: RETHINKING CORPORATE GOVERNANCE FACING COVID-19

Many public companies are experiencing a dramatic fall in their stock price in light of the global financial crisis. There is no doubt the current crisis will expose the attitudes of corporates to employees — and therefore society. So says Simon Lowe, consultant at Grant Thornton and chairman of its Governance Institute, describing the potentially seismic impact the pandemic could have on board and corporate behaviour, and on governance, long term.

It's strong and, for many, hopeful stuff. And he's not the only one predicting a radical shift. "I think it will be a game changer", says Helen Pitcher, chair of Advanced Boardroom Excellence and non-executive director (NED) at United Biscuits and C&C Group. "Because you can already see the winners and losers in terms of businesses being seen to act responsibly and getting recognised for this. And it will take people a long time to go back to brands they feel haven't done the right thing" ("How marketers responded", 2020).

Coronavirus is, then, dividing organisations into two distinct groups. One comprised of leadership teams perceived to have acted for the greater societal good: hotels making rooms available to the homeless, manufacturers retooling to produce medical supplies, airlines redeploying staff to hospitals… And another featuring those who've asked staff to work while furloughed — Sports Direct, for example — or failing to cut executive pay and shareholder dividends in line with using government and taxpayer money to furlough workers on 80 per cent pay.

This all means responsible business has been brought firmly to the fore. While investors and boards have been taking ESG (environmental, social and governance) factors ever more seriously as part of wider corporate governance and risk oversight activities in recent years, the focus has predominantly been on governance issues — for example, board composition — and the environment. Now the 'S' is apparently having its day.

Alex Edmans, professor of finance at London Business School and author of *Grow the Pie*, explains that while the financial crisis didn't change corporate behaviour and governance as positively and dramatically as some might have hoped, this time will hopefully be different. Edmans has long advocated for boards to adopt a 'pie growing' rather than 'pie splitting' mentality when it comes to executive pay and responsible governance — something the current crisis has helped highlight the value of, he feels. "The financial crisis was a more 'us versus them' thing; the bankers caused it and everyone else suffered. Whereas this crisis has affected everybody. The more 'us versus them' the crisis, the more into pie splitting you get. But here you've even got big rivals like Apple and Google working together…", he says (Roper, 2020).

"There was already a movement towards businesses serving wider society", Edmans adds, explaining that now because some firms haven't been able to generate commercial revenue because of lockdown restrictions, they've had to focus on generating or 'growing' different kinds of value or 'pie' — principally social capital. "Some companies can't split the pie because they have no money", he says. "They've had to think more innovatively about growing it" (Roper, 2020).

All potentially profound, long-lasting shifts. But there have also been a fair few smaller, more immediate, logistical changes to the way corporate governance is conducted — but which could nonetheless have a significant impact long term. The most obvious that people professionals sitting on boards as human resources directors (HRDs) and NEDs will have experienced over recent weeks is board meetings being held remotely throughout the crisis. For Edmans, this seemingly small, the short-term change could actually be the final deciding factor in whether companies truly embrace the value of the remote working long term, and whether they do so properly: "If boards realise that even senior advisers can do their job remotely, then they should be much more willing to allow employees to in general" (Roper, 2020).

He adds the levelling effect remote board meetings could have on the way these are conducted, and the power of more frequent board catch-ups long term. One of the concerns with board meetings is that if memos are sent out ahead of time, people start discussing them and influence each other. So remote meetings could lead to more innovation because it means no one is skewed ahead of time.

"Conversations between boards are now more frequent. I think that's important because otherwise they end up being what I call 'intensive care discussions', so about an emergency. But if you're meeting on a more ongoing basis, even in normal times, you can nip issues in the bud" (Roper, 2020).

Nick Ulycz, chief operating officer at Domestic & General and former head of HR UK at HSBC, points out the power of a diverse board at times of crisis — something he feels did shift meaningfully in the wake of the 2008 financial crash. "The composition of boards fundamentally changed off the back of the financial crisis; it is inevitable the same will happen here", he says. "And I think boards did become much more cognisant of the risk that their judgement could be subject to external scrutiny" (Roper, 2020).

Pitcher agrees both board diversity and accountability will hopefully only be enhanced by the coronavirus crisis. First, a potentially permanent shift to more meetings involving a remote element could open up board positions to a wider cross-section of prospective members. Second, the more relaxed tone board discussions have had to adapt (as a result of children and pets intruding even on these most high-level discussions) should change board culture to feel more inclusive, she says.

Despite concerns, this AGM season could be a less transparent affair — with reports of FTSE firms holding meetings with just two shareholders present, and campaign group ShareAction writing to the government asking it to ensure such changes are only "a temporary solution" — Pitcher is similarly encouraged that greater use of technology could enhance AGM accessibility long term. "How many small shareholders receive their AGM notice and throw it in the bin and don't even bother to vote? So this might, with a bit of better education and communication, open the process up to more people", agrees Lowe (Roper, 2020).

However, along with the list of positives that could emerge from the outbreak, the economic fallout could put good, society and workforce-minded corporate governance at risk. Though he feels there's certainly the possibility of significant positive change, Lowe is also sceptical about whether this will happen in reality: "The counter is around the impact the crisis is having on profitability, because when you're faced with the choice of helping the environment and society or improving profits, and there's no in between, it's going to be profitability every time" (Roper, 2020).

Andrew Kakabadse, professor of governance and leadership at Henley Business School, worries such grave threats to business survival, staff wellbeing and corporate reputation will push some to become overly compliance-focused: "For many people, governance and compliance are synonymous. But governance is oversight and it has two legs: compliance and stewardship. This is where boards sit back and say 'what are the strengths of the company? Where can we provide advice and support?" (Roper, 2020).

Though much has been made of the huge silver lining COVID-19 has brought in demonstrating the long-term viability of widespread home working, there are concerns some boards may be tempted to roll this out permanently purely to cut real estate costs — and in a way that harms employee wellbeing, career development, and senior decision-making and governance. "Some of that personal contact is really important in exercising good governance", says Martin Tiplady, CEO of Chameleon People Solutions and former HR director. "You can do it to some extent remotely, but you can't do it remotely permanently necessarily" (Roper, 2020).

While people-related elements such as culture, stakeholder engagement and employee voice have risen up investors' and boards' agendas over recent years — in no small part because of their increased prominence in 2018's new Corporate Governance Code and other similar guidance — there's also a danger these could slip back below the radar where firms are distracted by business survival, says Tiplady. And yet, equally, this could be people and culture's — and indeed the HR profession's — time to shine, he adds (Roper, 2020).

Good leadership teams should realise 'HR issues' around staff wellbeing and organisational culture are now more important — and more vital to good governance — than ever, says Ulycz: "For a board of seasoned business leaders, they have to see that culture is critical in delivering on strategy, customer service and reputation" (Roper, 2020).

Ed Houghton, head of research and thought leadership at the CIPD, agrees: "From a governance perspective, the crisis has really brought into focus the importance of active leadership and engagement by boards on workforce issues, including employee voice, health and safety, and fairness" (Roper, 2020).

Central to issues of fairness of course is executive pay — another opportunity for HR to offer expert advice. "It's difficult to see how boards won't need to address issues such as fair pay", says Houghton. "For executives, this may mean core and variable pay models evolve. For example, they may incorporate more KPIs directly linked to COVID-19 recovery and workforce issues" (Roper, 2020).

Edmans similarly hopes the crisis could catalyse what he sees as a long-overdue shift to a greater emphasis on long-term equity over base salary. "If the CEO is paid according to the long-term health of a company, they will do things like invest in workplace wellness", he says. "Unilever, for example, has done some great things during the crisis and it's perhaps no coincidence that [former CEO] Paul Polman's pay package was designed to outlast his tenure, so it made sure he developed a culture that continued to be purposeful after he left" (Roper, 2020).

Execs taking salary cuts have undoubtedly been the only responsible short-term reaction to the crisis, says Edmans. But a more important long-term shift will be increased emphasis on 'pie growing' (encouraged through long-term equity) rather than 'pie splitting' by redistributing a relatively negligible amount of CEO core salary to the wider business and workforce, he adds.

Most crucial, perhaps, will be connecting the dots between exec pay and wider workforce remuneration and working conditions — something the Chartered Institute of Personnel and Development (CIPD) and others have long lobbied firms to achieve by greater HR involvement in exec pay discussions and RemCos (remunerations committees). "I think a lot of this will depend on how significant the economic impact is for the average citizen and worker", says Ulycz. "People found bankers' pay egregious after the financial crisis when they were experiencing house repossessions and losing their jobs. That's where there has to be a link between public sentiment, the experience of the average employee and executive pay" (Roper, 2020).

So both the long-term opportunities for — and risks to — good governance brought about by the pandemic could present a vital chance for HR to make its mark at the very highest level. "Increased attention and interest from the board on workforce matters will only benefit the profession", says Houghton (Roper, 2020).

"There will likely be a greater appetite for people data and analytics as boards look to increase their awareness and oversight — and ultimately look to leaders in the profession for their expertise" (Roper, 2020).

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INFORMATION GOVERNANCE: THE ROLE OF INFORMATION ARCHITECTURE FOR EFFECTIVE BOARD PERFORMANCE

Pedro B. Água *, Anacleto Correia *

* CINAV, Naval School, Military University Institute, Almada, Portugal

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Abstract

Among the growing demands in corporate governance is better decision-making. The best board dynamics and focus on substantive business issues do not ensure effective boards functioning. Better decision-making implies the availability of quality information in adequate amounts. Better information does not exist on its own, it is necessary to design adequate information architectures in order to gather such information for effective board decision-making. Relying on solid information sources fosters awareness and lies the grounds for a better information architecture, so directors can do their job in a more effective and efficient way. What, why, how and where questions shall be raised in order to reach such goals, and the pillars for such architecture shall be laid down, by means of an adequate information architecture. This text provides clarity and the main thinking behind such information architecture design, ending with a set of recommendations.

1. INTRODUCTION

The current pandemic paradigm has no space for amateur and rubber stamp boards, which have to improve their decision-making processes and way of functioning. Boards shall not only become better monitors but become better at strategic decision-making. For good decision-making quality information is of the essence. A process is a set of coherent activities aligned with the system's goals. By system, it is meant an effective, optimal and efficient information architecture to support decision-making at the board level. Without an adequate decision-making process, the board will not have it clear about when to lead, when to partner with executive management, or when to stay out of the way. A large number of cases of bad or suboptimal corporate governance cases legitimate the need to dedicate some attention to this subject. Information architecture is critical for boards effectiveness, and such architecture does not need to be complex. To improve the effectiveness of boards in accomplishing their duties to the organizations they are accountable for, attention shall be taken for information needs and an adequate information architecture, comprising both formal and informal channels, conveying relevant information for short- and long-term strategic issues. Formal channels are designed, however, informal channels may be more subtle and demanding the need to conquer peoples' trust, be they company executives or the workforce. Moreover, to face the demands of the post-pandemic paradigm, effective corporate governance will need boards to pay attention to internal as well as external information concerning the business. The board's scope of responsibilities has been increasing as shown by the growing trend for specialized committees, from strategy, risk, sustainability, even innovation governance (Água & Correia, 2020; Ormazabal, 2016). Besides this introduction, the second section, background, lies some references that characterise the background on the subject under study. Next, the adopted methodology is introduced, followed by a section on propose and an information architecture logic tree. A final concluding section provides some discussion and conclusions, suggesting some rethinking about the role information architecture has on decision-making as a better way to design the necessary information architectures needed for effective boards of directors' effectiveness.

2. BACKGROUND

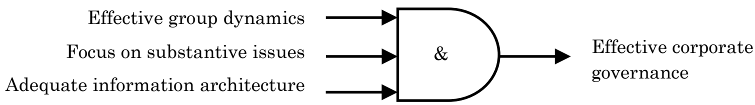
Some authors have been calling attention to a few critical success factors (CSF) needed in order for an effective board of directors functioning. According to Charan (2005), the three main enablers of effective boards functioning are (Figure 1): 1) group dynamics, 2) focus on substantive issues, and 3) information architecture.

Good group dynamics is a critical activity both for interactions between the board and management, as well as among the board directors themselves. Focusing on substantive issues dictates if boards are focusing on the right issues concerning the short- and long-term strategic issues faced by the companies they are responsible for, taking into account the difference between doing the right things and doing the things right.

How boards of directors get the relevant information and in what form is critical for their *modus operandi*. Regardless of the board dynamics and substantive issues that may affect a business, if boards do not have the right information and in adequate quantities and quality, their efforts may end up being ineffective. Therefore, an effective Information architecture is of the essence to support effective corporate governance.

Having these three domains under control is critical for good board functioning. They are necessary conditions that function as enablers for board effectiveness, and without which boards may become ineffective, if not difunctional. Because these enabling factors are critical, they are designated as critical success factors.

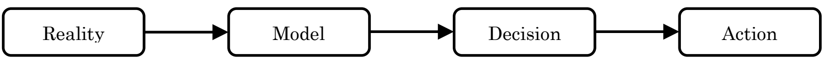
Figure 1. Enabling factors for effective governance



This research focuses on information architecture, its analysis, and ends with a possible information architecture solution for effective board performance, presented as a logic tree.

For someone non-familiar with boards operation, it all may seem sometimes as a sort of *millieu* where influence movements and sometimes sinister characters operate. It might well be like that, and such paradigms may actually still be common across many companies and geographies. However, the demands of the XXI century corporate governance standards, aggravated by the current pandemic paradigm, have no place for such amateur approaches. In order to design an adequate solution, a first step may be to clarify the applicable taxonomy. Like everyone, boards model reality to decide their actions in what concerns their businesses' futures (Figure 2).

Figure 2. Action depends on adequate modelling of reality



However, acquiring the relevant aspects from reality into a model that supports decision-making involves data and information, being the decision-making process a function of the used models and the quality and availability of relevant information. Hence, a need is stated to clarify which types of information are relevant, why and how.

3. INFORMATION TAXONOMY

For effective performance board directors need information both internal and external to the businesses they are accountable for. Moreover, information may be formal or informal. Information that comes from formal communication channels, designed by the board or by the board in conjunction with management, is considered formal.

However, for high effectiveness boards also need to rely on information that comes from informal channels, such as casual (or systematic) contacts with management, or information that are obtained by "governing by walking around", which entails visits to the company production plants, operating facilities, where boards may be engaging informally with directors and sometimes the workforce. These actions are critical in order for board directors not to fall victims of information filters — as no matter how performing a CEO might be, board directors will always get filtered information. Soichiro Honda was known for wearing blue-collar clothes when visiting the Honda Motor Company assembly lines and manufacturing plants in Japan, where the workforce would feel at ease to speak freely, hence sharing valuable pieces of information (Derisbourg, 1993). Actually, some of them would not even recognize Mr. Honda as the 'big boss'. Another example could come from the way Konosuke Matsushita interrelated with his workforce across many of his companies, and where the same informality would provide this top leader with the highest quality information from his workforce, while at the same time would motivate such workforces due to his amicable style. At his early times as a business leader, Matsushita even used to do picnics at the beach with his workforce (Kotter, 1997). These are excellent examples of informal communication channels that may bring high-quality information to the top of organizations, calling attention to the human side of information gathering. Perhaps there are some relevant lessons to be taken from these founders of modern age Japan, which may be useful for a new culture of information in what corporate governance concerns.

A needed trend for business and society to recover from the current pandemic and engage the economic growth that should come with good governance will surely demand more attention to factors as information flows across companies, encompassing the board of directors. balanced scorecards (BSC) are commonly used by management for controlling purposes, however, such tools may even play a strategic role when designed and used by boards of directors (Kaplan & Nagel, 2006; Utrilla, Araneta, & Trianteno, 2019). Perhaps better than the standard BSC, would be the much older *Tableau de Bord,* originated in France, which differently from the BSC offers a more strategic and less 'controlling' view over the organization.

A good information architecture demands the board of directors to pay attention to internal issues as well as external ones. Internal information comes typically from management as summaries and briefs, with issues prioritization according to the strategic relevance, and sometimes suggesting a set of options (Nueno, 2016). However necessary, this approach is not sufficient. Boards also need to be aware of the external context surrounding the business, understanding the competitive landscape, understanding the customers, mapping stakeholders' concerns, technological risks and otherwise. Boards also need both formal and informal information channels, comprising, for instance, CEO reports, financial sheets and forecasts, management meetings and letters. Board directors shall also have multiple informal channels, from engaging with peer directors on a case-by-case basis to getting in touch with management and the workforce. Having coffees or lunches with key personnel should never be overlooked as an excellent way of gathering awareness about relevant business issues, within the right balance. Directors should also ensure they get as much information as possible from independent sources, in order to cover potential 'blind spots', while avoiding management frames. Moreover, Siciliano (2002) suggests that boards shall be proactive in defining their specific information needs, in order to perform their jobs diligently. Amaral-Baptista, Lewe van Aduard de Macedo-Soares, and Melo (2010, p. 714) further suggest that boards shall have the specific information needed to understand the key issues under their responsibility, however, the amount and nature of the information that reaches them may result in dysfunctionality and suboptimal performance.

Table 1. Information scope and communication channels for the board

Scope of information	***Communication channels***	***Examples***
Internal	Formal	Financial reports, management briefs, summaries and presentations, strategic plans, 'gene pool', employee surveys
	Informal	Directorship by walking around, informal talks with management and key personnel, company site visits, informal conversations with employees
External	Formal	Media and analysis reports, investor and industry reports engaging with customers and stakeholders, competitor analysis and performance comparisons
	Informal	Media reports, regulatory reports and legislation awareness, key customer feedback, industry trends and technological change, talks with key stakeholders

4. METHODOLOGY

A logical analysis approach is taken in order to define the information architecture paradigm in order to enable boards to perform their duties. Only determinism ensures causality. Hence, logical analysis and thinking processes have been selected to establish adequate cause-and-effect chains that maximize the effectiveness of information flow into and within the board. As opposed to typical statistical analysis which cannot ensure causality solely on its own, the causal relationships have been subject to clauses of legitimate reservation (CLRs) in order to ensure the logic behind the analysis and the proposed solution are robust. A logic tree is presented in order to shed light on what is at play, as a basis for further development concerning specific solutions for any considered organization. Such a solution is however halfway to solve such kind of problem, as care shall be taken to ensure change management and due implementation of final solutions. The cause-and-effect chain is established by subjecting each causal influence to seven questions — the CLRs — addressing the following dimensions (Table 2):

Table 2. Categories of legitimate reservation and cause-and-effect logic

Reservation levels	***Clause reservation***	***Description***
Level 1 Clause	1. Clarity	Used to develop a better understanding of an entity (a logical statement)
Level 2 Clauses	2. Entity existence	Challenges the existence in reality of either the cause entity or the effect entity
	3. Causality existence	Challenges whether causality exists between the two entities
Level 3 Clauses	4. Additional cause	Challenge that the presenter has captured the major causes of the effect entity
	5. Cause insufficiency	Questions that something else must exist in addition to the current cause to create the effect
	6. Cause-effect reversal	Challenges the thought pattern where the cause and effect seem reversed
	7. Predicted effect existence	Serves to explain why one disagrees with the presenter's previous explanation

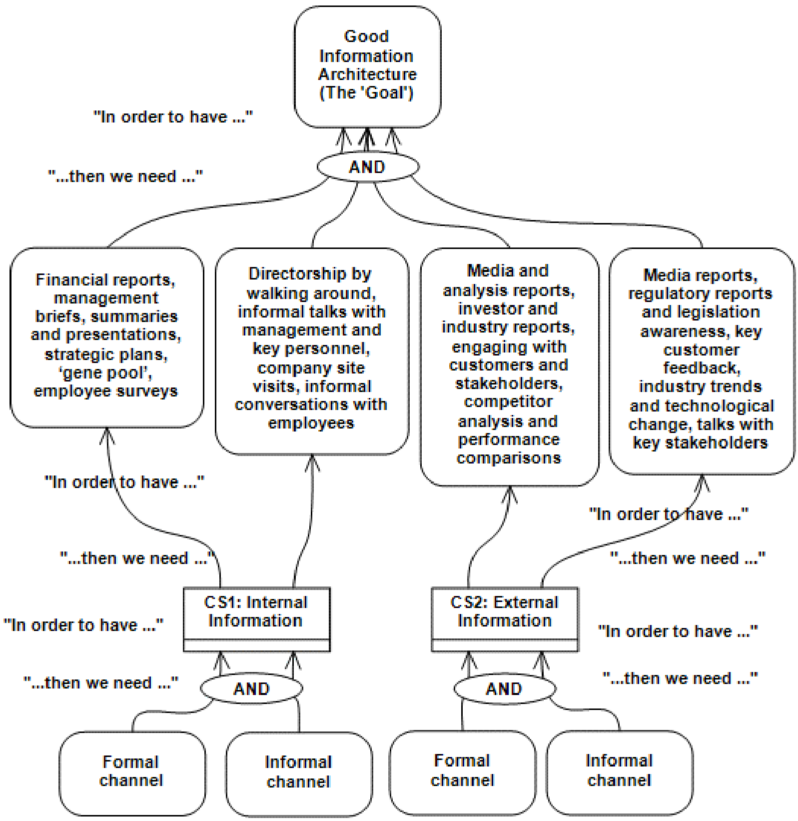
Notes: Adapted from Mabin and Davies (2010).

5. A SUGGESTED INFORMATION ARCHITECTURE

Many empirical studies claim validity based on co-variance or other statistical techniques, however, being stochastic, such statistical techniques would hardly ensure true validity in what causality concerns. Therefore, it is necessary to understand and translate the structure of the system under analysis into a set of logical relationships (Sterman, 2000).

A concept borrowed from the 'theory of constraints' (TOC) is used to ensure validity in terms of cause an effect within an information architecture frame (Mabin & Davies, 2010). Such a concept is coined by practitioners and scholars of the TOC as a 'future reality three' (FRT). Such a logical tree depicts the necessary — oftentimes necessary and sufficient — conditions in order to obtain the desired state in what information governance concerns. It is read from top to down, where the above state depends on the local chains below it. Such causal relationships were subject to the CLRs in order to ensure logical determinism (Figure 3). For the elaboration of this logical tree, the taxonomy of Table 1 was considered.

Figure 3. Enabling Information architecture for the board



Besides the robustness of the logic of cause-and-effects, this conceptual model could be improved through empirical evidence. Further research is being considered, consisting of qualitative analysis and questionnaires focusing on a set of practitioners in order to validate the information architecture ideas presented in Figure 3.

6. CONCLUSION

Board of directors is a broad concept whose application may spill over the purely commercial corporation. Hence, one may find boards in non-profit organizations, public services, or even academies. The latter is usually termed Advisory Council in some geographies. What is common to all of them is that for good performance boards need to ensure they have the right group dynamics, focus on substantive issues and have an adequate information architecture. None of these enabling conditions suffice on its own. All are needed for good corporate governance. The scope of this text focused on a particular case of information architecture as a necessary condition for good board performance. Information scope matters, to bring awareness into the board regarding internal conditions as well as external ones. Information brought to the board by the CEO is always filtered and as such hardly comprehensive. Hence board directors shall establish formal as well as informal channels in order to ensure they have the adequate information to feed the decision-making process. While the formal communication channels may be designed jointly with management, the informal communication channels are usually put in place by the board directors themselves, which may demand informality in approaching specific company leaders or the workforce. Moreover, growing attention to information systems governance as well as data governance shall be under the attention of the board in order to harness the context of growing digital transformation that are impacting businesses, for the good or bad, across many industries — a subject for further research. To recover from the state induced by the global pandemic, board directors shall be proactive in ensuring that have these information needs covered, for maximum performance and acting under the finest ethical standards.

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ACCOUNTANTS' PERCEPTIONS OF TAX AMNESTY: A SURVEY DURING THE COVID-19 PANDEMIC IN GREECE

Stergios Tasios *, Evangelos Chytis **, Stefanos Gousias ***

* Department of Accounting and Finance, University of Ioannina, Greece; Department of Business Administration, University of the Aegean, Greece
** Department of Accounting and Finance, University of Ioannina, Greece; Hellenic Open University, Greece
*** Department of Accounting and Finance, University of Ioannina, Greece

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Abstract

Although humanity has faced many plaques and epidemics from antiquity, the COVID-19 came as a tidal wave, overwhelming nations and governments. Restrictive measures, social distancing and ultimately lockdown and quarantine, emerged as a response to decelerate the spread of the disease and save human lives. These measures may have decreased COVID-19 cases, they had, however, an adverse impact on economic activity and stock markets (Ashraf, 2020). Research shows that the pandemic has already influenced the United States (the US), Germany, and Italy's stock markets more than the global financial crises (Shehzad, Xiaoxing, & Kazouz 2020). Estimated economic losses in the US alone, are forecasted to a shortfall of 106 billion dollars in state sales and income tax revenues for the 2021 fiscal year, equivalent to 0.5 percent of gross domestic product (GDP) (Clemens & Veuger, 2020).

The severe impact of the pandemic raised a global debate about the measures needed to face the economic consequences, bringing into focus fiscal policies. Stiglitz (2020) proposed four priorities for the relief of the pandemic: reducing contagion and containing the pandemic, funding state and local governments, keeping workers in jobs and

providing liquidity and debt relief. Lawmakers during the first wave of the pandemic provided economic assistance to individuals and businesses through tax provisions which included rebates for individuals, tax reliefs for businesses and employer-side payroll tax reliefs (Pomerleau, 2020). Public revenues undoubtedly consist a major pillar for the implementation of pandemic relief policies. Several countries are examining a variety of measures to collect additional revenues including tax amnesty programs. Saudi Arabia already ran a tax amnesty program from March to June 2020, which was extended until the end of December 2020 (KPMG, 2020).

This research aims to examine the efficiency and usefulness of tax amnesty programs. For this purpose, a survey on accountants' perceptions was conducted during the first wave of the pandemic in Greece. Greece presents a good paradigm for the examination of tax amnesty for many reasons. Since 1970 several programs of voluntary tax disclosure have been implemented. Moreover, the Greek tax system is considered complicated, even though Greece is the European Union (EU) member and despite a major tax reform in 2013. Greece was severely impacted by the 2009 financial crisis and faced a long recession, with political instability and significant events including rescue programs, restructuring of public debt and capital controls. In addition, Greece during 2016 and 2017, ran a major voluntary disclosure program and since 2018 legislated a mechanism for the voluntary disclosure of income and assets, by offering the opportunity to taxpayers to proceed to tax fillings prior to the completion of the tax audit.

Results of the study indicate that the possibility for a taxpayer to be audited by the tax authority in Greece is considered low, which in return negatively affects the incentive for voluntary tax disclosure. Moreover, accountants believe that the complexity of tax-laws hinders tax compliance and that it would be in a company's best interest to wait for the announcement and participation in a tax amnesty program. Overall, accountants perceive that a reduction in tax rates and a higher level of tax-free income could increase tax compliance and revenues. As tax amnesty programs are not implemented globally and differ among countries, the study contributes to the existing body of literature by enriching the results and providing new evidence on the usefulness and efficiency of tax amnesty. In addition, the study offers useful conclusions to lawmakers, tax authorities, and accounting and auditing organizations during the extremely complex and difficult period created by the pandemic.

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THE EVOLUTION OF SOCIAL AND ENVIRONMENTAL COMMUNICATION IN THE OIL & GAS SECTOR

Gianmarco Salzillo *

* University of Campania "Luigi Vanvitelli", Caserta, Italy

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Abstract

Communication is the primary instrument used by companies to manage stakeholder attention, and achieve credibility, trust, and legitimacy (Freeman, 1984). There are different types of communication, and each plays its own role in the business system. The most common is financial communication, whose aim is to release quantitative and qualitative information concerning the income and the statement of financial position in order to reduce information asymmetries between companies and stakeholders (Akerlof, 1970).

However, in the course of time, the value of a company has been no longer a direct expression of its financial results alone but has been also assessed in relation to specific contexts, such as the social and environmental context. For this reason, there has been a growing interest in social and environmental communication, whose main function is to inform stakeholders about the company's operations in the areas where they operate. These are areas where actions in favour of social, political and environmental factors have a strong impact and where humanitarian organisations operate that could initiate actions against the same companies.

This happens with the oil & gas sector, which is a sector with a very strong environmental impact, as it is considered to be the primary cause of greenhouse gas pollution. Therefore, recently, investors have had strong doubts about the operation of these companies, as social and environmental litigation could have a negative effect on company value

and threaten investments made in them. These doubts were written down in a letter that the investment funds sent to the companies with the greatest impact on the environment (IIGCC, 2020).

In response, companies operating in this sector have reserved an important area for social and environmental issues within their strategy, driven by a considerable amount of information required by stakeholders.

Up to now, reporting has been voluntary, but there is a growing need to make social and environmental information standardized in order to increase comparability between them and their actual degree of accountability. In this regard, the EU is the first institution to start this process of transforming reporting from voluntary to mandatory with the "Single Market Act" (Commission of the European Communities, 2001).

This process starts with Directive 2014/95/UE and the stipulation of the Paris Agreements[1]. The Directive makes social and environmental reporting mandatory for companies that have a certain size and revenue capacity[2], while the Agreements give guidelines on how companies should behave with regard to pollution. Moreover, this process can still be described as ongoing, as *ad hoc* organization are being set up to create standards that uniformly guide companies in making social and environmental disclosures.

Based on this information we develop our hypotheses. Firstly, the shift from voluntary to mandatory reporting may have influenced the way in which companies make social and environmental disclosures. As a second step, we also hypothesize a process of endorsement between companies operating in the same sector. To do this, we have chosen to analyse four companies operating in the oil & gas sector that meet the requirements of the Directive, and we opted for Eni, Royal Dutch Shell, Total and British Petroleum.

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[1] The Paris Agreement is the first universal and legally binding agreement on climate change adopted at the Paris climate conference in December 2015, and the EU and its member states are parties to the agreement, which was formally ratified on October 5, 2016, entering into force in November of the same year.
The Paris Agreement bridges today's politics and climate neutrality by the end of the century.
The key elements that are part of this agreement are:

•*Mitigation, reduce emissions*: Governments have agreed to keep the average global temperature rise below 2°C from pre-industrial levels as a long-term goal, aim to limit the increase to 1.5°C, as this would reduce to an extent significant risks and impacts of climate change, to ensure that global emissions reach the maximum level as soon as possible while recognizing that developing countries will take longer and achieve rapid reductions thereafter according to the best available scientific knowledge, in order to achieve a balance between emissions and removals in the second half of the century.

•*Adjustment*: Governments have agreed to strengthen the ability of societies, to address the impacts of climate change and to provide developing countries with ongoing and more consistent international support for adaptation.

•*Transparency and examination of the situation worldwide*: Governments have agreed to meet every five years to assess collective progress towards long-term goals and inform parties to update and improve their nationally determined contributions, report to other member states and the public what they are doing to implement action for the climate and report the processes carried out towards the commitments undertaken with the agreement. Go through a solid system based on transparency and accountability.

•*Losses and damages*: The agreement recognizes the importance of avoiding, minimizing and addressing the loss and damage associated with the adverse effects of climate change and the need to cooperate and improve understanding, interventions and support in different fields, such as early warning systems, emergency preparedness and risk taking.

[2] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014.

We have selected the annual reports from 2011 to 2019 of the companies taken into the analysis; and extracted the parts of interest to us[3] on the basis of a series of the key word (*greenhouse gas* which also groups the words *greenhouse gases*, *GHG* and *GHGs*; *climate change* which also contains the words *climate impact*; *environment* which contains the word *environmental*; *carbon footprint* which groups the words *carbon*, *CO2, carbon emission, decarbonization* and *global warming*).

Subsequently, with the analysis of these documents, we carried out a descriptive analysis both on the individual company, comparing the different years under analysis, and between companies. The descriptive analyses are divided as follows:

1. *Text size* — in this case, the logic of the construction was the following: we chose to build two graphs concerning the size of the text, one is based on the companies, while one uses the analyzed years. The abscissa axis concerns all the documents analyzed, ordered on a temporal basis and according to the companies. The bar graph allows us to understand how the size of the analysed documents (e.g., the set of words that have been extracted from each report) has grown over time. Furthermore, this information, which may seem obvious, is enriched by the segments shown in the graph. Each segment identifies an average, calculated on the basis of time: this means that for each year, based on the information in the report of the four companies, a single numerical value has been generated which summarizes the 'textual' trend of the reports.

2. *Frequency analysis* — in this section we want to give more detail to the words that are of particular interest. In this case, the analysis is developed along two different lines. Firstly, individual graphs are made for each company, which show the absolute and relative frequencies of the keywords within each report. Subsequently, analyzes are carried out by comparing the temporal evolution with the sample of companies analyzed. In this case, we also try to give the double interpretation both considering the trend on an annual basis and the development based on use in the reports of the individual companies. In the second analysis, seeing that the absolute and relative frequencies were similar, it was decided to consider only the second one. Unfortunately, the use of relative frequencies, even if more recommended, can cause problems in the context of textual analysis as being a text composed of many words, the denominator (i.e., the size of the text) leads to very low relative frequencies. To overcome the problem, let's try to give another interpretation to the relative frequencies with a further construction method. Rather than using the set of words of the whole report, we build the relative frequencies on the words of interest only. In this case, also the interpretation undergoes a clear change, as the amount over which the words are divided does not represent the total overall, but

[3] This is because large companies usually release a report the contains all kinds of information, and we only need the parts that contain mainly social and environmental information.

the reference total of the words of interest. This technique is used in many environments and is legitimate if you remember the way it was built in the comment phase of the results. In a fairly simple way, we can say that the frequency obtained from this graph represents the percentage part (i.e., 100 the total) which is concentrated in a particular company in a given year[4].

3. *Network n-gram* — the graphs seen so far take into consideration the words as single elements, well isolated from each other. And with the network in n-gram[5] we try to give importance to the relationships between words by verifying how groupings are created. Usually, for the development of this type of analysis we proceed by analyzing the relationships between two words (which in this case are two unigrams) or between a group of words is a word (in this case it is a relationship between a bigram and a unigram), but in our specific case, the network presents both bigram and unigram with this method there is a network that concerns both pairs of words towards a word, both words towards other words. This type of network analyzes only the pairs of words of interest. Since our analysis projected both in time and in space, it was decided to carry out three different types of networks:

- *Network n-gram years*: This methodology allows to analyze the annual variations of the relationships of our keywords in a single graph. In fact, the graph will be formed by the word of interest placed in the center with all the relations present in the years 2011 and 2019, with a chromatic difference that will show which relations are present only in 2011, which are those present only in 2019 and, finally, which instead they are present in both years.
- *N-gram company network*: This methodology allows us to analyze the variations in the relationships of our keywords from a business perspective. Each graph concerns a single keyword that will be placed at the center of the network, with interactions with every single relationship present in the years 2011 and 2019 of each individual company. Also in this case there is a chromatic aid that differentiates the relationships, highlighting the word if it is found within the report of a specific company, or if it is found within more than one company (> 1).
- *Dimensional n-gram network*: This methodology, finally, allows us to analyze the repetitions of the relationships of our keywords. Each graph concerns a single company, and the thickness of the connecting line between the keywords and its relationship will be as thick as the number of times the relationship is repeated in the 2011 and 2019 reports.

4. *Analysis of the lexicon* — this last section deals with carrying out an analysis on the used lexicon and on the diversity both between

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[4] Because of the way the graphs is constructed, given that the total of a given word is set equal to 100, if the frequency obtained for the word climate change is 0.15 for British Petroleum (BP) in 2014, then we can commentas follows: 15% of the distribution of the bigram climate change falls in the yeat 2014 and is used in the BP report.

[5] An n-gram represents a sequence of text, in particolar we speak of unigram to refer to one word, bigram to reger to a pair of words, and so on.

the four companies and on the annual profile. From the theoretical point of view, a text can be examined in a fairly fluid way by some indicators, such as the tokens or the words present in the text, the types representing the 'unique' terms that appear in a document and finally the TTR index. That is the ratio between the number of unique terms and the total of words in the document. This index being expressed in percentage form allows obtaining some interesting information with respect to the analyzed texts. It should be noted that there are even more precise indices that try to eliminate the defects found in the case of using the TTR. A first criticism that can be made concerns the method of construction: Being a report, in which the denominator is given by the total number of words in the document, it is reasonable to expect low values when the size of the text is quite large. As for the interpretation of the results, it is easy to comment on the TTR index. Remember that the lower the value of the indexes, the greater the equal words in the text. Conversely, if the index assumes values close to unity, it means that the words of the text are more different. Consequently, high values imply that the text has a greater lexical richness.

From this data, we draw our conclusions. Recent changes, not only in legislation but also in the perception of these issues by stakeholders in the business environment, have led oil companies to adapt to this new understanding of social and environmental communication. Indeed, as they are subject to a high level of control of their environmental actions, they were communicating in a satisfactory way from a social and environmental perspective even before it became mandatory. So, noticing such a wide change within these contexts can give us an idea of the impact that regulations have had on the market in general. The descriptive analysis shows, in fact, a fully positive post-2015[6] trend, with the keywords analysed exponentially increasing their presence within the reports extracted for analysis. This indicates a distinct evolution on the part of companies in socio-environmental communication, which is beginning to have a strong relevance, often going to achieve entire chapters compared to pre-2015 years (in fact, when analyzing text size, after 2015 the number of words increases for almost all companies). The joint analysis of the four companies, on the other hand, runs counter to our predictions. In fact, we had hypothesized a path of homogenization of socio-environmental communication, due above all to the creation of standards to evaluate the benevolence of the data released. Instead, at least from a descriptive point of view, this homogeneity is not explicitly shown. This is because the process of creating new standards is still under development, and companies do not adhere to one body but choose for themselves which ones to use[7] since there is no formal rule.

[6] Year in which the Directive and the Paris Agreements begin to take effect.
[7] There are many organizations that have issued standards for social and environmental reporting (Global Reporting Index standard, Task Force on Climate-Related Financial Disclosures, or the Climate Disclosure Standards Boards).

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PERFORMANCE OF ISLAMIC FINANCIAL INSTITUTIONS: VIABLE OPTION IN CANADA?

Raef Gouiaa *, Pierre-Richard Gaspard **

* University of Quebec in Outaouais, Gatineau, Quebec, Canada
** CPA auditor, MBA, Government of Canada, Canada

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Abstract

The North American financial system is one of the only alternatives available to individuals and businesses to be able to deal with all matters relating to savings and investment. By analyzing the two economic crises (1929 & 2008), it's possible to see how fragile the financial system can be at times. In the 1920s, individuals increasingly bought shares using debt (Marks, 2018). Indeed, it was possible to be able to buy shares by putting up only 10% of the total value and using debt to finance the remaining 90% (Marks, 2018). Economists are unable to attribute a specific cause to this crisis, but the bank loans that were the basis of debts (of individuals and companies) clearly contributed to the fall of the stock market. Investors started selling their shares when they learned how much corporate shares were financed by borrowing at the margin. As investors sold some of their shares because of this news, the Dow Jones had fallen by about 13% on October 28 1929 (Amadeo, 2020). This decline caused other investors to panic and sell their shares for fear of the Dow Jones' decline. All these problems brought a loss in value of about 30 billion in 1929, which is equivalent to a loss of about 400 billion if we discount the value of the currency (Amadeo, 2020).

With regard to the second economic crisis (2008), it demonstrated that the market is not immune to a collapse, particularly due to the bad decisions of the country's major banks. During this crisis, loans had been made to individuals who were not necessarily able to repay the loans in question. These loans were subsequently sold to other banks, creating a domino effect on the entire U.S. market that ended in a global economic

crisis. Bank managers made loans to individuals who could not afford to repay the amounts (Vitez, 2017). This kind of dysfunctional behaviour changed the way individuals handled their money. A study that was done in 2011 analyzing the change in consumer behavior during the economic crisis showed a radical change in the habits of individuals since that event. The conclusion of this research proved that consumers were simpler in their consumption and that even the richest individuals tend to spend less even if they do not need to (Voinea & Filip, 2011). Despite the fact that the crisis has been over for several years, collateral damage on individual behavior is still being felt.

All these events have made consumers more conscientious about managing their money and consumption. Many individuals see traditional finance as the only way to properly secure their future savings. Islamic finance (IF) has been growing rapidly in recent years. The sector has grown by about 8.3% since last year and has a total value of 1.7 trillion (Research and Market, 2019). This increase in popularity is mainly due to the fact that, in some countries, Islamic finance is the only option available. It is noticeable that popularity has not only increased in Islamic countries but in others as well. Currently, there are more than 300 Islamic institutions in the world including countries such as the United States and France (Lipka, 2017). There is a growing number of countries adopting Islamic finance, but the concept remains almost unknown in Canada and other developed countries. In most countries, Islamic finance coexists with conventional banking systems, this is noticeable in countries such as Indonesia, Malaysia, Pakistan, and the United Arab Emirates (El Qorchi, 2005).

In addition to its growing popularity, it has a growing number of Muslim and non-Muslim investors investing in Islamic finance. The fundamentals of Islamic finance in terms of risk management and general principles are making more and more people interested in investing in this sector. According to an analysis of Islamic financial markets, their popularity has increased because of the potential for growth and profitability (Hassan & Girard, 2011). There are several financial indexes that include companies that comply with Islamic guidelines. Companies that are listed on the stock exchange in America must comply with IFRS (International Financial Reporting Standards) which are regulated by the IASB (International Accounting Standards Board). The equivalent is present for Islamic finance. Indeed, in addition to having accounting guidelines to be respected such as IFRS, companies must ensure that they comply with the rules that are set up by the Sharia. In this sense, the Sharia Board is in charge of the supervision and certification of certain products regarding the respect of Sharia rules (Trustnet, 2020). The management of companies then becomes more complex, because it is often necessary to make changes in policies to be able to comply with the rules. Despite this, investments are considered less risky for investors because there are many more laws that must be respected. Islamic finance could be an alternative during economic crises.

Research by Salim and Mahmoud (2016) explains why Islamic finance should be considered during economic crises. The conclusion of this research revolved around the fact that Islamic finance is less risky compared to its counterpart.

The aspect of risk and interest rates are always important to investors and individuals when making financial decisions. Interest rates cause consumers to change their consumption habits (Maverick, 2020). In fact, one of the fundamental differences between these two types of systems is the use of interest. In the Islamic finance system, making interest available to individuals or using interest is not present in Islamic banks (Chong & Liu, 2009). Other alternatives are then made available in order to be able to create value in these banks.

The Canadian financial market is considered to be very conservative and has been using the same practices for a long time. The economies of some countries such as England have adopted a strategy of including Islamic finance in their market and this has produced very satisfactory results. Considering that Islamic finance has been growing in recent years, this type of practice could be relevant to the Canadian market.

The objective of this research is to analyze whether the performance of Islamic financial institutions is comparable to traditional banks. To make this comparison, several tools will be used. The comparison of performance between financial institutions is made using the different relevant financial ratios used in the banking sector. The two main ratios used were return on assets (ROA) and return on equity (ROE), as in most research, these ratios are considered to be the best indicators of profitability among banks. The University of New England made a tool to evaluate the efficiency of the banks. With the data envelopment analysis (DEA) model, it will be possible to analyze the efficiency score of each bank of the sample. Comparison of the efficiency of conventional and Islamic banks will be important to determine because they do not operate in the same way and their primary source of income is different. The correlations will also be used to see which elements have a positive correlation with the main performance indicators (ROA & ROE).

The results revealed that Islamic banks tended to perform better than conventional banks. Performance ratios were in most cases higher for Islamic banks. This observation was confirmed with the use of the DEA model, which measures efficiency and effectiveness at the bank level. The results show that although some Islamic banks had significantly fewer assets than conventional banks, they were still able to use resources more efficiently. This confirmed that Islamic finance is an option for Canada and that with government support it will be possible to have a stronger economy overall. When we talk about efficiency and performance, we must also take into consideration the risk that is closely linked to it. Islamic banks are often considered to be less risky than traditional banks due to the fact that their revenues are very diversified. This risk comparison between traditional and Islamic banks will be included in the secondary objectives of the research. Overall, these results likely going to be useful for investors, the banks, the government and other users of the information of banking information.

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WISDOM FOR IT GOVERNANCE: A PERSPECTIVE OF THE PHILOSOPHY OF THE ART OF WAR

Le Chen *, Pietro Pavone **

* University for Foreigners "Dante Alighieri", Reggio Calabria, Italy
** University of Sannio, Benevento, Italy

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Abstract

In a cyber-war age, it is not an exaggeration to compare the importance of IT governance systems of organizations as national defense systems that protect national security. The high-speed development of information technology has triggered a surge in its applications and related investments, which has greatly promoted the way of working within organizations. As a disruptive model, information technology has penetrated all aspects of the organizations, and even played some important alternative roles. Even in the era of peace, international competition has never stopped but has intensified, having formed a competitive trend in the development of global information technology. Facing the current complex business environment, an organization needs to have well-addressed strategies. Consequently, IT governance within the organizations must be conducted and better strengthened. As it is a part of organizational governance, it is necessary to systematically and comprehensively ensure that information technology-related investments have organization value from a high level of strategic assessment, as well as reduce information technology-related risks, to guarantee organizations the whole performance and competitive advantages. The wisdom of IT governance is the top priority of IT governance. Because the organization's IT governance wisdom embodies a philosophical conception. It affects the formulation and implementation of IT governance strategies, and it is also the demonstration of full-scale capabilities. The lack of IT governance wisdom will cause a scarcity of

comprehensive positions, viewpoints, and methods, and ultimately fail to guide IT governance practices wisely. Therefore, IT governance wisdom is of great significance to successfully steer related work.

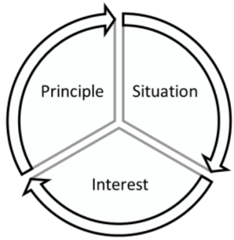
And this study takes, in particular, a direction to emphasize the strengthening of this kind of awareness of overall wisdom in IT governance within organizations. With this extremely specific interest, a practical treasury of wisdom of predecessors was identified. *The Art of War* by Sun Tzu is the earliest extant military book in China and the earliest military work in the world. It is a representative embodiment of Chinese culture and wisdom in the large collection of books. Sun Tzu, a Chinese military strategist used *The Art of War* — a treatise on military philosophy, which is known as the sacred canon of military strategies, to reveal the laws of war and competition especially on the high unification of theories and methods. This is also the main reason why *The Art of War* certainly has been always respected by militarists and all over the world with its enduring appeal. Because it was the earliest essay to reveal the most profound and abundant adaptable wisdom — "Sun Tzu has clearer vision, more profound insight, and eternal freshness" in the field of pragmatic books (Tzu & Griffith, 2005, p. 5). Different and more valuable is that Sun Tzu's *The Art of War* is caution for arising a war and if it is inevitable, one should strive to win with wisdom not reckless (Tzu & Griffith, 2005, p. 5). The value of knowledge and learning lies in certainty, and the value of wisdom lies in guiding more rational trade-offs in practice with critical thinking and spirit (Tzu & Griffith, 2005, p. 5). Due to the time-honored history, different culture, language forms and other objective obstacles, the wisdom of this jewel of the ancient Chinese military is not well known by people outside the military field. It is thence the duty of this study to ensure that the elaboration is properly representative of the quintessence of *The Art of War*. The importance of strategies-gathering is self-evident in the wider context, not only for the military but also for organizations, especially in the time dominated by information technology. IT governance is a crucial part for governance systems of organizations in the digital age, in which IT governance has become one of indispensable cores. Thus, how much actual value does it have for IT governance of organizations on the occasion of the Fourth Industrial Revolution (4IR)? How to further enrich wisdom for practical combat performance on the basis of existing IT governance theories? To seek to understand these reflections, the research will further explore the following issues, specifically:

- *What is IT governance good for?*
- *Why is it said that good IT governance is a key factor for organizational success?*
- *Why could the philosophy of The Art of War be a reference solution for IT governance?*
- *How can the wisdom of The Art of War be used for IT governance?*

This study aims to analyze IT governance from the perspective of the philosophical thinking of *The Art of War*, while it might have been unknown to IT governance. The research adopts the qualitative approach and starts from the literature review. Through the historical retrospect of the evolution of origin of IT governance, the study aims to clarify its status and issues encountered in the application of related theories. Then they will be analyzed with the philosophical point of view in Sun Tzu's *The Art of War*, to enlighten us about the future strategic development direction and measures of IT governance to face up to the new challenge brought by highly intensive digitalization. Specifically, through the study of the inherited strategies, the purpose of this research is to provide a reference solution for IT governance within most organizations in the process of formulating strategies in a manner of wisdom expansion to efficiently respond to challenging changes in the digital era.

Through the elaboration and analysis of a series of previous questions, this research has brought two main research results. We have found that the period when the origin of IT governance concept came into being, namely, no earlier than the late 1990s, highly likely at the beginning of the 21st century. Then, from digital perspective, we analyzed important features which are the high priority of good IT governance. Firstly, it innovatively created added business value. Secondly, it promoted the inclusion of organizational strategies to the height of digitalization. Thirdly, the strategic significance of IT governance to guarantee performance mechanism within organizations. Besides, we have also argued the application of Sun Tzu's *The Art of War* wisdom to IT governance thinking from three aspects to optimize organizational governance, which are: '道' (*dào*), the so-called '*Principle*'; '势' (*shì*), the so-called '*Situation*'; '利' (*lì*), the so-called '*Interest*'. They are also corresponding respectively, the three main reasons of good IT governance are an organization's success' key factor, namely: principle of IT governance, horizontal comparison of IT governance, flexibility of IT governance. The origin of the concept of IT governance indicates that it is aimed at better serving the overall governance of organizations.

Figure 1. The three essences of Sun Tzu's *The Art of War*



The realization of organizational governance needs to be fulfilled by IT governance implemented with the principle as the starting point, the overall vision as the focus, flexibility as the implementation ability. As IT governance is a repeatable, rational process to collect ideas, select projects and prioritize the implementation of these ideas and projects (Hites & Block, 2010). And IT governance is due to support the organization in achieving its strategic objectives (Bhattacharya, 2018; Wautelet, 2019). Additionally, we are entering the second phase of the digital transformation, as well as the exploration of IT governance continues. At this critical moment, we aim to introduce a philosophical perspective to help people view issues in this field more rationally and more wisely. We have all reasons to believe that the wisdom of IT governance will bring out a huge impact on the overall governance of the organization in the IT era.

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CONCEPTUAL BASIS FOR THE DEFINITION OF DIGITAL LEADERSHIP

Giuseppe Pepe *, Pietro Pavone **

* EY, Milan, Italy
** University of Sannio, Benevento, Italy

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Abstract

Although digitization and digital transformation are radically changing the organization and behavior of companies (Collin, Hiekkanen, Korhonen, Halén, Itälä, & Helenius, 2015), scientific research has only marginally combined these issues with that of leadership.

In order to pursue a customer-centricity vision, digital leaders have integrated the most advanced technologies (intelligent automation, artificial intelligence and machine learning) into their organizations and processes in order to improve the usability of the data that allow a digitalization of products and services. Therefore, digital technologies are like "enabling factors" to satisfy customers' demand for innovative products and services (Lancioni, 2005). In this regard, traditional companies need to identify adequate technological partnerships in order to govern the digital transition (Aguiar, Bogea Gomes, Rupino da Cunha, & Mira da Silva, 2021). To this end, a continuous IT audit is necessary in order to intercept the deficiencies of a company's digital transformation path and, at the same time, to have immediate feedback that may be the basis of the remediation plan.

In this process of internal introspection and in that external of partner engagement, what can be the role of leadership?

The premise behind this contribution is the awareness that well-known digital giants in the global economy (such as Apple and Microsoft) are led by charismatic leaders. Given this observation, it seems useful to question the ways of thinking about the exercise of leadership in the current digital age.

In fact, digital companies represent valuable empirical environments to shift the focus of the deepening of the genesis and dynamics of leadership from the classic traits of a leader's personality towards leadership as a system of interactions in an organizational and social environment (Thorpe, Cope, Ram, & Pedler, 2009; Day, 2000). In this sense, the study aims to search for synergies and interactions between citizens, policymakers, public decision makers and business managers who, jointly, are called to create and distribute public value (Moore, 1997) in the paradigmatic era of open and smart government. From this perspective, the concepts of leader and leadership are not coincident, since this approach neglects the contexts in which leaders operate (Silvia & McGuire, 2010). In fact, traditional leadership styles do not sufficiently address the opportunities and challenges arising from digitization. As the digital leadership literature is still fragmented and not extensive, it is believed that it is possible to draw on existing literature in related fields (e.g., general leadership, public leadership, and the literature on digitization), developing the theoretical track recently marked by Hensellek (2020), in order to frame the foundations for the development of an adequate framework for digital leadership.

In addition to the technical skills needed to better understand and use digital technologies, digitization requires that business leaders have a digital mindset so that they can correctly recognize and evaluate the opportunities and challenges posed by digitization in complex multilevel business contexts (Ospina, 2017). Therefore, a conceptualization of digital leadership must not fail to recognize its primary source, which some authors (Huxham & Vangen, 2000) have highlighted can reside in the collaborative practices between different social actors, public and private, even highlighting the traits of an informal, emerging and shared leadership (Ospina, Foldy, El Hadidy, Dodge, Hofmann-Pinilla, & Su, 2012; Ospina, 2017).

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PENSION FUND: THE NEW RULES ON CORPORATE GOVERNANCE AND INVESTMENT STRATEGIES

Giampiero Maci [*], Elisabetta D'Apolito [*]

[*] Department of Economics, University of Foggia, Foggia, Italy

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Abstract

Complementary pensions have been affected in recent years by a regulatory reform at European level which has certainly had a significant impact on the operation and management of savings intended for private supplementary pensions, which contribute to social sustainability within the social security system. Specifically, reference is made to the new European Directive of 14 December 2016, the so-called IORP II Directive, relating to the activities and supervision of corporate or occupational pension institutions (Institution for Occupational Retirement Provision — IORPs) which play a fundamental role in the provision of corporate or occupational pension benefits, taking into account national rules and traditions. In detail, the scope of application of the new discipline is extended to entities with a social purpose that provide important financial services in the context of the relationship between worker and employer. Specifically, regardless of the legal form, the institution should operate according to the capitalization principle in order to provide pension benefits in relation to an employment activity and on the basis of an agreement entered into individually or collectively between employer and employee or with self-employed, in accordance with the legislation of the home member state and the host member state.

In detail, the new regulatory framework aims to foster a sound, prudent and efficient management of companies or occupational pension schemes as well as to harmonize the rules on corporate governance of pension institutions, in order to create a uniform legal framework in full respect for the differences between the member states. In particular, the regulator requires the establishment of an adequate and transparent

organization, with a clear division and appropriate separation of responsibilities, as well as a management model proportionate to the size, nature and complexity of the entity's activities. The new regulatory framework requires IORPs to have three basic functions: a risk management function, an internal audit function and, in certain cases, an actuarial function. Specifically, the risk management function has the fundamental task of adopting the reporting strategies and procedures to identify, monitor and manage the risks, both at an individual and aggregate level, to which IORPs may be exposed. The legislation also provides that IORPs must have an effective internal audit function that deals, specifically, with verifying the correctness of the operational and management processes and other elements of the fund's governance system as well as the outsourced activities. Finally, the actuarial function is mandatory if the IORP guarantees biometric risks, investment returns or a certain level of performance. The holders of the respective functions must communicate the findings and relevant recommendations to the administrative, management or supervisory body of the IORP, which defines the corrective actions to be taken.

With reference to the topic of investment strategies and choices, the directive establishes that IORPs can also invest: 1) in instruments that have a long-term investment horizon and are not traded on regulated markets, MTFs (multilateral trading facilities) or OTFs (organized trading facilities); 2) in instruments issued or guaranteed by the European Investment Bank (EIB) and provided under the European Fund for Strategic Investments, European long-term investment funds, European funds for social entrepreneurship and European venture capital funds. The European directive contains a specific reference to environmental, social and governance (ESG) factors to be taken into consideration in the context of risk management policies and investment strategies, considering the relevance of these factors as underlined by the United Nations. IORPs must also provide for a sound remuneration policy for the staff involved in fund management, key functions and professional activities with a significant impact on the institution's risk profile. This policy must be proportionate to the size, internal organization, nature and complexity of the activities carried out.

In the Italian market, the transposition of the European Directive IORP II which took place with Legislative Decree No. 147 of 13 December 2018, contributed to strengthening the organizational structure of pension funds, improving internal processes and risk management methods. On the basis of the main regulatory changes, it is clear the importance of deepening, in a theoretical and empirical key, the analysis of the different types of pension forms present in the Italian market and at the same time conducting a study on the choices and investment strategies made by individuals is certainly evident to mitigate the impact of the volatility of the main financial markets, confirming the validity of the management approach followed.

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BEYOND THE LOOKING GLASS… WHAT COULD 'FIT-FOR-FUTURE-PURPOSE' GOVERNANCE OPERATING MODELS LOOK LIKE IN THE FUTURE?

Dean Blomson *

* Sextant Consulting Pty Ltd, Dover Heights, New South Wales, Australia

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Abstract

This study builds further on the paper presented at Virtus Corporate Governance Conference in May 2020[1], which explored the suitability and current relevance of board operating models. That paper highlighted challenges relating to the suitability of prevailing board operating models and posited some alternative board governance models as a provocation. While a considerable amount of academic and commercial research focuses on current board issues, performance drivers, etc., there is little apparent futuristic thinking, i.e., consideration of the broader changes that will be likely that could inform, modify, accelerate or possibly negate current thinking on what boards should be doing to be effective.

1. INTRODUCTION

This investigation draws heavily on joint research conducted with EY in Australia (via their Global Centre for Board Matters), with Dr Dean Blomson as the lead researcher. The research itself was conducted between July 2020 and January 2021 and involved board members of EY's clients, some of the largest companies on the Australian Stock Exchange (ASX). The sample covered close to 100 interviews conducted

[1] "Corporate Governance: Examining Key Challenges and Perspectives", May 7–9, 2020

outside of and within EY[2]. The focus of the study was on board operating models of the future — taking a much longer-term perspective, more specifically to identify and postulate what 'fit-for purpose' board operating models could look like in 2030 and beyond. The full report will be released in due course to EY clients and then the public; and the extensive leverage of those insights in this analysis is acknowledged.

The research focused on *board operating models*, in particular, six elements: board structures, key governance processes, management systems and frameworks, e.g., board charters, technology/systems, participants and skills, and ways of working.

The report considers:

- the interviewees' current challenges/realities and impacts on their governance operating models (the '*as-is*' findings);
- trends we identified that provide clues about what governance could be dealing with in 2030 and the implications those trends could bring for the governance operating context in 2030; and consequently
- what key changes we can or should anticipate to the six operating model elements for boards (the '*to-be*' design implications).

This is not a study of 'what is' but of 'what should be'.

For scholars in the governance research community, the research aims to challenge more deeply conventional wisdom about boards' roles and how we understand what is 'fit for purpose' and why we should be moving beyond the current 'one size fits all' approach for operating models.

From there it is hoped that deeper targeted research, analysis and ensuing debate may ultimately lead to the formulation of alternative governance operating models that are better suited (depending on circumstances) to governance oversight of enterprises operating in a more VUCA (volatile, uncertain, complex and ambiguous) world.

Ultimately, however, it will be up to *the non-executive director community*, thought-influencers and 'peak bodies' amongst it, to encourage boards to implement more viable options, where needed.

For the governance practitioner community, the aim of this study is to agitate, i.e., to raise awareness and debate about the efficacy of the current 'last century' model and a largely one-size-fits-all approach. More specifically, it is intended to encourage board members to think more deeply and critically about their operating models, to develop the courage to break away from the herd in selecting board operating model elements that are far more bespoke for their needs.

[2] The researcher interviewed non-executive directors providing coverage of 64 publicly listed companies and 29 private companies, including from six (6) of the top 10 ASX companies, plus executive directors (CEOs/CFOs) from 15 major institutions — ASX top 200 and large mutuals.

2. SETTING THE SCENE

As a working definition, 'operating model' will be taken to mean the specific set or mix of management/control systems, processes, technology and data, participants and their skills, structures, and ways of working that are assembled (deliberately, one hopes) and applied to provide the necessary enablement of a particular strategic intent (enterprise operating models being the enablement or delivery vehicle of corporate strategic intent).

The conventional wisdom for operating model design (of the enterprise variety), is that it should be fit-for-purpose. The going-in assumption is that the same axiom should apply to board operating models. If so, two key questions are: What purpose? How do we define that? The research that follows addresses both questions.

Before doing so, to set its context, this study will lay out the kinds of pressures that boards of larger, listed and more high-profile public enterprises tend to operate under in a VUCA environment (broadly speaking). This will draw on the findings of the EY research report into the '*Board of the Future*' by considering the *current 'as-is' issues* arising from extensive director interviews and then, possible responses for the future, beyond simply tomorrow (the 'to-be' model).

The investigation will then lay out a set of trends affecting enterprises and the future *milieu* or context their governance systems may need to be conducted within, based on how these trends may play out to 2030 and beyond. From these trends, a set of ten predictions/assertions will be laid out, about the future operating context for those enterprises and their board governance systems. This is the *future state ('to-be') environment*. It is this 'to-be' context that provides the background for likely operating model challenges and changes — if they are to be fit for future demands.

Having set the context for *future governance*, the study then points to a set of likely operating model changes — across the various elements of the operating model definition. Crucially, the research finally explores what being 'fit-for-purpose' is and how it should be determined by each board, given that each board's and enterprise's context is different. The investigation suggests the unpacking of "three P's", namely: *purpose* (grand or noble purpose); *priorities* (of the strategic kind); and *persona*, i.e., the dominant board *persona* and how it views its *raison d'etere* and the parameters it should operate within. It is through the addressing of these "three P's" in a disciplined manner and the triangulation of responses to specific questions, that 'fit-for-purpose' will be clarified.

The analysis asserts what should be self-evident, namely that governance is an idiosyncratic matter and therefore that heterogeneity of board operating models should be far more evident in the future, rather than the largely homogenous models we see today.

Boards are operating in a wider context of "entropy" but are not showing the necessary system adaptiveness or operating model adjustments. We know from the laws of nature that static systems (stasis) cannot survive in an environment of entropy. A range of operating model responses, including structural ones, are posited that will enable boards to be more 'VUCA-prepared' and change ready. These include the need for sense-making mechanisms (metaphorical 'listening posts', data decoding and interpretation capabilities) and the ability to tap into multiple constituencies. A networked board is just one possible structural response. Other structural options have been postulated at the 2020 Virtus Governance Conference and in the EY research report.

3. CONCLUSION

In conclusion, it is argued that boards are stuck in the nexus between not just the outside pace of change moving faster than they are, but also the inside pace of change (within management/the organisation) moving faster than they can respond. The structures and capabilities on boards as a generalisation are not reflective of the shift *within organisations*; and boards are hampered from keeping up with the pace of changing expectations *on the outside*, with the arduous regulatory and reporting landscape. Boards are effectively experiencing a double whammy.

Hence the relevance of the much-quoted Jack Welch comment: "If the rate of change on the outside exceeds the rate of change on the inside, the end is near".

Boards (not all) are facing perhaps not an existential crisis (yet) but one where their relevance and effectiveness is greatly impaired — and a case for change needs to be developed. Herd immunity or a herd response will likely come at a price: waiting for other boards to demonstrate reform and then simply mirroring their responses does not seem to be a wise (or even defensible) governance choice for each board, especially if you accept the premise that 'governance needs to be fit-for-purpose'.

As a group of governance theoreticians (and sometimes practitioners), we need to build on the debate and come up with better solutions than the initial ideas that have been postulated.

Let's have a constructive debate and exchange — but let's not simply 'admire the problem' or build a better mousetrap.

"*All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident*" (Arthur Schopenhauer, 1788–1860).

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A BIBLIOMETRIC ANALYSIS OF FAMILY BUSINESS: INSIGHTS FROM INTERDISCIPLINARY STUDIES

Michalis Bekiaris *, Pantelis Papanastasiou *

* Department of Business Administration, University of the Aegean, Chios, Greece

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Abstract

Numerous studies have been conducted on the importance of family businesses and their contribution to the economy (Cicek, Kelleci, & Vandekerkhof, 2021). The majority of the literature on family firms recognizes that in these firms, ownership represents a major determinant of organizational behaviors and performance (Hamelin, 2013; Zahra, 2012; Chu, 2009; Barbera & Moores, 2013; Ward & Dolan, 1998). Indeed, the growing literature on corporate governance has focused on the impact of family influence on performance (Anderson & Reeb, 2003; Bennedsen, Nielsen, Pérez-González, & Wolfenzon, 2007; Maury, 2006; Villalonga & Amit, 2006). The governance practices of family businesses differ from those of non-family businesses (Bartholomeusz & Tanewski, 2006). Moreover, many studies have analyzed the distinctive features of the governance systems of these types of businesses. On the contrary, family firms tend to adapt their governance practices to the unique agency problem they face.

Family businesses are the first form of business structure in the history of mankind. Also, according to Bammens, Voordeckers, and Van Gils (2008), family firms are the predominant form of business in economies around the world, and they contribute extensively to gross national products and job creation (IFERA, 2003). They are the vast majority of companies in Greece, Europe, and the world. Family

businesses often comprise small and medium-sized enterprises, while well-known global, business giants are family businesses. It is for these reasons that the value of family businesses is crucial to the global economy. Family businesses are a hybrid identity organization due to the way both family and business are emphasized (Randerson, Bettinelli, Fayolle, & Anderson, 2015). This has meant that increasingly family entrepreneurship is being used to describe family businesses due to the way it involves the interaction of the family with business systems (Heck, Hoy, Poutziouris, & Steier, 2008). Due to the substantial increase in family business research over the past 10 years, this helps to understand the trajectory of research on family business topics.

Meanwhile, family businesses make up more than 60% of all companies in Europe. They range from sole proprietors to large international enterprises. Big or small, listed or un-listed, family businesses play a significant role in the EU economy. The European Commission recognizes this role and promotes the creation of a favorable environment where family businesses can grow and develop. The importance of family businesses in the European economy also seems shocking. The above-mentioned opinion refers, inter alia, to the data of the final report (11/2009) of the expert group "*Overview of family-business-relevant issues: research, networks, policy measures, and existing studies*" (European Commission, 2009). The latter shows that family businesses at the European Union level — for all countries where data are available: 1) account for more than 60% to 90% of all European companies; 2) employ from 40% to 50% of all employees.

On January 15, 2015, was published in the *Official Journal of the European Union* (2016/C 013/03) *Opinion (Initiative Opinion) the European Economic and Social Committee on "Family businesses in Europe as sources of new economic growth and better jobs"* (European Economic and Social Committee, 2015). In its context, a recommendation is made for the adoption of a definition of the family business. More specifically, a family business is defined as any company in which two or more family members are involved and the majority of the ownership control lies within the family, or any second or more-generation company with at least one representative of the family formally involved in the governance of the firm, or any listed company in which the family possesses 25% of the decision making right mandated by their share capital.

Our study aims to identify key contributors, key areas, current dynamics, and suggests future research directions in the field of the family business using bibliometric analysis and visualization tools. We use the ISI web of science (WOS) database as a primary search engine to identify the most influential articles, authors, and journals on this topic on citations and PageRank. In particular the statistical and analytical methods, we made recourse to the bibliometric, co-citation network is developed to see the intellectual structure of this research area, and cluster analysis techniques (Teixeira et al., 2020). Also, applying bibliometric tools, research clusters have been identified and content analysis performed on the papers identified in the clusters (Kumar, Sureka, & Colombage, 2020).

This study is one of a few that combine a bibliometric analysis and literature review on family business research. The bibliometric methodology highlights the multi-disciplinary nature of research on family firms and their impact on governance and performance, covering the fields of accounting and finance, business, economics auditing, and management, as well as strategy. According to Ellegaard and Wallin (2015), bibliometric analysis is fundamentally classified as a quantitative method that provides a different analysis of the literature based on the related statistical data. Through a bibliometric analysis, we aim to provide a quantitative analysis of literature based on the related statistical data and transform scientific quality into a manageable entity (Wallin, 2005). Our goal is to construct systematic knowledge regarding patterns, trends, and impact of relevant publications through a visual approach (Ellegaard & Wallin, 2015; Van Eck & Waltman, 2014). Furthermore, the contribution of this work is that, through bibliometric techniques, it sheds light on the groups of topics that condition the sustainability of family businesses, which will help the scientific community in the orientation of future work in this field of research.

Our findings aim to provide useful guidance to other researchers in the area by exploring the interrelatedness between key articles and authors that have been cited most frequently. This article has offered a bibliometric overview of the leading journals published in these leading journals exclusively dedicated to family business research, laying the ground for future research developments. Besides analyzing journals from a bibliometric point of view, we have also unearthed the most debated topics and provided directions for future research. Our article can thus be useful for scholars, students, and practitioners alike. Scholars can understand the structure and interests of research published in journals and get inspiration from the new, unexplored directions for research that we have identified. Students can get an overview of the impressive body of knowledge accumulated in family business literature, and the most influential works and productive authors that contributed to its accumulation. Finally, practitioners might be of help to improve the management of their family firms by using our work as a guide to understanding the key concepts and scholars in their family business field.

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THE ADOPTION OF REPLACEMENT COST IN THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

Matteo Pozzoli [*], Teresa Izzo [**], Francesco Paolone [***]

* Department of Law, Parthenope University of Naples, Naples, Italy
** Department of Management and Economics, Parthenope University of Naples, Naples, Italy
*** Department of Economics, Mercatorum University, Rome, Italy; Department of Management, Luiss University, Rome, Italy

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Abstract

Fair value measurement is a complex and debated issue in public sector accounting. Often, this value has been determined in practice by the replacement-cost (RC) method, that is a measurement method not sufficiently investigated in recent times both in the private and public sector (Boer, 1966).

Criteria measurements aim to provide stakeholders with useful information. In the specific context of public sector financial reporting, financial data are crucial in order to establish fiscal policies, macroeconomic decisions and strategic operations (Capalbo & Sorrentino, 2013; Rodríguez Bolívar & Navarro Galera, 2016). Public sector entities pursue public interests and contextually should be oriented to optimize the use of available resources, to guarantee the groups of interests about the capability of the entity’s administration (Christiaens, Vanhee, Manes-Rossi, Aversano, & Van Cauwenberge, 2015).

This implies that the aforementioned criteria have to be accurately analyzed by the accounting standard setters in order to satisfy the stakeholders’ information needs, obviously taking into consideration the entities’ mission and the contextualization of the generally recognized criteria usually applied and consolidated in the private for-profit sector. At the same time, it appears important to verify not only

the opportunity to require a specific criterion but also to examine its effective applicability and that the trade-off between information benefits and administrative burden is adequate (Bastable, 1977).

That said, the International Public Sector Accounting Standards (IPSASB), the most authoritative public sector accounting standard setter, has systemized the measurement bases by the publication of the Conceptual Framework (IPSASB, 2018), and recently has proposed a significant review of the measurement issues in the mentioned Conceptual Framework (IPSASB, 2021a; IPSASB, 2021b). In this view, the adoption of fair value accounting supports public administrations in illustrating their financial health, producing information on the "real" economic status of properties, intangible assets, financial instruments and other elements.

It is clear that fair value is a specific and conventional example of market values. One of the most significant difficulties of measuring elements by fair value in the public sector context is to achieve a reliable determination.

The proposed revision of IPSASB considers fair value, with "current operational value" and value in use, as a measurement criterion of the current value model.

The research aims to focus on the current application of fair value and, specifically, on the current adoption of the RC and the chance to find a more uniform technical definition of the RC, in the perspective that the IPSASB approach in relation to the RC appears sometimes contradictory.

Premised of this technical framework, the research is conducted on the investigation of the adoption of fair value for tangible assets exploring the current adoption of RC by the 74 governments examined in the International Public Sector Financial Accountability Index. The data are taken from the country-by-country data, accessing the last available financial reports included in the pertaining website page.

Conclusions will report some observations about future considerations on the approach and the orientation included in the Exposure Draft.

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A HOLISTIC PERSPECTIVE ON DATA GOVERNANCE

Anacleto Correia *, Pedro B. Água *

* CINAV, Naval School, Military University Institute, Almada, Portugal

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Abstract

Data governance sets the principles and rules organizations should follow for the effective use of data. Organizations also expect by means of adequate data governance the attainment of cost-effective and lower-risk operations. Despite data governance awareness in recent years, there is a lack of a holistic view of the organization's data governance that could help both practitioners and researchers to have an overall map of the current situation and anticipate the further steps needed to raise its level of maturity. This exploratory research proposes a classification scheme for data architecture according to two orthogonal dimensions: the perspective of stakeholders (from corporate board to end-users) as well as the primitives that contribute to better data governance. The proposed scheme, evolved from enterprise architecture research, is in line with other solutions aimed at aligning the business and IT within organisations.

1. INTRODUCTION

The amount of data produced every day by organizations is overwhelming. More than 59 zettabytes of data were expected to be handled in 2020. The rate of data increase is so that 90% of all data was created in the last two years (IDC, 2020). Although, until now, the most relevant data stored in organizations are stored in databases, running e-commerce, enterprise resource planning (ERP) systems, and email, it is expected that unstructured data will become prevalent, including besides traditional office documents, video and audio files, as well as geospatial data, Internet of things (IoT) data, and streaming. Each year an increasing amount of entertainment video is produced and consumed. Hundreds of billions of IoT sensors are being embedded all over the places, generating increasing amounts of data along with metadata. The data processing speed and bandwidth are accelerating data transfer and reducing latency. Supported by satellites, 5G and 6G networks, the finding of new tools for creating, sharing, and consuming data, and the steady addition of new data producers and consumers ensure the hungry for increasing data will growth persistently (Press, 2020). This trend is escalating the use of cloud storage and computation to a point that, by 2025, it is expected that around 50% of all data will be stored in the cloud (IDC, 2020).

The more the amount of data the more the concerns regarding data governance to ensure its integrity and accessibility. Some of the most recognised financial scandals (e.g., Enron, WorldCom, Lehman Brothers), were based on data perversion to hide billions of dollars of bad debt and loans, inflation of earnings or assets through accounting loopholes. On the other hand, data breaches affecting well-known organizations (e.g., eBay, LinkedIn, Yahoo, Facebook) are becoming far too common. Privacy of billions of users has been compromised since personal data stolen from breaches (e.g., credit card numbers, email addresses, personal photos, passwords) were made publicly available or put up for sale on the dark web (Swinhoe, 2021). In both cases, corporate boards are being held responsible either for the accuracy of the organisation's financial data (Cheong & Chang, 2007) and for data leakage compromising stakeholders' privacy.

An understanding of the data governance role is crucial for corporate governance to nurture data quality and protection, as well as other ones such as data fusion from several sources and the integration of several kinds of systems and applications (e.g., IoT devices, ERP, Data Analytics, Big Data) (Cheong & Chang, 2007). One of the several definitions of data governance is "the exercise of authority, control, and shared decision making over the management of data assets" (Brous, Janssen, & Vilminko-Heikkinen, 2016). Through adequate data governance, organizations are equipped to ensure that data are managed appropriately, providing for people at different levels of decision with the right information needed at the right moment (Thompson, Ravindran, & Nicosia, 2015).

This study proposes a classification scheme, which provides a holistic view on data architecture and allowing that the right actions can be triggered to correct non-conformities on data management or even raise the level of maturity of data governance.

2. BACKGROUND

In the last decades of the previous century, many organizations recognized the relevance for creating the data administration (DA) function under the supervision of the corporate resources of information (Holloway, 1986). The relevance of this function anticipated the nowadays importance given to data governance. The role of data administration was to promote the planning and coordination of the information resource usage across organization, among related applications and business areas. By doing so, data sharing could be maximized and data redundancy minimized. Data administrators make data sharable and consistent across applications by using logical data modelling. They ensured that several other tasks were performed, as for instance: gathering business requirements, requirements analysis, business modelling based on requirements, definition and enforcement of standards and conventions regarding names and terms, collecting users' data definition, management and stewardship of the metadata repository and data modelling tools. Furthermore, DA supported the technical function of database administration on creating physical databases from logical models.

Another perspective highlighting the relevance of data was given by enterprise architecture (EA) frameworks (Pieterse, 2015). The relevance of data as one of the building blocks of enterprise architecture was highlighted by Zachman (1999) and Sowa and Zachman (1992). Currently, the TOGAF (TOGAF, 2018), one of the most widely used EA frameworks, describes a detailed method for developing, within enterprise architecture, data architecture as one of its parts.

Weill and Ross (2004) define data governance as a framework for decision rights and accountabilities to encourage desirable behaviour in the use of data (Ross & Weill, 2004). On the other hand, the Data Management Association (http://www.dama.org/) provides a practitioner's perspective and, besides considering the relevance of the specification of a framework, also highlights the practices surrounding the data governance process. Nevertheless, it seems consensual that the important goals of data governance are: 1) provide conditions for better decision making, 2) support regulatory compliance and risk reduction regarding data privacy & security, 3) raise business performance, 4) support business integration, and 5) increase IT-business alignment (Thompson et al., 2015).

According to Brous et al. (2016), little evidence has been found indicating what actually has to be organized under data governance and what data governance processes may entail. On the other hand, most research has focused on structuring or organizing data governance, the data governance processes to be implemented and data governance coordination. The suggested proposal in the next section intends to systematize the information found in the literature about data governance.

3. PROPOSAL

In this work, using the concept of symmetry, the classification scheme proposed by Zachman (1999) for enterprise architecture, is applied to data governance. The rationale for this analogy is grounded in the realization that data governance (as part of data architecture) is also part of the enterprise architecture. Therefore, for sake of symmetry, it is required the parity of relevant characteristics of these parts to compose the whole of enterprise architecture.

The concept of symmetry in architecture is ancient. According to Roman architect Vitruvius, symmetry consists of the union and conformity of the parts of a work, in relation to its totality. Symmetry also derives from the Greek concept of analogy, which is understood as the relationship between all parts of a structure with the whole structure. That is why a uniform symmetry between data architecture (and data governance) and enterprise architecture is required. In general, uniform symmetry occurs in architecture when the same motif reigns throughout the structure.

The proposed classification scheme for data governance (Table 1), based on the Zachman's framework, is depicted as a two-dimensional matrix composed by: 1) rows as top-down *perspectives* of data, from contextual corporate board perspective to end-users' operations perspective, and 2) columns as *primitive* concepts, triggered by interrogative adverbs. Each perspective in the first dimension aims at a *target* (i.e., the reification of abstract ideas into instantiation), labelled as *Identification*, *Requirements*, *Representation*, *Specification*, *Configuration*, and *Instantiation*. Each one of the reification levels corresponds to a different organizational level with different perspectives of their role in what concerns data: *Governance*, *Management*, *Modelling*, *Building*, *Implementing*, and *Using*. The second dimension intends at the elicitation of a certain type of artifacts built in response to specific adverbs: *Inventory* (What), *Process* (How), *Distribution* (Where), *Responsibility* (Who), *Timing* (When), and *Motivation* (Why). Each column elicits artifacts derived from the following primitive concept: *Sets*, *Flows*, *Networks*, *Assignments*, *Cycles*, and *Intentions*. The final classifications are depicted in the cells resulting from the intersection between the perspectives and the concepts, and representing the tools used for data governance. The overall matrix constitutes the total set of descriptive representations that are relevant for describing any architectural part of an organization, in particular the data architecture, as well as the overall organization itself. The classification scheme as a classification structure is presented in Table 1.

Table 1. Classification scheme for data governance

Classification / ***Perspective***	***Inventory (What)***	***Process (How)***	***Distribution (Where)***	***Responsibility (Who)***	***Timing (When)***	***Motivation (Why)***	***Target***
Governance	Data sufficiency	Regulatory compliance	Centralized	Corporate board	Optimized	Information management strategy	Identification
Management	Data principles and rules	Cost & productivity	Consultative	Chief data officer	Managed	Data quality	Requirements
Modelling	Meta data	Change management	Balanced	Stewardship	Defined	Metadata strategy	Representation
Building	Data repositories	Fusion & integration	Federated	Repositories' supervisors	Repeatable	Data security & privacy	Specification
Implementing	Data integrity	Extract, transform & load	Independent	IT technicians	Initial	Data access performance	Configuration
Using	Unstructured & structured data	Decision support & CRUD	Transparency	End-users	UpToDate	Data effectiveness	Instantiation
Primitive	Sets	Flows	Networks	Assignments	Cycles	Intentions	

One can detail, in terms of data governance, the *perspective* dimension by describing its different levels of abstraction, specifically: 1) *Governance* addresses the role of corporate board directors regarding the organizations' strategy to the data asset; 2) *Management* concerns with the definition of principles and rules for data management; 3) *Modelling* provides guidelines for standardized use of data; 4) *Building* relates with the technical creation and maintenance of data repositories; 5) *Implementing*, also a technical perspective, concerns on how to make data available to the end-users; and 6) *Using* as a perspective that represents how the organization makes use of data to accomplish the strategy and objectives.

A more detailed explanation of the matrix requires the description of the meaning of each cell under the classification scheme. Due to limitation of space, only the cells of the *Inventory* column are described, which focuses on how data assets can be approached by the decreasing level of abstraction of perspectives:

- *data sufficiency* — corporate boards should identify the organization's data perimeter, i.e., the extension at which the organization should capture and store data, avoiding handling unnecessary data, or incurring in situations of data privacy abuse having as a consequence the possible data leakage that could harm, financially and reputationally, the organization;
- *data principles and rules* —data management should define the guidelines and constraints regarding the storage of data by the organization;
- *meta data* — business analysts contribute with the elicitation of the data attributes. The metadata information can be of several types

including the description of assets (descriptive metadata); description of data containers characterizing how compound objects are put together (structural metadata); information about resources' management (administrative metadata); contents and quality of statistical data (reference metadata); description of the processes for collecting, processing, or producing statistical data (statistical metadata); and information about the legal owner (legal metadata). Standards (e.g., ISO/IEC 11179-1:2015) and tools can be used for standardization of the metadata;

- *data repositories* — IT supervisors, based on the metadata specifications, define and maintain the organization's physical repositories of data (e.g., controlled vocabularies, taxonomies, thesauri, data dictionaries, metadata registries);
- *data integrity* — developers configure business rules and data constraints in applications and databases. Reference data should be used to validate data entries by defining the set of permissible values for data fields, preferably based on values defined by standards organizations;
- *unstructured and structured data* — data required for conducting business operations and support decision-making at different organizational levels. Structured data reside within pre-defined models (e.g., relational databases, master data files, spreadsheets), while unstructured data is not supported by pre-defined data models (e.g., e-mails, pictures, audio, video, scanned documents).

4. CONCLUSION

Organizations produce and use an immense amount of data. As an organization, strategic asset data must be appropriately governed at all institutional levels (perspective) and characterized in accordance with uncovered relations with other (primitive) concepts. In this research, we propose a classification scheme for data governance. The tool, derived from an enterprise architecture framework, intends to be a way to align data governance strategy with the enterprise architecture. As future work, we intend to develop the proposed model by deepening the relationships between data governance and enterprise architecture.

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ADOPTION OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES IN GERMAN SMES — RESULTS FROM AN EMPIRICAL STUDY

Patrick Ulrich *, Vanessa Frank *, Mona Kratt *

* Aalen University, Aalen, Germany

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Abstract

Artificial intelligence (AI) is globally regarded as one of the most important technologies of the future. Germany is not considered a pioneer in the field of AI in the international context, and the implementation of AI technologies is rather sluggish. As the German economy is mainly driven by small and medium-sized enterprises (SMEs), the implementation of AI in SMEs is the main success factor. This study discusses the implementation perspectives of AI in German SMEs based on an empirical study from the year 2020 among 283 companies.

1. INTRODUCTION

Artificial intelligence (AI) is on everyone's lips and will — many authors in theory and practice agree — dominate the coming years of business (Helm et al., 2020). This is true not only, but also in the context of the global COVID-19 pandemic (Vaishya, Javaid, Khan, & Haleem, 2020). Despite the potential of technologies such as machine learning (Alpaydin, 2020), deep learning (Goodfellow, Bengio, & Courville, 2016), neural networks (Yegnanarayana, 2009), and others, implementation in enterprise practice is not as advanced in itself as one would hope.

This is particularly the case in Germany, which has been rather late in providing political support for AI technologies and implementing them in corporate practice by international comparison (Harhoff, Heumann, Jentzsch, & Lorenz, 2018).

The global success of the German economy is mainly due to SMEs, so the following questions are of interest from a research perspective:

- Do German SMEs know artificial intelligence as well as related technologies?
- What is the level of digitization in German SMEs in general and in which areas could AI be used?
- Who is responsible for the introduction of AI in SMEs?
- What barriers to introduction exist?
- Are there already ongoing pilot projects and experiences?

These and other questions were explored in a quantitative-exploratory study of 283 German SMEs in 2020, the approach and initial findings of which are presented in this research-in-progress.

2. LITERATURE REVIEW

A literature review is necessary to build a deeper understanding of the topic under discussion. For this purpose, literary works, especially empirical papers on the topic of AI, the implementation status of AI in companies and especially in medium-sized companies, were examined. A variety of definitions have already been made for artificial intelligence, as the term has many scientific and technological overlaps (Floridi, 2019). Floridi defines the term AI broadly "as a reservoir of smart agency on tap" (2019, p. 3). In literature, the term AI, which includes broad technological categories, is often used as a synonym for cognitive technology and as well as cognitive computing (Kokina & Davenport, 2017). A popular standard definition that is supposed to cover the essential facets of AI goes back to 1955, in which McCarthy, Minsky, Rochester, and Shannon defined AI as "making a machine behave in ways that would be called intelligent if a human were so behaving" (Floridi, 2019; McCarthy, Minsky, Rochester, & Shannon, 1955, p. 11). In general branches of AI include natural language processing, robotics, cognitive modelling, machine learning, expert systems, knowledge representation and heuristic problem solving (Weber, 2020).

Based on a representative special assessment of the German Innovation Survey from 2019, the German Federal Ministry for Economic Affairs and Energy examined the current state of AI use in German companies. In addition, a supplementary survey was conducted with 368 companies that have already implemented AI in their corporate processes. The study indicates that only 5.8% of all businesses in the review area have applied AI, whereas only a small number have developed the AI-solutions in-house. The majority fall back on developments by third partners. It should be noted that machine learning and machine proofing are particularly used in the areas of products, process automation and services. From a staffing perspective, filling AI positions is a major challenge due to requirements such as software programming: Just under one-third of companies using AI were looking for additional staff, with only 47 percent of positions actually filled (Bundesministerium für Wirtschaft und Energie, 2020).

Based on a study in 2019, the Fraunhofer IAO investigated the impacts of AI in companies and the influence on the environment of working in the future. The main part of the investigation constitutes a written survey attended by 309 companies. Among them, 49 companies have already implemented AI in their company. The study shows that AI becomes an essential topic for companies in the future. The ones, which already have implemented AI in certain processes, report a high benefit. In addition, the study highlights that companies with fewer than 250 employees are significantly behind in the implementation of AI. This is due, on the one hand, to the large volumes of data required for the use of AI and, on the other, to the high financial and personnel expenditure that would have to be made (Dukino et al., 2020). The present study examines the application of AI in SMEs in more detail, which is why a definition of the term is provided first.

Various definitions of SMEs cause confusion in practice and literature about this very term. As a variety of synonyms such as medium-sized and family businesses are used to describe the sector, a distinction between the definitions is often difficult and has so far been applied inconsistently (Becker, Ulrich Fibitz, Schuhknecht, & Reitelshöfer, 2019). However, in general, the definition can be carried out based on qualitative characteristics, quantitative limits and a combination of those (Arentz & Münstermann, 2013). Known thresholds provide the IfM Bonn and the Commission of the European Communities: according to IfM Bonn, SMEs are all companies with fewer than 500 employees and less than or equal to €50 million in sales (IfM Bonn, n.d.). The quantitative limits in the definition of the European Commission are 250 employees, a balance sheet total of €43 million or €50 million in sales (European Commission, 2003).

SMEs are particularly important for the German economy. How relevant the implementation and use of AI applications are for SMEs in this context was investigated by the Scientific Institute for Infrastructure and Communication Services in 2019. The study indicates that AI has a high potential for SMEs in almost all segments. Logistics, procurement, purchasing, and production indicate the most opportunities for AI-solutions. However, the need for cloud-based AI-offerings is high, as many SMEs have insufficient specialists or data to develop AI-solutions autonomously. As AI continues to become more important in both the domestic and international markets, 70 percent of experts said technology implementation in SMEs is necessary in order to maintain competitiveness in the long term (Lundborg & Märkel, 2019).

The opportunities of AI lie particularly in the area of supply chain optimization as well as higher process efficiency and improved customer service. It is striking that personnel reduction is named as the lowest opportunity. In addition to a lack of expertise and a small database, obstacles also include concerns about data protection and the company's lack of digital maturity (Lundborg & Märkel, 2019).

Even at the European level, SMEs are still not very involved with AI. A study by Saarland University shows that 43 percent of the respondents have not yet dealt with AI. Thus, the majority of SMEs also do not offer any further training opportunities in this area. AI is currently used primarily in business processes to save costs and increase asset efficiency. In this study, too, a clear shortage of AI specialists crystallizes as a problem that can lead to competitive disadvantages on the international market in particular (Kaul, Schieler, & Hans, 2019).

3. METHODOLOGY

The data was collected with the aid of a standardized online questionnaire containing both open and closed questions. The questionnaire was initially checked by a pre-test with several test persons. For the survey, e-mail addresses of German companies were randomly generated using the Nexis database. Finally, the survey period ranged from October 22 to November 11, 2020. A total of 12,360 companies were contacted by e-mail, whereby 1,112 e-mails could not be delivered. Thus, 11,248 companies received the link to the online survey. The online questionnaire was answered 283 times during the survey period, corresponding to a participation rate of 2.5 percent.

The questionnaire contained a total of 33 questions divided into five topics. First, specifications regarding the company and the respondent were asked. This was followed by questions on the general conditions of AI, such as the relevance of AI in the company and for SMEs in general. The following section addressed the technological basis of AI, while the third section represented the relationship between AI and the corporate strategy as well as the business model. The last section was made up of questions that essentially focused on the impact of AI on the success of SMEs.

4. SAMPLE DESCRIPTION

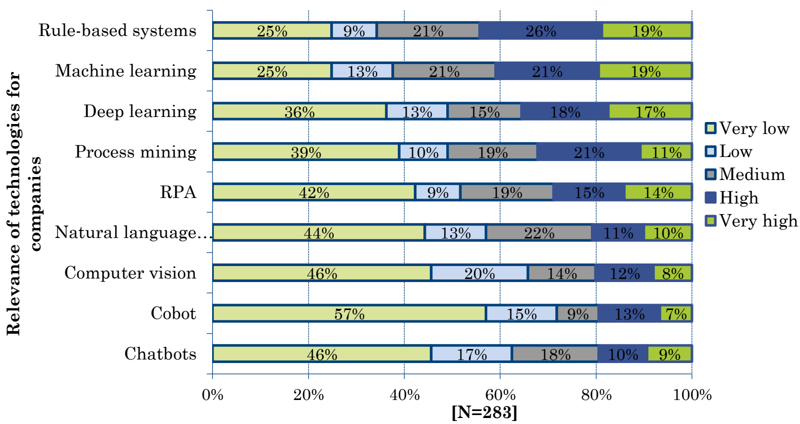
According to the respondents, 54 percent of the companies have the legal form of a GmbH (private limited company). 16 percent of the participants wear the legal dress of an AG (public limited company). 14 percent state that they have another legal form and 13 percent of the respondents state that the legal form of their company is a GmbH & Co. KG. Only 1 percent state that their company is a GmbH & KGaA, and percent of the respondents are registered as a general partnership. The industry affiliation of the companies is as follows: 38 percent of the companies are active in the service sector, 11 percent each in mechanical and analogue engineering and in the automotive industry. 6 percent of the companies are active in logistics and another 4 percent in medical technology. 36 percent belong to other sectors, such as health care, trade and the energy industry. 41 percent of the respondents are employed in information technology. 23 percent state that they belong to the management. Furthermore, 8 percent work in HR, 6 percent in controlling and another 3 percent work in production. 24 percent work in other areas of the company, such as marketing & sales and distribution.

5. INITIAL EMPIRICAL RESULTS

5.1. Relevance of technologies for companies

The survey shows that for the respondents, only rule-based systems (45 percent: 19 percent very high and 26 percent high) and machine learning (40 percent: 19 percent very high and 21 percent high) have high relevance in the company. For more than half of the respondents, collaborative robots (72 percent: 57 percent very low and 15 percent low), computer vision (66 percent: 46 percent very low and 20 percent low), chatbots (63 percent: 46 percent very low and 17 percent low) as well as natural language processing (57 percent: 44 percent very low and 13 percent low) and robotic process automation (51 percent: 42 percent very low and 9 percent low) have a low to very low relevance. The companies also attribute low importance to deep learning (49 percent: 36 percent very low and 13 percent low) and process mining (49 percent: 39 percent very low and 10 percent low).

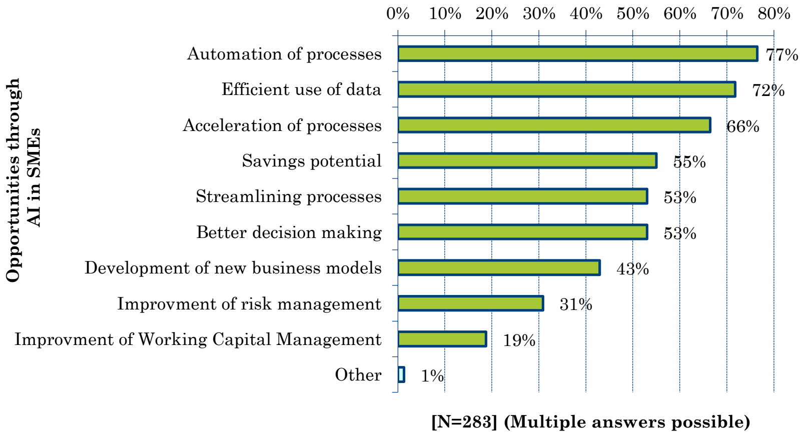
Figure 1. Relevance of technologies for companies



5.2. Opportunities through AI in SMEs

77 percent of the respondents see the greatest opportunities through AI in SMEs in the automation of processes and 72 percent see great opportunities in the efficient use of data. 66 percent cite the acceleration of processes and 55 percent see an advantage through potential savings through artificial intelligence. 53 percent see an advantage for their company in the streamlining of processes. Another 53 percent of respondents cite the possibility of making better decisions. Less than half see an improvement through AI in the development of new business models (43 percent), the improvement of risk management (31 percent) and the improvement of working capital management (19 percent). 1 percent mention other opportunities, such as new product developments.

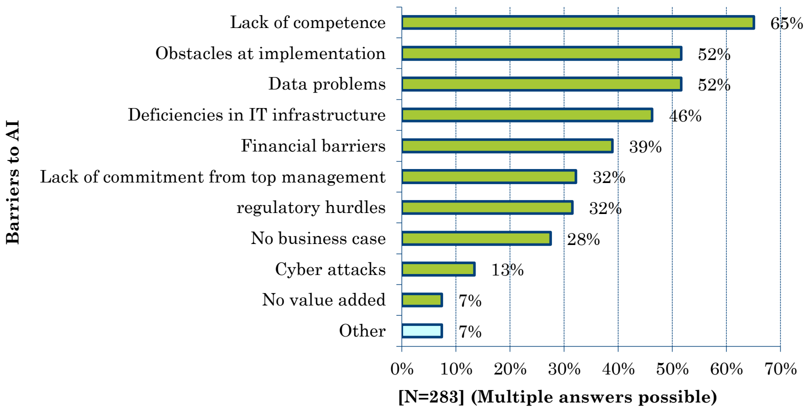
Figure 2. Opportunities through AI in SMEs



5.3. Assessment of barriers to AI in SMEs

When asked what barriers they see to AI, 65 percent of the companies identify a lack of competence as a barrier. Obstacles at implementation are seen as a challenge by 52 percent of the companies surveyed. Data problems are seen as a hurdle for the use of AI in SMEs by another 52 percent of the survey participants. 46 percent say deficiencies in the IT infrastructure would be an obstacle in their view. 39 percent of respondents cite financial barriers. Further obstacles are seen by 32 percent of respondents in the lack of commitment from top management, 32 percent through regulatory hurdles, not having a business case with 28 percent, as well as 13 percent in cyber attacks and 7 percent see no value added through AI. Another 7 percent cite the displacement of the human component, for example, as other obstacles.

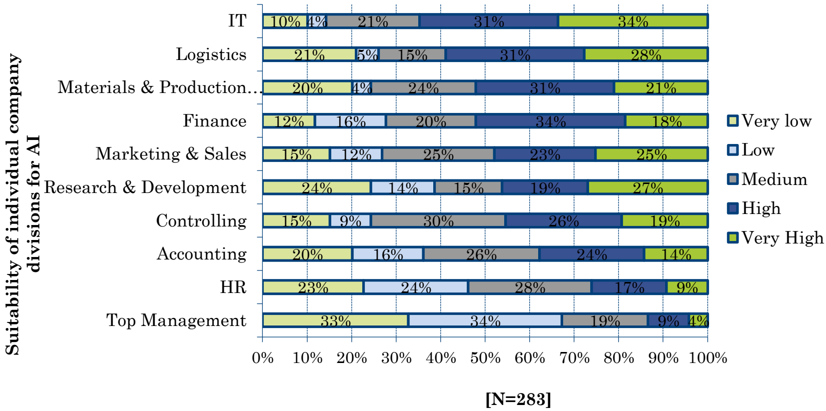
Figure 3. Barriers to AI



5.4. Suitability of individual company divisions for AI

In addition, the companies were asked to provide information on the suitability of the use of AI in the following company areas: top management, materials & production management, finance, marketing & sales, human resources, logistics, controlling, accounting, IT, research & development. 65 percent of the respondents state that IT is very suitable for the use of AI (34 percent very strongly and 31 strongly). This also includes the area of logistics with 59 percent (28 percent very strongly and 31 percent strongly). More than half also see materials and production management (21 percent very strongly and 31 percent strongly) and finance as very suitable (18 percent very strongly and 34 percent strongly), each with 52 percent. Marketing and sales are strongly suited to AI according to 48 percent of the companies (25 percent very strongly and 23 percent strongly). 46 percent consider research and development (27 percent very strongly and 19 percent strongly) and controlling (45 percent very strongly and 26 percent strongly) to be strongly suited to the use of AI. A further 38 percent say that accounting is strongly suitable for AI (14 percent very strongly and 24 percent strongly). 67 percent of respondents consider top management (33 percent very weak and 34 percent weak) to be weakly to very weakly suitable. HR is also rated as less suitable (47 percent: 23 percent very weak and 24 percent weak).

Figure 4. Suitability of individual company divisions for AI



6. OUTLOOK

The initial empirical results of this study show that German SMEs are not yet fully aware of the relevance and potential of AI technologies. They mainly use classic technologies that have been known for a long time, such as rule-based systems.

Contextual factors such as company size, industry and the general level of digitization of the company as well as the potential influence of an entrepreneurial family and a capital market orientation were also queried in the study, but not yet evaluated. It is assumed that these contextual factors have a significant influence on the fundamental importance, the assessment of opportunities and risks, organizational responsibility and ultimately also the budget for AI implementation.

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CASE STUDY OF INDIA'S LOW ECONOMIC POLICY UNCERTAINTY DURING THE COVID-19 PANDEMIC

Anurag Agnihotri *, Max Dolinsky **

* College of Vocational Studies, University of Delhi, New Delhi, India
** University of Delaware, Newark, the USA

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Abstract

First, we document the rise in the economic policy uncertainty (EPU) for over 20 countries throughout the world during the COVID-19 pandemic. Though the general rise in EPU is unsurprising, given the uncertainty of government policies in dealing with the pandemic, we discover unusually low uncertainty for India and Greece, despite the two countries facing comparable levels of the COVID-19 cases. Focusing on India, we compare it to other similar BRIC countries and analyze the source of the calmness in its EPU. Our two leading hypotheses for explaining India's outlier effect are:

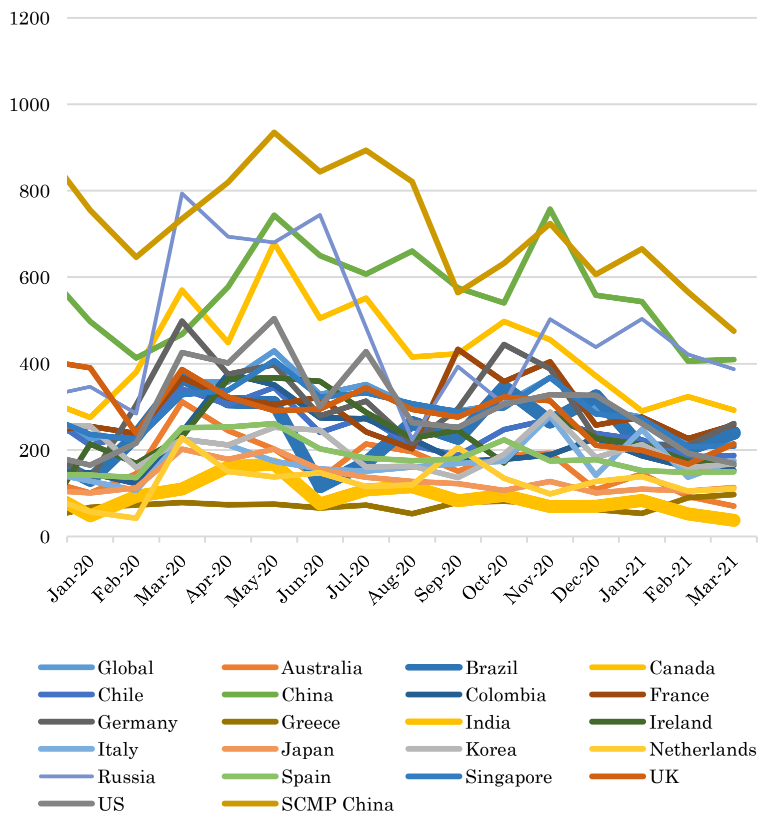
H1: India's strong community system during the pandemic and other crises, as its citizens rely on food and medical aids through non-profit communities and temples, depending less on the government services.

H2: EPU, as measured by Baker, Bloom, and Davis (2016) happens to poorly track true uncertainty of India during the pandemic.

Our initial findings suggest that India's stable EPU during the crisis is due to its reliance of aid through non-governmental channels. Although the lack of intervention by Indian government (including lockdowns) may weaken overall support received by its citizens,

the benefits of maintaining policy uncertainty must also be considered. Prior literature finds significant adverse effects on corporate decisions (reduced capital investments, increased cash holdings, reduced payouts). Hence, other governments may consider an alternative approach exemplified by India in dealing with crises, in order to mitigate the costs associated with elevated EPU.

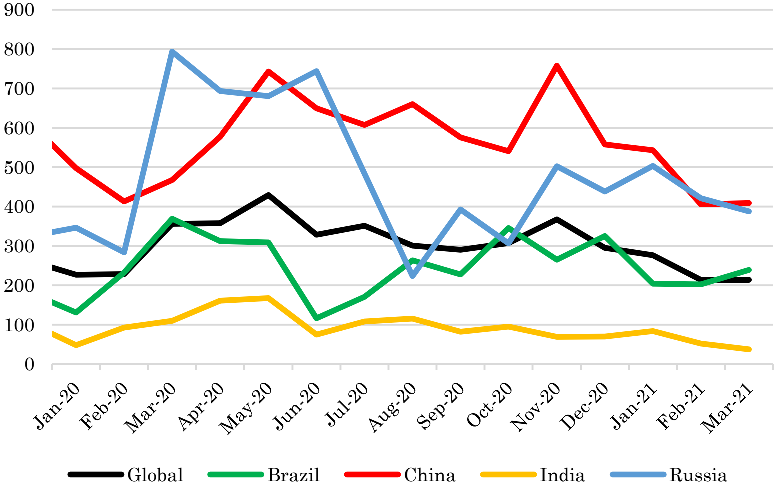
Figure 1. Economic policy uncertainty during COVID-19 for all available countries measured by Baker et al. (2016)



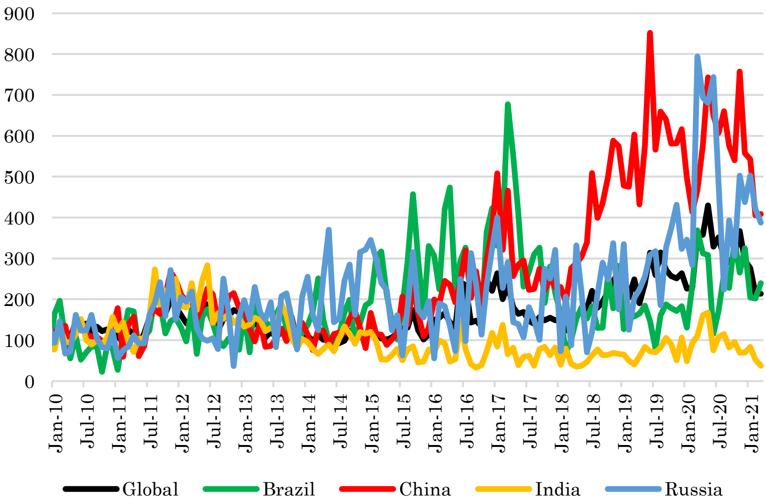
Source: http://policyuncertainty.com/

Figure 2. Economic policy uncertainty for BRIC countries during COVID-19

Panel A: *Time period January 2020–March 2021*

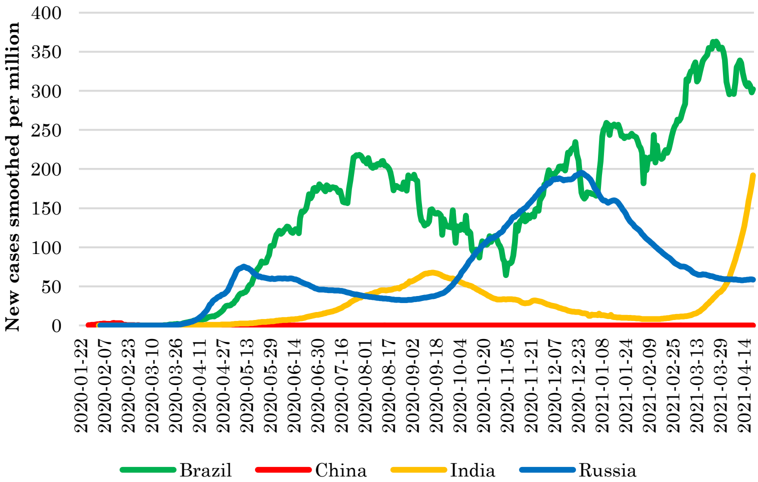


Panel B*: Time period January 2010–March 2021*



Source: http://policyuncertainty.com/

Figure 3. COVID-19 cases for BRIC countries



Source: Johns Hopkins University.

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COULD DIGITAL TECHNOLOGIES HELP IMPROVING MANAGEMENT ACCOUNTING IN PANDEMIC TIMES?

Patrick Ulrich *, Mona Kratt *

* Aalen University, Aalen, Germany

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Abstract

In the field of management accounting, there is an enormous backlog of demand from a scientific and practical point of view around the topic of implementing new technologies to increase efficiency and effectiveness. This applies not only, but especially to small and medium-sized enterprises (SMEs), which have fewer human and financial resources than large companies. This research-in-progress article discusses potentials and implementation obstacles of new technologies in management accounting on the basis of an empirical survey among German SMEs from the year 2020.

1. INTRODUCTION

Not only since the global COVID-19 pandemic has the implementation of new, increasingly digital technologies been a challenge for companies (Ritter & Pedersen, 2020). In principle, this applies to all companies and all functional areas, but in this research-in-progress project, we want to focus on two object areas that have not been so strongly in the focus of research at the interface of business administration and information science.

The first area we want to address with our research is SMEs. SMEs generally still play a minor role in academic research (Lavia López & Hiebl, 2015). Many of the solutions discussed for SMEs are downscaled solutions for large enterprises. However, this approach does not do justice to the specific reality in SMEs, because SMEs are not simply small large enterprises (Welsh & White, 1981). They do have limitations, especially in terms of financial and human resources (Pearce, Pons, & Neitzert, 2018). At the same time, however, specifics such as proximity to the market, customer orientation and, in some cases, the character of the company through one or more entrepreneurial families must be taken into account (González-Cruz & Cruz-Ros, 2016).

When it comes to the adaptation of information systems in SMEs, there is so far only little and also only very specific literature, for example in the areas of innovation management (Rehm & Goel, 2017), risk management (Rehman & Anwar, 2019), business intelligence (Papachristodoulou, Koutsaki, & Kirkos, 2017), knowledge management (Cerchione & Esposito, 2017), or ERP systems (Mughal, Bhatti, Noman, & Ahmed, 2019). To date, however, there have been no comprehensive studies or findings devoted to the business functional area of management accounting as a whole (Andarwati, Nirwanto, & Darsono, 2018).

The field of management accounting itself is undergoing its own profound transformation, which is being intensified by digitalization in particular (Quattrone, 2016). Many of the activities that management accountants perform today relate more to operational aspects such as planning, budgeting, cost accounting and reporting (Lambert & Sponem, 2012). These areas are just as affected by a debate on increasing efficiency and effectiveness as are other sub-areas of so-called accounting information systems (AIS). In this respect, implications for the digital transformation of management accounting could be derived from research on AIS (Granlund, 2011).

Digital technologies are expected to offer the potential for increasing efficiency and effectiveness in management accounting. Companies hope to increase efficiency primarily through the automation of routine processes. Here, technologies such as process mining, robotic process automation (RPA) and variants of artificial intelligence such as machine learning and deep learning could be used to handle routine processes more quickly and thus more cost-effectively. Increasing the effectiveness of management accounting, on the other hand, is aimed at improving the basis for decisions in the sense of decision support. In addition to artificial intelligence (AI), technologies such as cyber-physical systems and chatbots should also be mentioned here (Keimer & Egle, 2018).

This research-in-progress project is dedicated to the area of tension between SME research and digitization research using the example of the implementation of new technologies and information systems in SMEs.

2. RESEARCH MODEL

In the research on management accounting, especially on management accounting systems, the contingency theory plays the most important role (Otley, 2016). For this reason, contingency theory is also the reference theory for the theoretical considerations of this project. It is assumed that a number of contextual factors influence the principle assessment, technology acceptance, willingness to invest and potential implementation success of digital technologies in SMEs.

The first factor we see here is the size of the company. The size of the company influences the company structure, company systems, human and financial resources of the company and thus indirectly also the design of management accounting systems (Becker, Ulrich, & Staffel, 2011). Here it is assumed that SMEs have fewer and less formalized instruments and systems in management accounting compared to large companies (Lavia López & Hiebl, 2015).

Family influence is seen as another factor influencing the design of the management accounting system. Family influence in the sense of potential influence describes the impact that the entrepreneurial family exerts on strategic and structural decisions in the company. This influence can be approximated by the variable "*familiness*" (Chrisman, Chua, & Steier, 2005). Existing studies show that family businesses deal with management accounting per se (Hiebl, Duller, Feldbauer-Durstmüller, & Ulrich, 2015) but also with specific sub-topics such as performance management (Speckbacher & Wentges, 2012) and risk integration in operational planning (Ulrich & Rieg, 2020) in a significantly different way than non-family businesses.

3. METHODOLOGY

Data collection was carried out with the aid of a standardized online questionnaire containing open and closed questions. To check the questionnaire, a pre-test was first carried out with several test persons. Subsequently, the actual survey took place in the period from November to December 2020. For this purpose, e-mail addresses of German SMEs were randomly generated in advance using the Nexis database. A total of 8,890 companies were contacted by e-mail, whereby 1,016 e-mails could not be delivered. Thus, 7,874 companies received the link to the online survey. The online questionnaire was completed 168 times during the survey period. The response rate is therefore 2.1 percent, which is an acceptable result for an online survey.

4. FIRST EMPIRICAL RESULTS

The evaluations show that the majority of respondents see automation and digitization as the biggest future topics in management accounting. Trends such as artificial intelligence, robotics and social media are also integrated here, among others. The results of this study show that although some companies have recognized the relevance of cyber risks as well as cyber security, there is often a lack of strategic organizational implementation in order to successfully master the challenges that companies face.

The next topic of the study touches on the degree of automation in the various areas of management accounting. Globally, the highest degree of automation is found in cost and profit accounting. However, only 32 percent of companies rate this as high or very high. All other sub-areas of the management accounting department show significantly lower automation rates.

5. CONCLUSION AND OUTLOOK

The project asked further questions about the effectiveness and efficiency of digitization and automation of the individual areas of management accounting. Furthermore, the topic of the role change of management accountants in the context of digitization was also addressed. Not yet included in this work-in-progress study were the topics of artificial intelligence in management accounting and the use of concrete software tools for various issues in management accounting.

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COMPLIANCE VIOLATION IN GERMAN FAMILY BUSINESSES: FREQUENCY, DETECTION, COUNTER MEASURE RELEVANCE

Nicole Bartosch *

* Chair of Management Accounting and Control, Faculty of Economics, TU Dortmund University, Dortmund, Germany

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Abstract

Corporate governance incorporates institutional and organisational mechanisms along with decision-making, intervention and control rights to resolve conflicts of interest between the various stakeholders. Besides the distribution of ownership rights and the interests of stakeholders, corporate governance also includes legal frameworks, such as bankruptcy law, disclosure rules and laws on insider trading (Schmidt & Tyrell, 1997, p. 342). Ensuring that companies stick to applicable law is a key element of compliance (Bussmann, 2015, p. 435). Consequently, compliance is seen as an integrated part of corporate governance (Sheedy & Griffin, 2018). *Compliance* implies that "companies have to comply […] with criminal laws and prevent their staff and managers from violating them" (Bussmann, 2015, p. 435). Kort (2008) defines compliance in a broader sense and explains that ethical and general standards of conduct must be observed (Kort, 2008, p. 86). Compliance is operationalised through *compliance management*, which is the internal function of the company to ensure compliance with regulations and guidelines. Thus, the prevention of occupational and corporate crime is the primary objective of compliance management (Bussmann, 2015, p. 435).

While corporate governance has been well established in the last years, compliance is still underrepresented (Behringer, Ulrich, & Unruh, 2019, p. 142). This is astonishing as the practical importance of compliance has increased significantly in recent years. Although initially, stock-exchange listed companies were dealing with compliance management, external pressure is also growing for small and medium-sized enterprises (SMEs). One reason for this is the constant tightening of commercial criminal law. Moreover, large companies pass on the "compliance pressure" to their business partners, the SMEs, to avoid being associated with criminal partners (Bussmann, 2015, pp. 436–437). In comparison to large stock-exchange listed companies, SMEs and family businesses have different entrepreneurial behaviour (Kellermanns, Eddleston, Barnett, & Pearson, 2008, p. 1). Hence, implementing corporate governance structures is viewed critically by them. However, good governance is important for both types of organisations because businesses that deny or ignore the importance of good corporate governance are exposed to higher risk (Bartholomeusz & Tanewski, 2006, pp. 250, 264). Thus, compliance is crucial for SMEs and family businesses (Behringer et al., 2019, p. 141).

Besides its practical relevance and currentness, only a few investigations have been made in this field of research (Behringer et al., 2019). Thus, further research regarding compliance management is needed. Here special emphasis shall be put on the different types of organisations, especially family businesses and SMEs because of their relevance for the German economy (European Commission, 2019). Since there are no legal requirements or frameworks for the implementation of compliance management in Germany (Nienaber, 2020, p. 226), German companies are responsible themselves for the design of compliance management and, in case of doubt, must prove that the measures taken were sufficient. Therefore, German family businesses and SMEs depend even more on recommendations as a result of empirical research. The project presented aims to close this research gap while addressing compliance management in family businesses and SMEs. Thus, it is the overall goal of this study to find out, which compliance instruments work best for family businesses and SMEs by analysing the reasons for compliance violations in these organisations.

Three steps are necessary to achieve the declared objective. Firstly, causes for rule violations and non-compliance in family businesses need to be analysed. Special emphasis shall be put on the operational characteristics of family businesses. As shown before, family businesses are different from non-family businesses, which leads to different entrepreneurial behaviour (Kellermanns et al., 2008, p. 1). Thus, it can be assumed that the operational characteristics of family businesses also have an impact on compliance management and affect rule violations and non-compliance. Secondly, it needs to be evaluated, how compliance offences can be prevented in the organisations considered. The third and last step brings together the knowledge gained so far. This way, recommendations for family businesses and SMEs can be made in order to support them in the process of conception and implementation of compliance management.

To achieve the above-mentioned goal, a qualitative field study in form of expert interviews will be carried out (Döring & Bortz, 2016, p. 375). Over and above, little research has been conducted looking at the special characteristics and needs of SMEs and family businesses. Thus, the described research approach can be seen as an explorative one, which justifies the usage of qualitative research approaches, e.g., expert interviews (Döring & Bortz, 2016, pp. 184, 193).

The experts, which are going to be interviewed, represent the target group (Misoch, 2019, p. 127) and consist of 20 compliance managers of German family SMEs. Focusing on German compliance managers only is based on the fact that compliance is a very "national" topic. Because of their specific laws and regulations, organisations, which can be assigned to the financial, banking or insurance sector, are excluded from the study. In addition to the compliance managers, representatives of consulting companies, whose main focus is consulting SMEs, will be interviewed as well to analyse the requirements of compliance management from an external point of view. This data triangulation (Denzin, 2009, pp. 301–302) is carried out to be able to extend the insights gained from interviews with compliance managers (Flick, 2011, p. 12). The conducted interviews will be recorded, transcribed and analysed by using the qualitative content analysis of Mayring (2015). Also, a method triangulation (Denzin, 2009, pp. 307–308) will be carried out to supplement and validate the derived recommendations (Flick, 2011, pp. 47–50). To do so, the gained results are going to be discussed in a focus group (Döring & Bortz, 2016, pp. 380–381).

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INSIDER TRADING ON THE GERMAN CAPITAL MARKET — CAN INSIDERS ACHIEVE EXCESS RETURNS THROUGH THEIR INFORMATION ADVANTAGE?

Patrick Ulrich *, Dennis Anselmann *

* Aalen University, Aalen, Germany

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Abstract

This study investigates whether corporate insiders can generate excess returns on the German capital market due to their information advantage. This is done with the help of an event study based on a market model that estimates the expected returns. Furthermore, the effect size of individual aspects is examined in a multiple regression. It is shown that insiders can achieve short-term excess returns of up to 2.1% after purchases and of up to -2.95% after sales. Moreover, these are strikingly high for, relative to market capitalization, transactions of smaller firms and transactions of other executives. The greatest influence on the excess return of a transaction is the market capitalization of the company in the case of buy transactions, while the excess return of sell transactions is largely determined by the share of trading volume in the outstanding shares. An imitation of insider transactions by outsiders may allow for excess returns, but this strongly depends on the share to be traded due to the bid-ask spread as well as the trading commissions. Despite the existence of regulation, it is evident that insiders can achieve significant excess returns, presumably on the basis of non-public information.

1. INTRODUCTION

"Trading based on privileged access to information (...) has utterly no place in any fair-minded, law-abiding economy" (Levitt, 1998). Although this statement was already made in 1998, the words of the then Chairman of the Securities and Exchange Commission Arthur Levitt continue to reflect the attitude of developed countries towards insider trading, whose aim is to guarantee a functioning and trustworthy capital market. With respect to insider trading, this goal is to be achieved by prohibiting illegal insider trading, the exploitation of non-public information, and requiring corporate insiders to disclose their transactions.

While in obvious cases, such as the purchase of shares or options in the run-up to a highly price-sensitive publication, trading on the basis of non-public information may be verifiable, this is hardly possible for "normal" transactions. Nevertheless, it is obvious that in many cases a company insider possesses information on the development of the company that is not available to the public and thus not available to other investors. Regardless of the degree of price relevance of this information, a company insider can thus tend to achieve returns that cannot be realized by the rest of the market.

The measurement of excess returns from reported insider transactions has occupied research on insider trading for several decades, with a key study on this topic conducted by Seyhun (1992). Since then, much has changed, both in research and in legislation on insider trading.

The past decades have been characterized by steady development of insider trading regulations, especially in Europe. Even though there are opponents of legal regulation for various reasons, it has been further tightened in most developed countries over time. With increased demands on the transparency of insider trading in Europe, researchers began to look more closely at the individual European markets, after the focus of most studies had previously been predominantly on the U.S. market and, in isolated cases, the British stock market.

The subjects of the investigation were steadily expanded due to the increasing number and ease with which financial market data could be collected. While most studies before the millennium focused only on the excess returns achievable by insiders across all transactions, more recent studies have considered individual periods, conducted extended analyses of the influence of various transaction characteristics, and generally examined ever larger samples.

Due to the complexity of such studies and the need for a large amount of financial market data, there are hardly any publications dealing with current insider transactions. This period is of particular interest for the German market, as the introduction of the market abuse regulation (Marktmissbrauchsverordnung) in 2014 and the accompanying stricter regulations were expected to change the returns achievable by insiders. This gap is taken as an opportunity to conduct a current study on the relevance of insider trading on the German stock market.

This study analyzes and evaluates the excess returns that can be achieved by corporate insiders on the German capital market. The following central research question is to be answered:

Can insiders achieve excess returns due to their information advantage?

The focus of the study is on the measurement of the excess returns that can be achieved by insiders in the context of an empirical investigation. The results of this empirical study will serve as a basis for answering the central research question.

2. METHODOLOGY

Due to the volume of data, the empirical analysis is limited to a consideration of the German stock market. The retention period for insider transactions is five years and can be requested from BaFin. The requested period of this data bank includes insider transactions from 01.01.2015 to 08.06.2020.

The BaFin data set provides the following characteristics of the transactions:

- name of the company and legal entity identifier (LEI);
- notification date, publication date and transaction date;
- name of the initiator and name and role of the reporting party;
- fitch issuer (FI) identification and type of transaction;
- average price, volume and trading venue name and code.

Stock prices required for the analysis were retrieved via Yahoo Finance, while other information such as price-to-book ratio and market capitalization were collected via Bloomberg.

In order to conduct the empirical analysis, it is also necessary to exclude individual transactions that cannot be used further for reasons of data availability or lack of labeling. The majority of transactions are excluded because the database does not provide a precise description of the type of transaction or because it is security other than a share.

3. DATA COLLECTION

Data collection was carried out with the aid of a standardized online questionnaire containing open and closed questions. To check the questionnaire, a pre-test was first carried out with several test persons. Subsequently, the actual survey took place in the period from November to December 2020. For this purpose, e-mail addresses of German SMEs were randomly generated in advance using the Nexis database. A total of 8,890 companies were contacted by e-mail, whereby 1,016 e-mails could not be delivered. Thus, 7,874 companies received the link to the online survey. The online questionnaire was completed 168 times during the survey period. The response rate is therefore 2.1 percent, which is an acceptable result for an online survey.

4. STUDY OUTLOOK

In the empirical investigation, the event study already explained is used to determine the excess returns of insider transactions. In previous studies, different approaches occurred when considering the transaction by transaction date or publication date. While some studies look at excess returns using the trade date, there are also studies that are conducted using the reporting date, or those that contrast the two options. The following analysis will look at both the trade date and the reporting date in order to identify any differences. Furthermore, the analysis is divided into purchases and sales.

As observation horizon in each case 20 days before and after the transaction date were selected, whereby this extends over 41 trading days from t-20 to t20. The selective excess returns are defined as follows:

$$AR_{i,t} = R_{i,t} - \left(\alpha_i + \beta_i * R_{m,t}\right) \tag{1}$$

where $R_{i,t}$ represents the return of the stock and $R_{m,t}$ represents the return of the market, in this case, represented by the CDAX. The parameters α_i and β_i indicate the intercept and slope, respectively, that emerged from the market model. This was done using a regression with an estimation period of 180 days, where t-21 is defined as the last day included in the regression. The CDAX, an index compiled by Deutsche Börse and comprising all German companies listed on the Frankfurt Stock Exchange, was chosen as the benchmark index.

The evaluations show that the majority of respondents see automation and digitization as the biggest future topics in management accounting. Trends such as artificial intelligence, robotics and social media are also integrated here, among others. The results of this study show that although some companies have recognized the relevance of cyber risks as well as cyber security, there is often a lack of strategic organizational implementation in order to successfully master the challenges that companies face.

The next topic of the study touches on the degree of automation in the various areas of management accounting. Globally, the highest degree of automation is found in cost and profit accounting. However, only 32 percent of companies rate this as high or very high. All other sub-areas of the management accounting department show significantly lower automation rates.

5. FIRST RESULTS AND CONCLUSION

The central research question of this investigation, whether insiders can generate excess returns due to their information advantage, can be clearly answered in the affirmative. For both purchases and sales, it has been shown that insiders generate significant excess returns over a short-term period. A deeper analysis of these results has shown that excess returns depend strongly on the underlying factors of the transaction.

The excess returns depend on the market capitalization, the transaction volume as well as the position of the insider in the company. On the one hand, these observations provide room for interpretations. On the other hand, they offer outsiders the opportunity to profit from the disclosure of certain transactions. Even though this thesis concludes that outsiders cannot participate in excess returns by imitating insider transactions, they can significantly increase their chance of obtaining excess returns by analyzing individual factors.

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CREATING AND MAINTAINING EMPLOYER BRAND DURING COVID-19 IN NGOS: NOT A LUXURY, BUT AN IMPERATIVE

Mohammad Ta'Amnha *, Ghazi Samawi *, Metri Mdanat *

* Management Sciences Department, School of Management and Logistics Sciences, German Jordanian University, Amman, Jordan

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Abstract

The COVID-19 pandemic has affected every aspect of organizations since it appeared. This study investigates the support offered by non-governmental organizations (NGOs) to their workers to create and maintain an attractive employer brand (EB). The research qualitative data was drawn from 38 semi-structured interviews with NGOs workers.

This study used Hobfoll's conservation of resources (COR) theory (Hobfoll, 1989) as a theoretical framework to explain how EB can be sustained during the COVID-19 pandemic. COR theory was developed to explain individuals' attitudes and actions when they face stressful situations.

The study found that organizational support is a key dimension of EB-COVID-19-support. Offering significant organizational resources to the employees enhances the EB in the eyes of current employees. This support takes many forms, such as providing protection tools, easy access to the COVID-19 tests, sharing information, and conducting awareness workshops. In addition, well-being support programs appeared to be a significant strategy that has been emphasized since the pandemic began (Caligiuri, De Cieri, Minbaeva, Verbeke, & Zimmermann, 2020).

Offering technical support and training on how the effectiveness of telecommuting can be enhanced to telecommuting employees was found to be very important, particularly for employees and NGOs who had no experience of this type of job design previously.

Social support also appeared to be a key determinant of EB. It can be experienced from several perspectives, such as colleagueship support during the pandemic such as sharing tasks and responsibilities with absent colleagues, this creates and promotes a healthy work environment, which is a major EB dimension (Tanwar & Prasad, 2017).

In addition, online work engagement (OWE) is one of the key attitudinal subjects of the social life of organizations (Saks, 2019; Carasco-Saul, Kim, & Kim, 2015). Currently, creating and maintaining strong ties and harmony inside organizational social networks is a key challenge that needs new ways of thinking to be sustained and to flourish. Employee engagement for instance will witness huge changes in its meaning and practices that therefore need new ways of engaging remote employees, which can mainly be achieved by new technologies and automation (Yawson, 2020). As shown in the results of this study, people used several online activities and gathering to enhance their interaction and commitment, such as online daily happy hours, online lunches, sharing strange recipes or photos, and memories.

The findings also showed that online training is prevailing nowadays, due to the difficulties in offering physical training in organizational premises or sending them to training centers. Training is one of the major dimensions in EB (Ambler & Barrow, 1996; Tanwar & Prasad, 2017), especially for current employees (Heilmann, Saarenketo, & Liikkanen, 2013). The need for upskilling and reskilling has been increasing in response to the COVID-19 pandemic, and this momentum will continue in the coming years due to fundamental changes in the digitalized global economy (Yawson, 2020).

Finally, the findings revealed that during the COVID-19 pandemic the important role of leaders in clarifying organizational objectives and strategies has significantly increased. Emotional support from leaders was found also to be a key indicator of effective leadership during the current pandemic. Relation-oriented leadership behavior is crucial in maintaining service employees' work performance, especially in virtual environments during crisis situations (Bartsch, Weber, Büttgen, & Huber, 2021). In addition, the study found that leadership, integrated with a virtual working environment, plays a key role in building cohesive and harmonious teams, which are required during crises (Liao, 2017). Leaders were also found to be a key factor in improving employees' abilities to make decisions by themselves, and be more self-directed and autonomous in their performance (Cheong, Spain, Yammarino, & Yun, 2016).

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A CORPORATE GOVERNANCE PERSPECTIVE ON IT GOVERNANCE

Anacleto Correia *, Pedro B. Água *

* CINAV, Naval School, Military University Institute, Almada, Portugal

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Abstract

IT governance encompasses the processes for aligning business and IT efforts to accomplish optimal value from the business by means of the implementation of effective IT control and accountability, performance and risk management. Despite IT governance awareness in recent years, there is a lack of a holistic view of the organization's IT governance that could help board directors to have an overall map of the current situation and anticipate the further steps needed to raise its level of maturity. This text proposes a classification scheme for IT governance according to two orthogonal dimensions: the stakeholders' perspective (from corporate board to end-users) as well as the primitives that are an object of IT governance. The proposed scheme, evolved from enterprise architecture research, is in line with other solutions aimed at aligning the business and IT within organisations.

1. INTRODUCTION

Information and communication technology (ICT) refers to the different types of communications networks and the technologies used for supporting business processes (OECD, 2021). Organizations' investment in ICT usually creates a complex and difficult to manage infrastructure, which includes disparate types of components, specifically: hardware (e.g., desktop computers, servers, mobile platforms and related peripherals); different operating system platforms; enterprise software platforms (pre-packaged, customised or in-house developed software) such as SCM, ERP, CRM, or KMS; networking and telecommunications platforms; database management systems and other repositories; platforms based on internet technologies such as intranets and extranets web sites; and services such as consulting, outsourcing and systems integrators (Laudon & Laudon, 2020). In the near future, it is expected that the traditional ICT investment will increase driven by cloud, mobile, social and big data/analytics platforms. Furthermore, the emergence of new technologies will also contribute to significant spending in ICT, and, within the next decade, Internet of things (IoT), robotics, artificial intelligence, blockchain, and AR/VR will expand to represent over 25% of ICT investment (IDC, 2020).

The complexity in ICT architectures and infrastructures, and an increasing need for executives to ensure the value generation from organisation's business processes, will require an increasing awareness and understanding, by boards, of the role of IT Governance (Larsen, Pedersen, & Andersen, 2006). IT governance is a process aimed to align business and IT efforts to achieve an optimal value for the business through the joint and effective implementation of IT control and accountability, performance and risk management (Webb, Pollard, & Ridley, 2006).

The more the dependency of business on ICT the more concerns will be raised on how ICT is governed in order to ensure the performance, integrity, and continuity of businesses. Recent financial scandals (e.g., Enron, WorldCom, Lehman Brothers), unveiled the misuse of ICT to hide billions of dollars of bad debt, loans and inflation of earnings or assets through accounting loopholes. On the other hand, data breaches affecting well-known organizations (e.g., eBay, LinkedIn, Yahoo, Facebook) compromise organizations' security and privacy of billions of users whose stolen personal data (e.g., credit card numbers, email addresses, personal photos, passwords) were made publicly available or put up for sale on the dark web (Swinhoe, 2021). In such a kind of events — financial data's lack of integrity (Cheong & Chang, 2007), hardware or software failure, security breach or data leakage — compromising organisation's reputation and earnings, corporate boards are made legally accountable. Therefore, a holistic understanding of the IT governance role is crucial for effective corporate governance.

This text proposes a classification scheme, which provides a holistic view over IT governance, allowing the right actions to be triggered in order to correct business-IT misalignments and non-conformities on IT control and accountability, performance and risk management.

2. BACKGROUND

Management and governance are separate activities. Corporate governance is a responsibility delegated by shareholders and the public, defined by legislators and regulators, and shared by corporate boards, to some degree, with executive managers (Gill, 2002). Governance requires a higher level of direction, leadership and control (Webb et al., 2006). Although the focus of corporate governance is more on the business than on technology, IT governance reflects a disposition to withdraw control and responsibility for IT from the CIOs and IT managers to be assumed by the board, where the ultimate accountability for business and technology alignment rests. IT governance, as a sub-set of corporate governance (Kingsford, Dunn, & Cooper, 2003), thus should be under the board sight (Webb et al., 2006). A convenient structure for decision-making should be implemented to facilitate the delegation of the responsibility to lower levels of the organisation both in IT and business departments. However, the board must always retain accountability and control.

Several definitions of IT governance are present in the literature (Webb et al., 2006). According to Korac-Kakabadse and Kakabadse (2001) IT governance is a process envisioning the following objectives: 1) assessment of the impact and nature of information systems, technology and communications; 2) development of the ICT skills bases; 3) increasing the relevance of business, legal and other ICT related matters; 4) protection of the interests of both internal and external stakeholders; and 5) raise the importance of the structure and quality of relationships among ICT stakeholders. For Van Grembergen, De Haes, and Guldentops (2004) IT governance has the following drivers: 1) strategic alignment; 2) delivery of business value through it; 3) performance management; 4) risk management; 5) control and accountability.

From the practitioners' point of view (ITGI, 2003) the purpose of IT governance is to direct IT processes, to ensure ICT performance meets the following objectives: 1) alignment IT and the business, realizing expected benefits; 2) enabling the organization to take advantage of opportunities and benefits through IT; 3) allow IT resources to be used correctly; and 4) mitigate IT risks. For the Information Technology Governance Institute (ITGI), IT governance needs three elements in order for the enterprise's IT to sustain and extend the enterprise's strategies and objectives: leadership, organizational structures, and processes. Additionally, ITGI highlights the shift of governance development from being driven primarily by the need for the transparency of enterprise risks and the protection of shareholder value, to the pervasive use of technology that created a critical dependency on IT, which calls for a specific focus on IT governance (ITGI, 2003).

Another perspective, highlighting the relevance of IT governance, is provided by the enterprise architecture (EA) perspective (Zachman, 1999; Sowa & Zachman, 1992). The purpose of enterprise architecture is to optimize processes across organizations, making it an integrated environment that is responsive for change while supportive of business strategy. Enterprise architecture addresses the need for effective management and exploitation of information through IT, by providing a strategic context for the evolution of IT systems in response to the constantly changing needs of the business environment, achieving competitive advantage. Furthermore, a good EA enables the organization to achieve the right balance between IT efficiency and business innovation (TOGAF, 2018).

An EA framework, on the other hand, is a foundational structure, which can be used for developing a broad range of different interrelated architectures (e.g., business, information, information systems, technology). The framework usually contains a common vocabulary, a set of instruments, a list of recommended standards and a method for designing, departing from the current state of the organization, a target state defined by a set of building blocks (e.g., data, processes, applications, technologic infrastructure) that should fit together (TOGAF, 2018). Zachman (1999) in his seminal work about enterprise architecture, highlighted the building blocks of an EA.

Board directors can approach and support IT governance on an *ad hoc* basis and create its own framework, or can adopt a framework that has been developed and refined through the contribution and experience of several organizations and institutions. By adopting an IT governance holistic perspective, boards can have a framework for grouping methods, tools, applications, and standards in one classification scheme. The presented proposal intends to systematize the main concepts of IT governance represented within the same framework.

3. PROPOSAL

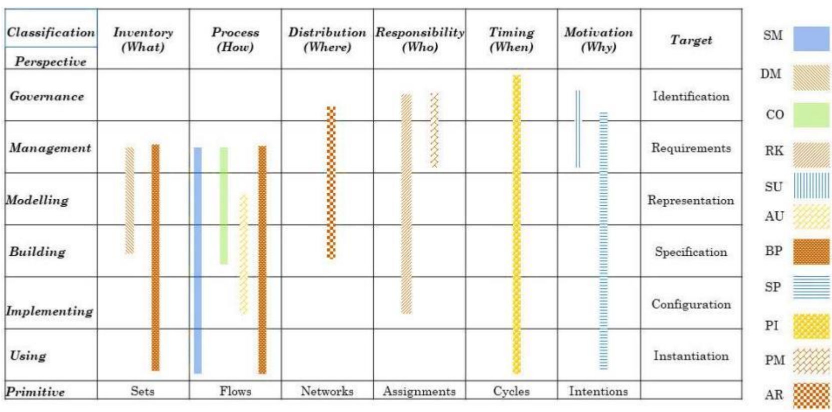
Within the scope of this text, and using the concept of symmetry, the classification scheme proposed by Zachman (1999) is applied to IT governance. The rationale for this analogy is grounded in the realization that IT governance addresses the same building blocks of the enterprise architecture. Therefore, for sake of symmetry, it is suggested the parity of the IT governance elements with the building blocks of the enterprise architecture.

The concept of symmetry in architecture is ancient. According to Roman architect Vitruvius, symmetry consists of the union and conformity of the parts of a work, in relation to its totality. Symmetry also derives from the Greek concept of analogy, which is understood as the relationship between all parts of a structure with the whole structure. That is why a uniform symmetry between IT governance and enterprise architecture is required. In general, uniform symmetry occurs in architecture when the same motif reigns throughout the structure.

The proposed classification scheme for IT governance (Table 1) is depicted as a two-dimensional matrix composed by: 1) rows as top-down *perspectives* on IT governance, from contextual corporate board perspective to end-users' operations perspective, and 2) columns as *primitive* concepts, triggered by interrogative adverbs. Each perspective in the first dimension aims at a *target* (i.e., the reification of abstract ideas into instantiation), labelled as *Identification*, *Requirements*, *Representation*, *Specification*, *Configuration*, and *Instantiation*. Each one of the reification levels corresponds to a different organizational level with different perspectives of their role in what IT resources concerns: *Governance*, *Management*, *Modelling*, *Building*, *Implementing*, and *Using* (corresponding to the board, executive directors, data and process modellers, IT supervisors, IT implementers, and IT stakeholders — such as internal or external users, auditors, IT suppliers, regulators, clients). The second dimension intends at the elicitation of a certain type of artifacts built in response to specific adverbs: *Inventory* (What), *Process* (How), *Distribution* (Where), *Responsibility* (Who), *Timing* (When), and *Motivation* (Why). Each column elicits artifacts derived from the following primitive concept: Sets, Flows, Networks, Assignments, Cycles, and Intentions. The final classifications are depicted as cells resulting from the intersection between the perspectives and the concepts and filled by the methods, tools, applications, and standards used in IT governance. The overall matrix constitutes the total set of instruments that are relevant for dealing with any architectural part of an organization, through IT governance, as well as the overall organization itself.

A variety of IT governance instruments currently available were used to fill the matrix in Table 1, bearing in mind the rationale for the orthogonal axes. Some of these instruments were developed as a set of guidelines, others as methods, tools, applications, best practices, and still others as *de facto* or *de jure* standards. In the next paragraphs, a list of instruments that were added to the classification scheme is presented.

Table 1. Classification scheme for data governance



1. *SM: Instruments for management of IT services:*
- Information Technology Infrastructure Library (ITIL4);
- ISO/IEC 20000:20118 is international standard for service management;
- Application Services Library (ASL2) is a framework to standardize processes within application management;
- Business Information Services Library (BiSL) is a framework that describes processes within business information management at a strategic, management and operational level.

2. *DM: Instruments for data management:*
- ISO/IEC 11179 is a standard for representing metadata for an organization;
- ISO/IEC 21838 is a standard for top-level ontologies;
- ISO 15926 is a standard for data integration, sharing, exchange, and hand-over between computer systems.

3. *CO: Instruments for linking and measuring business and IT goals:*
- COBIT (control objectives for information and related technologies);
- ISO/TC 309 is a standard for the governance of organizations;
- ISO/IEC 38500 is a standard for corporate governance of information technology.

4. *RK: Instruments for risk management:*
- ISO 31000 — family of standards related to risk management;
- Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- Sarbanes-Oxley Act (SOX) set requirements for US public company boards, management and public accounting firms;
- Basel II-IV is a set of recommendations on banking laws and regulations;
- ISO 37001 is a standard that sets out the requirements for an anti-bribery management system (ABMS).

5. *SU: Instruments for address sustainability requirements:*
- ISO 14000 is a family of standards related to environmental management;
- ISO 26000 is an international standard providing guidelines for social responsibility.

6. *AU: Instruments for auditing:*
- Statement on Standards for Attestation Engagements No. 18 (SSAE 18) is a generally accepted auditing standard focused on reporting on the quality of financial reporting;
- ISAE 3000 is the standard for assurance over non-financial information;
- ISAE 3402 provides assurance to an organization's customer that the service organization has adequate internal controls.

7. *BP: Instruments for management of business and knowledge processes:*
- Business intelligence (BI);
- Business process management system (BPMS);
- Enterprise resource planning (ERP) systems;
- Supply chain management (SCM) systems;
- Customer relationship management (CRM) systems;
- Knowledge management systems (KMS).

8. *SP: Instruments for the management security and privacy:*
- ISO/IEC 27000 is a family of standards for information security management systems (ISMS);
- the General Data Protection Regulation (GDPR) is a regulation in EU law on data protection and privacy;
- ISO 28000 is a family for security management systems for the supply chain.

9. *PI: Instruments for process maturity improvement and assessment:*
- Capability Maturity Model Integration (CMMI).

10. *PM: Instruments for project management:*
- Project Management Body of Knowledge (PMBOK);
- ISO 21500 is an international standard providing good practice in project management;
- ISO 10006 is an international standard providing guidelines for quality management in projects.

11. *AR: Instruments for systems architecture:*
- ISO/IEC/IEEE 42010 is an international standard for architecture description of systems and software engineering;
- TOGAF is a framework for enterprise architecture.

4. CONCLUSION

Nowadays organizations use IT as the main infrastructure for directing business. For an adequate business-IT alignment this relationship should be adequately governed at all institutional levels (perspectives), for all primitive resources used. In this paper, we propose a classification scheme for IT governance. The tool, derived from an enterprise architecture framework, intends to be a map for corporate boards in the pursuit of IT governance. As future work, the proposed model will be developed by exploring and deepening the relationships raised between IT governance and enterprise architecture.

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EU ESEF MANDATE AND THE RISK OF COMPARABILITY: THE CASE OF THE ITALIAN BANKING INDUSTRY

Eugenio Virguti *, Andrea Fradeani **, Marco Venuti ***

* Department of Law, Economics, and Quantitative Methods, University of Sannio, Benevento, Italy
** Department of Economics and Law, University of Macerata, Macerata, Italy
*** Department of Business Studies, Roma Tre University, Rome, Italy

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Abstract

Starting from financial years beginning on or after January 1, 2020 (eventually postponed by the member states to January 1, 2021), Regulation (EU) 2019/815 of December 17, 2018 (Regulation) requires all listed companies on European Union regulated markets to prepare their annual financial reports in the European Single Electronic Format (ESEF). The new format combines human and machine readability: it requires issuers to prepare their annual financial reports in the Extensible HyperText Markup Language (XHTML), so that users can easily read them via a web browser, allowing their content to be marked up by means of the eXtensible Business Reporting Language (XBRL), and so that electronic devices may easily process it, embedding its code into XHTML complying with the Inline XBRL (iXBRL) specification.

According to Article 4 of the Regulation, the mandatory XBRL markup only concerns the consolidated financial statements prepared under IFRS. Specifically, Annex II of the Regulation contains the elements that have to be marked when they are reported, whilst Annex VI offers the schema of the core taxonomy (ESEF taxonomy) to be used, derived from the IFRS taxonomy created by the IFRS Foundation. If the concepts in the ESEF taxonomy are not adequate and/or sufficient to exactly report a specific item included in the statement, then preparers have to create an extended taxonomy: this represents, despite

the anchoring adjusting mechanism (see Annex IV), a potential threat to the comparability of preparers' annual financial reports.

This research focuses on the banking industry, given both the importance of banks for the global financial stability (especially in the context of the recovery actions in the aftermath of the pandemic crisis) and its specific national and international industry regulations. Specifically, it investigates the nuances of the Italian banking industries, with its very specific regulations.

The research question for this paper focuses on how the EU ESEF mandate can affect the comparability of the consolidated financial statements prepared under IFRS of the Italian listed banks, considering that financial statements layouts and items of Italian banks are strictly set by the national supervisory authority provisions (Bank of Italy) via the Circular No. 262 of December 22, 2005.

In other words, our primary goal is to investigate the suitability of the existing ESEF taxonomy to the needs of the Italian listed banks: to achieve this goal, we used the data of a preliminary field test started in 2019 by the Italian XBRL jurisdiction (XBRL Italy) together with 6 of the largest Italian banks.

Given that the lower is the suitability of the ESEF taxonomy, the greater is the need for creation of extended taxonomies at an issuer level. However, the proliferation of taxonomy extensions raises two critical questions.

First of all, from the issuers' standpoint, who is going to decide and control the extended taxonomy? And, above all, what is the impact going to be on the comparability of marked items? The risk of single-concept multiple-extension tagging appeared quite clearly, with obvious consequences on the purpose of improving transparency and usability of financial information and facilitating analyses and comparability of consolidated entity performance. While conducting the analysis, as matter of fact, we found the need for large use of extensions by Italian banks in order to adequately tag their financial statements. If unregulated, it will surely create a negative impact on the quality of banks' communication to the market and to supervisory authorities and, what matters most, may be misleading for international investors that seek investment opportunities in Europe.

In order to try and find a solution to such a problem, the Italian way to mitigate this risk has been the launch by XBRL Italy of a fully-fledged standardized extensions setting project together with the Italian Bankers' Association (ABI), under the supervision of the Bank of Italy and the cooperation of the 16 largest Italian significant[1] listed banks, representing 85% of the total assets of all Italian listed banks. The final goal of the project has been to develop guidelines and a proper number of

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[1] The term significant indicates banks with total assets in excess of €30 bn, as per EU Regulation No. 468/2014 of the European Central Bank.

supervisory-approved extended taxonomies in order for all Italian banks to uniquely mark up and anchor their extensions in the consolidated financial statements under IFRS.

In the end, the effort led to the achievement of some sort of standardization in the use of extensions and anchoring. The exercise was also a way to improve the governance of data and communication between Italian banks and supervisors. On the other hand, however, gave rise to another number of issues, such as: does this sort of standardization really suit the needs of international stakeholders? In other words, if the Italian effort successfully manages to effectively preserve comparability of financial statements at least for banks operating on the Italian territory, what happens to the comparison between European banks’ statements? Will international investors be able to compare banks’ financial statements across the European Union if the same effort is not conducted elsewhere in Europe?

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CORPORATE GOVERNANCE & INTERNAL AUDIT AT GREEK MUNICIPAL ENTERPRISES IN THE COVID-19 ERA

Michail Pazarskis *, Andreas Koutoupis **, Maria Kyriakou *, Stergios Galanis *

* Department of Economics, International Hellenic University, Serres, Greece
** Department of Accounting and Finance, University of Thessaly, Larisa, Greece

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Abstract

Corporate governance ensures that companies have the necessary internal decision-making and control procedures to take into account — to the extent necessary — the interests of all stakeholders. The ultimate goal, however, is to create an environment and a sense of assurance that the stakeholders' confidence in the company is well-founded. The shareholders have to select the members of the board of directors and the auditors by which this will be accomplished, while the board of directors is responsible for implementing the appropriate level of corporate governance. Accordingly, during the COVID-19 period, corporate governance principles, especially internal control, should be applied in the public sector, particularly in municipalities and their municipal enterprises, to achieve democracy, transparency, accountability, confidence, satisfaction to citizens and employees, a better working environment, social and economic performance.

Municipalities in Greece have long developed and operated municipal enterprises (state-owned enterprises (SOE) from municipalities) with developmental, social, educational, cultural, and sporting objectives. The process of appointing their boards varies. In particular, the public benefit municipal company is managed by

a board of directors consisting of seven (7) up to eleven (11) members whose composition is defined in particular by the provisions of Art. 255 par. 1, etc. of the Municipal and Community Code (Law 3463/2006, Government Gazette A 114/8.6.2006, Ratification of the Code of Municipalities and Communities[1]). Under the new provisions, with par. 1 of Art. 6 of Law 4623/2019, Government Gazette A 134[2], as it was replaced with par. 3 Art. 177 Law 4635/2019, Government Gazette A 167/30.10.2019[3], it is defined that:

"*Where the provisions of laws, presidential decrees and other regulatory acts provide for the appointment of members in the administration of the legal entities of municipalities and regions, as well as their liaisons, by a specific proportion, three-fifths of all members with their deputies, including the chairman of the board, are appointed by the mayor or the governor, respectively. The other members, excluding any members who are appointed ex officio or nominated by bodies, are appointed by the other factions by voting among themselves. In any case, the other factions participate in the councils with at least one (1) member in total… A deed of the relevant municipal or regional council is issued for the formation of the board of directors. In case for any reason the other factions do not appoint members, they are appointed by a decision of the Mayor or the Regional Governor, respectively, and the procedure is not introduced in the council*".

Furthermore, according to the provisions of Art. 266 par. 2 of the Municipal and Community Code (Law 3463/2006), municipal public limited companies (sole proprietorships) are managed by a board of directors, the members of which together with their deputies are appointed by the city council. According to the new regulation (Art. 6 par. 1 Law 4623/2019 as it was replaced with par. 3 Art. 177 Law 4635/2019), the city council shall form the board of directors of the relevant legal entity with a binding suggestion of its members (elected and citizens) by the mayor by 3/5 and by the other factions at 2/5. It is pointed out that the provision of Art. 6 of Law 4623/2019, as newer and more specific than the general provisions of the Code of Municipalities and Communities, prevails over other settings. As shown by the explanatory memorandum to the provision, the purpose of these provisions is to ensure, in any case, that the majority comes from the combination with which the Mayor was elected, so that the legal can be administered person and take decisions that reflect the popular mandate.

In this study, we examine the function and effect of corporate governance in municipal enterprises in Serres (Greece) during the COVID-19 pandemic, focusing on its role as part of internal control.

[1] https://www.e-nomothesia.gr/autodioikese-demoi/n-3463-2006.html
[2] https://www.e-nomothesia.gr/autodioikese-demoi/nomos-4623-2019-phek-134a-9-8-2019.html
[3] https://www.e-nomothesia.gr/kat-epikheireseis/nomos-4635-2019-phek-167a-30-10-2019-1.html

We asked eleven Greek municipal executives a series of questions (in unstructured live interviews) (employees, finance directors, and elected officials).

The results show that especially during the COVID-19 pandemic municipal enterprises (state-owned enterprises (SOE) from municipalities) need to install digital applications to achieve maximum transparency. In particular, all decisions of the boards and the execution of the budget must be in public view so that citizens can monitor them on a public electronic platform. The boards, as they consist exclusively of elected officials and citizens, should be accompanied by a member with administrative experience to achieve better decisions. The fact that internal audit is performed by private audit firms has positive effects.

Officials of financial departments note that municipal enterprises must offer their full range of services electronically to be easily accessible to citizens remotely due to the COVID-19 pandemic. Elected officials, point out their difficulty in making the right decision on complex mainly financial issues without the suggestion of an expert on the subject.

Finally, potential extensions of this research could look at a wider sample of municipal executives (employees, finance directors, and elected officials) as well as specialists from private companies, which could include not only municipal enterprises from one region, but also municipal enterprises from multiple geographical areas across Greece, as well as municipal enterprises from different periods.

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INTERNATIONALIZATION OF FAMILY FIRMS-CHALLENGES AND OPPORTUNITIES IN RUSSIA

Shab Hundal *, Tatyana Kauppinen *

* JAMK University of Applied Sciences, Jyväskylä, Finland

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Abstract

The family firms (FFs) play an instrumental role in the economic spectrum of the Russian economy with respect to their contribution to income, output, and employment, *ceteris paribus*. The FFs not only contribute the domestic business activities but also make a significant contribution to international business. Ever since the launch of the mass privatization program (MPP) in Russia during 1992–1994 numerous disruptions on the business and economic landscape of Russia have emerged, and as a result, the FFs in Russia have been experiencing several new opportunities and challenges in the international market. However, it is noticeable that corporate regulatory, and corporate governance systems do not even clearly define the FFs. The current study explores the following research objectives: first, the motivation of internationalization of family enterprises in Russia, second, their process of internationalization, and third, the problems and challenges faced by the family enterprises.

1. INTRODUCTION

The interest of scholars researching in the field of internationalization of FFs, especially the small and medium-sized enterprises (SMEs), has grown manifolds owing to the ever-increasing role of FFs and their unique characteristics with respect to the ownership, and control and importance of family interactions in such enterprises. Welch and Luostarinen (1988) define internationalization as "the process of increasing involvement in international operations" (p. 36). The sequential process of internationalization involves commencing (first entry), intensifying (investing more resources) and broadening (types of operation modes and their applications) phases. Internationalization of FFs has several other peculiar characteristics: cumulative, evolutionary, historic, and progressive (Metsola, Leppäaho, Paavilainen-Mäntymäki, & Plakoyiannaki, 2020; Langley, Smallman, Tsoukas, & Van de Ven, 2013).

The MPP created several upheavals on the business and economic front in the country. These upheavals on the one hand exposed the FFs in Russia to a plethora of uncertainties and challenges, however, at the same time created several potential opportunities for such enterprises in the field of international business. The current study, therefore, explores the following research objectives: first, the motivation of internationalization of FFs in Russia; second, the process of internationalization of FFs in Russia; and last, the problems and challenges faced by the FFs in Russia. The current study is based on ten semi-structured interviews of entrepreneurs, each of them is representing a specific FF. The current study makes various contributions to the extant literature. The contributions of the current study are the followings: first, it elucidates the imperatives/motivations of internationalization among the family enterprises in Russia, second, it underscores the issues and challenges that the Russian family enterprises, representing diverse sectors, have encountered in their process of internationalization. There is a general paucity of literature related to internationalization of FFs in the context of Russian corporate settings and the current study is an effort to fill this void.

2. LITERATURE REVIEW

According to the stage approach internationalization follows as an incremental and sequential process, comprising of factors including perceptions, expectations, experiences on the one hand and managerial capabilities, organizational structure, and linkages to external contingencies on the other hand (Coviello & McAuley, 1999; Melin, 1992). The Uppsala model (U-model) highlights the stage approach by underscoring two important drivers of internationalization of enterprises: the learning process and the psychic distance (Johanson & Vahlne, 1977). About the first driver, the U-model states that managerial and organizational experiences can be important contributors to the learning process of an enterprise. For example, when an enterprise has some previous experience of international businesses and markets, even at the bare minimum level, it is better equipped to launch itself in the internationalization process in a step-by-step, structured, sequential, and incremental manner than its counterparts having no such experience. The knowledge and experience acquired through such processes of internationalization can enable enterprises to do better decision-making.

According to the network approach, the incentives and the mechanism of internationalization of FFs can be explained by the resource mobilization process including knowledge, commitment, on-going activities, and decision-making characteristics of enterprises in both intra-, and inter-organizational settings in a multilateral framework. A network is comprised of a nexus of relationships, for example, those related to financial, technological, personnel, market and business environment among enterprises, and such relationships can be both cooperative and competitive. The FFs can form their business networks and/or strengthen their associations and collaborations with other members of the existing business networks. The scope of activities of such business networks can be within the national boundaries initially and subsequently grow internationally. A successful network represents the continuous accumulation of establishing, developing, and maintaining relationships with other partners to fulfill the international development of the FFs. The networks promoting internationalization of FFs depend on the resource mobilization process, both at an enterprise level, of assessing its own enterprise resource endowments and those of other enterprises, when two or more enterprises forms their relationships in the existing networks and/or form the new networks altogether. The FFs can initiate their internationalization process, including the selection of the market and the mode of entry, by capitalizing their network relations. Arguably, an FF can speed up its internationalization process through the international networks as the latter can not only influence the initiation of the internationalization process of an FF but also influence the nature and types of investments made by an FF in international markets.

According to the international entrepreneurship approach, a new enterprise starts a new international activity by combining innovativeness, proactiveness, and risk-seeking behavior in the international markets with a clear motive to add value to it (McDougall & Oviatt, 2000). This approach is characterized by several factors including pursuing an iterative learning path of internationalization by the enterprise led by the proactive role of it in the dynamic process of resource mobilization as well as allocation, and continuous creation of competencies to succeed in the international markets. Many researchers, including Fletcher (2004), hold that international entrepreneurship approach reflects the future opportunities available to an enterprise in terms of products, services and organizational transformation and such opportunities get available to FFs through the networks promoting international business activities.

3. RESEARCH METHODOLOGY

For the current study, empirical data have been collected through the ten semi-structured interviews of FFs (Ribeiro & Scapens, 2006; Hair, Bush, & Ortinau, 2006). Only CEOs of case enterprises have been interviewed. The interviews have been conducted during the time period February–April 2021. As many as seven CEOs are serving as CFOs of their enterprises. All the respondent CEOs are directly responsible for the international business activities of their respective enterprises. The ten FFs are taken from education and training (3), automotive industry (2), textile (2), heavy industry (2), and natural resources (1). The number of total employees working in each enterprise, including family members, has been between six to thirteen. It is noteworthy that there is no official status and definition of FFs in Russia.

In the current study semi-structured interviews have been used to collect data, which is qualitative in nature (Lee & Humphrey, 2006; Lukka, 2007). The rationale of interviewing only CEOs is, first, to standardize the interviewees and second, CEOs perform the majority of the executive tasks and expectedly they are the only ones who have the maximum information about the relatively smaller size of the enterprises.

4. MAIN FINDINGS AND DISCUSSION

The MPP caused adverse effects on the corporate governance system and practices. For example, MPP created an atmosphere of weak and porous corporate governance system in Russia characterized by ineffective internal controls, accounting data manipulations, higher incidence of related party transactions, depletion of minority shareholders' rights, weakening of property rights of foreign investors and lowering the quality of financial reporting, among others.

There is an acute lack of knowledge and understanding of the core principles of corporate governance aspects in Russia especially in the context of family FFs. Similarly, there are several anomalies, ambiguities, contradictions, heterogeneities, uncertainties, and obstacles associated with the implementation of whatever corporate governance rules and practices related to the FFs exist, especially those related to definition of an FF, procedure, taxation, subsidies, international operations, and financial reporting. The abovementioned limitations and pitfalls necessitate further exploring of the corporate governance system, mechanisms, and tools.

The analysis shows that the FFs lay significant emphasis on innovation. The enterprises underpin financial strength as a key parameter to repay the financial debt, do better debt-servicing, and re-invest profits to expand business operations. Internationalization has been reckoned as an engine to achieve the abovementioned financial strength.

Another important factor for internationalization has been observed to be the economic situation in Russia. The domestic economy of Russia is not stable, in many cases FFs consider internationalization as a means to hedge their business risks. Internationalization has enhanced the business stability of case enterprises.

The FFs have initiated and then further extended their international business activities due to constant and steady growth in their linkages with the external contingencies developed over time. However, the growth in such linkages can be attributed to the behavioral aspect of the leadership of these enterprises. The desire and motivation to grow have led these enterprises to bring changes in their organizational structure, utilize their previous experiences and explore more about the potential markets. Interestingly, several enterprises have already established their business relations with diverse markets. It appears that these enterprises have grown *incrementally* and *sequentially*. Internationalization has increased the competitiveness of these FFs even in the Russian domestic market.

At the initial stage of internationalization, driven by growth expectations, many case FFs explored the potential international market by themselves and obtained first-hand experience in the process. The FFs exposed themselves to extremely high financial, market, operation, and organizational risks, especially in the wake of almost no institutional support. However, these risks became better managed and relatively foreseeable as the perceptions, desires, motivation, experience of the enterprises grew over time.

The exposure to information technology, business negotiations, visits to trade exhibitions has helped the FFs to overcome the psychic distance phenomenon. The learning process, for example, education, experiences, and exposure has been observed to minimize the psychic distance.

Many FFs reckon internationalization as an innovation activity *per se*. The entrepreneurs of FFs, despite having minimal or almost no experience in the field of international business, studied multiple dynamics of global markets to look for suitable markets, and counterparties. This was followed by the stage in which some FFs started taking part in the foreign trade activities, however, at a very basic, low value and volume and without bringing any perceptible changes at their organizational level. Later, these enterprises engaged in more frequent, high-value and volume foreign business activities by incorporating internationalization as an important business objective. This stage also witnessed many changes related to, for example, organizational restructuring, market research, product and process innovation, quality assurance.

Invariably all the networks, both domestics and international, have played a major role in augmenting international business activities of the case FFs. Regardless of the industry/sector, all the case FFs admit that they have been the beneficiaries of various business networks right from the start stage to the business expansion one.

Many case FFs hold that there are more administrative challenges in Russia than they face in the foreign markets. There has been no support from the state. Almost all the case FFs have the unanimous opinion that they took a big risk while placing the import orders or executing the export orders in the wake of almost no first-hand knowledge until they could obtain the actual experience until first-time at least. Similarly, there were lengthy administrative requirements at the border control and custom checkpoints, nonetheless, no proper official guidelines in this respect could be made available to the case enterprises. There is nearly a consensus among the interviewee CEOs of the FFs that the government does not support them in any form and instead by imposing multiple directives and stipulations the functioning of these enterprises is obstructed.

Overall, the lack of regulated bank credit and existence of a complex taxation system dissuades the FFs from investing in new ventures and undertaking innovative activities. Similarly, the government's directives to set up business operations at certain specified business facilities, at the exorbitant costs though, has created downward pressure on the profitability of FFs. Many FFs have initiated their international business activities owing to their growing linkages with the external contingencies, developed over time. Similarly, internationalization has increased the competitiveness of the FFs in the Russian domestic market too.

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PERCEPTIONS OF JOB QUALITY AND PERFORMANCE IN B CORPORATIONS: EVIDENCE FROM THE BEST PERFORMERS IN THE US

Agni Dikaiou *, Walter Wehrmeyer *, Michela Vecchi **, Angela Druckman *

* Centre for Environment and Sustainability, University of Surrey, Guildford, the UK
** Department of Economics, Middlesex University Business School, London, the UK

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Abstract

Since the 1990s firms in the western corporate world have increasingly shifted their goals from shareholder value maximization to concerns about broader societal impact, through frameworks such as environmental social and governance (ESG) reporting. In line with this reporting evolution, Certified B Corporations (B Corps) have met rigorous standards of sustainable performance assessment, receiving scores in dimensions such as governance structure, workers' wellbeing, customer and community engagement and environmental impact. This study explores how high corporate social performance (CSP) is related to various CEO and HR managers' perceptions of job quality and productivity, the relationship between these and what factors affect this relationship.

For this purpose, eight of the best performing Certified B Corporations in the North East of the US were interviewed using a semi-structured and open-ended approach. The interview questions mainly focused on the CEOs' and managers' perceptions of their CSP dimensions, namely their employee outcomes in terms of job quality, productivity and growth. They were also asked to identify how these aspects relate with each other and with the rest of the dimensions of

their CSP, including their community, environmental, customer and governance practices.

Methodologically this study employed a qualitative approach of thematic analysis of multiple cases, supported by desktop studies of related documents by secondary online sources, such as social media. The study's qualitative design targeted subjective perceptions and attributions of the companies as represented by managers and/or CEOs. Case selection was based on the companies' demonstrated efforts in corporate social responsibility (CSR). The best performers chosen for interview were among those who received the Best for the World 2017 awards, from B lab, a third-party certifying institution.

The findings and discussion centred around the perceptions of CSP and how their B certification changed them, the meaning of productivity and growth and the importance of job quality. Regarding their perception of CSP, the themes discussed included managers' and CEOs sense of pride over their authenticity, their transition to strategic planning, mechanisms of competition and network spillovers, feelings of belongingness and recognition and the chance to expand their CSP activities through the process of certification as B Corps. The above themes were developed considering their effect on performance and job quality outcomes.

Regarding productivity, their perception was strongly related to the quality of output, efficiency in production and job quality, hence productivity and job quality were not perceived as two distinct outcomes. Managers' perception of growth was associated with sustainable growth, holistic growth of their entire triple bottom line (TBL), and impact in general. Again, growth was linked with the well-being of workers and the growth in their capabilities. It was notable that their perceptions of productivity and growth were not laid out in traditional economic terms but that they revolved around their sustainability agenda and very often were identified with the job quality that their employees enjoy and how they attempt to increase it.

Themes of job quality were discussed with regards to the organizational identification and commitment of workers based on the worker's value attunement with those of the company upon their recruitment. Other interesting outcomes discussed concerned turnover intentions and retention, team building and employee involvement in CSR practices. These were found to contribute to increased job satisfaction and employee motivation. Opportunities for employee training and development as well as the importance of issues related to work-life balance distinguished the special case of the best performers compared to their peers.

Consistent with the literature, factors that were identified as important mechanisms explaining their successful CSP outcomes, were the role of transformational leadership of managers and that of moral standards. Leaders genuinely seemed to care "beyond legal requirements”, having a growth mindset and a business culture of high ethical and moral standards. The value congruence of the employees with that of the firm was also linked with individual motivation. The distinctive business culture and leadership style of those companies, along with their exceptionally high moral standards and a persistent growth mindset that goes beyond economic growth are the differentiating factors between those B Corps and regular businesses. It is their intrinsic motivation that is driving them to excel in CSP, mostly based on their ethical orientation and strong moral standards.

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THE INFLUENCES OF WOMAN ON TMT ON BANKING AND FINANCIAL INSTITUTION PERFORMANCE

Jullie Jeanette Sondakh *, Joy Elly Tulung *, Grace B. Nangoi *

* Sam Ratulangi University, Manado, Indonesia

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Abstract

Currently, women cannot be underestimated, gender differences are no longer a matter of determining a person's quality. In the last few periods, women have really shown their existence as professionals in their fields who are able to beat men. Women have the skills and abilities to occupy certain positions in a company. A balanced workforce for companies, customers, and investors. Recent research shows that a diversified business creates better outcomes including lower market volatility, reduced fraud, better performance, and higher levels of productivity and innovation. Yet women still face various problems, especially in the financial industry which is even 'proliferating' in certain sectors, such as banking, where a strong masculine culture restricts them from advancing their careers even if they manage to reach middle management positions and sometimes if they do, they will fail. Compared to other industries, financial services struggle to close gender gaps and remain unattractive to women who are typically underrepresented on executive committees and/or subject to significant gender differences in income. However, in recent years, there has been an increase in research exploring the role of women in boardrooms and several initiatives have been launched to make gender diversity a corporate goal. However, overall progress towards achieving a level playing field for women in salary and promotion opportunities is slow, and more research is needed on the benefits of gender equality and inclusion at all levels in the pyramid of seniority in the financial sector. Good corporate

governance helps companies improve performance, drive growth, manage risk, attract and retain investors, and overcome financial crises. To be truly effective, boards need a diversity of skills, cultures and perspectives to make smart decisions with lasting impact. The pace of change is hindered by old perceptions, including the perception of a lack of qualified female director candidates. Many companies also do not see an immediate need to act, given their generally good corporate governance ratings and they are not required to disclose or justify their board nominations.

In this study, researchers wanted to examine the relationship between the presence of women in top management and the performance of the financial industry including banking and non-bank financial institutions during the COVID-19 pandemic. How the influence of women as executives in a company can affect the quality of the company's financial statements. Researchers conducted preliminary research on the annual reports of the financial industry including banking and non-bank financial institutions (NBFI).

Gender diversity in corporate boardrooms has been high on the agenda for corporate governance reform around the world. In the UK, gender diversity was first addressed in the 2012 corporate governance code revision. This revision was introduced after considering recommendations from the Davies Review 2011 (Hampton Alexander Review, n.d.), Tyson Report (Tyson, 2003) and Higgs Report (Higgs, 2003). In some countries, the appointment of a female director is mandatory. For example, Norway and Spain have imposed mandatory quotas for all registered companies to have at least 40% female directors. In Malaysia, Bursa Malaysia has required listed companies to have at least 30% female directors and board gender diversity has been specifically addressed in the Malaysia Corporate Governance Blueprint (Securities Commission Malaysia, 2011). In Indonesia, although in some places there must be representation, it is different with the composition of the board of commissioners and directors which is not regulated in the law or the Financial Services Authority regulation for the financial industry.

One reason for the challenge is due to gender discrimination (Doldor, Vinnicombe, Gaughan, & Sealy, 2012) in which women are perceived as weaker leaders than their male counterparts. Another reason is high turnover and absenteeism (Cox & Blake, 1991) and women are more likely to pursue high-profile careers than men because of their family commitments (Goldin & Katz, 2008). Therefore, companies are concerned that appointing female directors will adversely affect their performance.

Can women drive change in a finance-based industry? One of the advantages of increasing women's representation in leadership positions in finance relates to their potential role in adopting a more ethical culture. The global financial crisis and the many cases of abuse and scandals over the past few years have demonstrated the need for cultural reform initiatives that are not just short-term fixes. Finance is basically about managing risk. The literature review has largely confirmed anecdotal evidence that there are significant gender differences in qualities such as empathy, inclusiveness, compassion, and risk appetite between men and women and that the latter are less risk-taking than their counterparts. But are female leaders significantly more at risk than men? The answer is not that simple. Several recent studies in the social sciences provide evidence of a direct link between risk behavior and gender; while others argue that the few women who pursue careers that lead to directorship cannot be considered 'ordinary' women. Moreover, it is possible that the above advantages of greater gender diversity can only be obtained if the proportion of women in the boardroom reaches a kind of 'critical mass' that will enable them to form coalitions, support each other and influence culture from the group according to the theory of Kanter (1977). Will the existence of women affect financial performance in the financial industry in Indonesia during the COVID-19 pandemic?

The sign of a good company and having good governance is the formation of different board members because this is more profitable than board members who only have male members. The results of research by Abbott, Parker, and Presley (2012) reveal that the presence of female board members has an influence on the decision-making made by the council. According to Tierney (1989), gender is a cultural concept that refers to the characteristics that distinguish women and men both biologically, behaviour, mentally and socio-culture. Gender also has a definition as a rule or norm of behaviour related to sex in a community system. Women and men are basically the same, namely humans who have advantages and disadvantages, but it is often considered by the public that men have the character of being firm, strong, manly, rough, while women are known as someone who is graceful and has subtle feelings. But is this fundamental thing really inherent in each person's body? What happens if the properties of each will change and be swapped? The concept of gender differences can result in a person who has the biological structure of male sex having the possibility to have gender traits inherent in female gender, and vice versa (Agustian & Chariri, 2015).

Indonesian society consists of male and female genders. Based on the 2010 population census, the total male population was 119,630,913 and women 118,010,413. This population is increasing from year to year so that it is predicted that Indonesia's population will increase rapidly in the following years, this is due to the annual growth of Indonesia's population of around 1.49%. It can be seen from the census that the number of men is greater than that of women, but it does not make men always perform better than women.

The role of women on boards of commissioners in corporate social responsibility (CSR) has been studied, using multiple data sets on director profiles, CSR-related rankings, industry affiliations of publicly traded US companies, and shareholder activism in a firm with fixed effects. That's just so-so squared (ordinary least squares). The findings suggest that having more female independent directors on the board will enable companies to do better on CSR-related issues. Adams and Ferreira (2009) suggest that female directors have a significant impact on input to the board and company results. In a sample of US firms (from the Standard & Poor's S&P 500, S&P Midcaps, and S&P SmallCaps), they found that female directors had better attendance records than their male counterparts, causing boards to devote more effort to monitoring when boards were more gender diverse. However, mixed evidence on whether this impact is positive or negative is presented in different studies. In their study, they found the negative impact of female directors on business performance. Another study found that companies with at least two female directors performed better financially than firms with all-male boards from a sample of 1000 Fortune 1000 companies (Carter, Simkins, & Simpson, 2003). Boubaker, Dang, and Nguyen (2014) consider the impact of board gender diversity on financial performance through quantitative regression analysis with a data set consisting of the 120 largest French companies listed on Euronext Paris over 3 years. They found through combined regression and random effects regression that board gender diversity had no statistically significant effect on Tobin's Q, but had a positive and statistically significant effect on return on assets. With quantitative regression, they also find that board gender diversity has a negative and statistically significant effect on higher Tobin's Q levels, whereas board gender diversity has a positive and statistically significant effect on lower rates of return on assets. The Korn Ferry report (United States Securities and Exchange Commission, 2016) includes key findings from a board survey of the top 100 companies listed in each of the ten countries (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore and South Korea). This study shows that boards of directors have a higher percentage of female directors compared to the previous study year in 2015. And it also shows that more diverse boards report higher profitability using return on equity (ROE) as the dependent variable. Gender diversity has been included in the Singapore Code of Corporate Governance. The Diversity Task Force on gender diversity found that Singapore has a board culture that does not place sufficient emphasis on gender diversity, with only 33% of councils surveyed considering it an important attribute (The Diversity Task Force, 2014). In the same report, more than 80% of board nominating committees used criteria that tended to favor candidates who were already on the board of directors on the board (a private network). This makes it difficult for women to enter this network even though they may have the same qualifications, skills and experience

In this study, the authors use this type of expansionary research with the aim of replicating previous research or replication of exploratory extensions which explain the effect of the presence of women in top management on the performance of the financial industry including banks and NBFI which total 115 banks and NBFI types of insurance amount to 131, financing amounting to 184 and Fintech totaled 33 using quantitative data.

The procedure in this study has several stages, starting from finding out about the current state of the economy on the internet or anywhere else, then studying some literature that raises the economy and the existence of women, and then the authors begin to identify and formulate problems and make goals and benefits. of the research to be studied. Furthermore, the author looks for any secondary data that will be used and what is needed so that the research method can run well, and then the results of this study will be clearly listed along with the shortcomings, suggestions, and conclusions of this study.

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CONFERENCE FORUM DISCUSSION

CORPORATE GOVERNANCE OF STATE-OWNED ENTERPRISES AND THEIR ROLE IN THE SOCIETY: HOW HAS IT CHANGED DURING COVID-19?

by Francesco Di Tommaso

Alex Kostyuk: Hi Francesco, welcome to our conference forum. I see that you have addressed a lot of challenging issues in your conference paper. It seems that we can wait for the new type of board of directors — analytical boards. The request for analytics by the board grows remarkably. At the same time, it could lead to changes in many practices of the board of directors and probably, the board functions. Could you figure out what board function could be advanced or even changed when the board becomes more analytics-driven?

Dean Blomson: To Alex's point, I'd be interested to hear your views about AI in the board room?

Alex Kostyuk: Hi, Dean, it seems that AI is a unique competency of the board members. I expect that many companies could welcome such sort of directors on the board, but the market for directors can not satisfy this demand. The market for directors should go through some evolution to meet this request.

Francesco Di Tommaso: Dear Alex and Dean, thank you for your question. In order to respond to your question I can say the following:

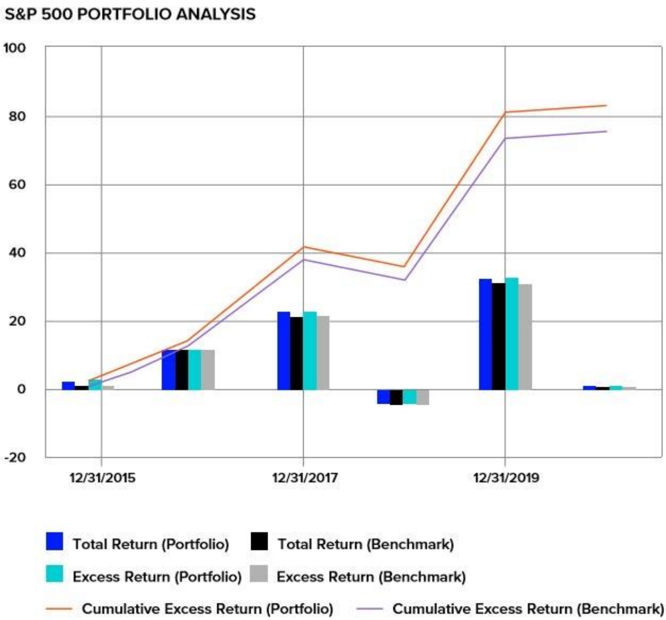
In order of a unique and rapidly changing business environment, it becomes increasingly important to secure effective communication to ensure that business decisions are taken efficiently.

Is your board of directors technologically equipped to have virtual meetings and do they need guidance and support to ensure virtual meetings run as smoothly and efficiently as possible? If not, or should such meetings not be possible, are your directors empowered to take resolutions in writing or appoint proxies if needs be and are relevant arrangements in place (electronic signature arrangements, etc.)? Could any tax issues arise as a result of such courses of action?

Was your annual general meeting (AGM) scheduled to take place in the midst of this crisis? One could consider holding these virtually in order to avoid undue disruption and the risk of missing regulatory deadlines and incurring default penalties. With the exception of listed entities, which are enabled by the listing rules to allow their shareholders to participate in general meetings by electronic means, Maltese law is silent on this matter.

Francesco Di Tommaso: Of course in that pandemic situation the corporate governance business analysis and organization become difficult in some cases impossible. This is the meaning national rules changed in order to respond to this emergency.

Francesco Di Tommaso: We can see the decree legislative in April 2020 of the Italian National Government:



Alex Kostyuk: So, Francesco, the issue of AI depends mostly on the initiative and request of the shareholders. In this case, ownership type and concentration could play a role? Am I right?

Francesco Di Tommaso: Of course, you are right. Ownership type has an important role in pandemic times.

Alex Kostyuk: Do not you think that recently, in the time of the pandemic, dynamics in strategic decision making will be more applicable by those companies with more concentrated ownership and owned in major by the institutional shareholders?

Francesco Di Tommaso: Of course, I think that dynamics in strategic decision-making is extremely important in companies with public shareholders.

Alex Kostyuk: Great, so we can proceed and suppose that the role of the State as a regulator could be useful to provide certain incentives for the companies?

Francesco Di Tommaso: Of course, the role of the State is very important to erogate important credit support to the companies that were negatively affected by the pandemic crisis.

Alex Kostyuk: Perfect, so we can state that the positive effect on corporate governance can be multiplied by the wise government regulation, so the countries compete with each other in this context. "Invisible hand" introduced by Adam Smith is not enough to win.

Francesco Di Tommaso: Of course, Adam Smith in that case is not sufficient. We can say that Keynes in that case is more helpful in order to save private companies by the power of the State.

Alex Kostyuk: Perfect! It is very important to get to a very certain economic concept when developing the corporate governance pathway. Your way of thinking is clear to me.

Francesco Di Tommaso: Thank you, Alex!

Karen Hogan: Francesco, thank you for the interesting observations on potential ramifications on corporate governance during the pandemic. Many of the points that you bring up are important ones. Interesting, I routinely teach each year a course in Enterprise Risk Management and one in Cyber Risks. One of the main goals of each class is the idea of a proper business continuity plan in the face of various shocks whether they be natural or man-made in the case of most cyber events. In fact, the home office and remote work this past year subjected many additional companies this year to ransomware attacks and other cyber events that will affect a company's bottom line negatively. Some of the points you raise here would improve the overall risk analysis of the company's plan so that when additional issues like this arise the company will be more resilient to weather these seemingly unimaginable but potentially killer risks.

Francesco Di Tommaso: Thank you, Karen!

Adam Samborski: Dear Francesco you have prepared a very interesting study. I would like to share with you some comments about SOE. I also have a question that is indirectly related to the subject matter you address in your paper.

A publication issued by the OECD entitled "*OECD Guidelines on Corporate Governance of State-Owned Enterprises*" presents a collection of guidelines and best practices for corporate governance in SOEs. These guidelines cover issues that include: state ownership, equal treatment of shareholders, stakeholder relations, transparency and disclosure obligations, and responsibilities of SOE bodies. Among other things, the document emphasizes the need for a level playing field in the market (fair competition). In times of pandemic and market disruption, the principle of equal treatment of SOEs and private enterprises may be violated. However, the principle of fair competition is the basis for the functioning of a market economy. Fair competition in a market economy is also a supreme value. Therefore, what actions should be taken to ensure that the principle of fair competition is not violated during and after a pandemic?

Francesco Di Tommaso: Dear Adam, thank you for your question is very detailed and important! In order to respond, we can say is important an active intervention of the State in merit to prevent some illegal action issued by companies that want to use the emergency and crisis conditions to achieve money and credit against other companies!

Adam Samborski: Dear Francesco thank you very much for your comprehensive reply.

INFORMATION GOVERNANCE: THE ROLE OF INFORMATION ARCHITECTURE FOR EFFECTIVE BOARD PERFORMANCE

by Pedro B. Água, Anacleto Correia

Alex Kostyuk: Hi Pedro and Anacleto, welcome back to our conference forum. I found that in your paper you stated that for good performance boards need to ensure they have the right group dynamics. What are the moving forces of the right group dynamics? What is the role of diversity, shareholder activism, stakeholder engagement, etc.? How does the recent global pandemic influence the board group dynamics?

Pedro B. Água: Dear Alex, thank you very much for your welcoming. Group dynamics, and starting with strong moving forces: there's a tendency for us to think our age is the most critical; that "the world has never been at such a stage", or "change is impacting everything in crucial ways", etc. Even if there is some exaggeration in such expressions, we have today more resources, be it better information for decision support or technologies, frameworks, and methodologies, than in the past to face challenges. From a vaccine developed in less than one year to massive artificial intelligence (AI) systems. However, we remain humans, and hopefully, that stays as it is. And as humans, we have to engage in boards bringing in all that may foster great, average, or poor board sessions. Actually, at these times of AI ethics, it is more critical perhaps than ever, as some "nudges" companies are putting forward and may sometimes be crossing the line. Obviously, a holistic approach to board dynamics shall take into account many factors, for instance, board size and composition, which brings diversity into a scene; shareholder activism (and perhaps CEO activism as well). As for board diversity and as any systems scientist knows, the way to change a system (if a change is desirable) is to bring new elements into the systems. Of course, such increase in diversity brings a tag price, as with diversity comes more diverse mental models — the "holy" source of human conflicts — but that is the way and a subject that I don't read that much on corporate governance material — the need for better conflict management, even negotiation, at board level.

Regarding the global pandemic and its impact on the board, I believe we all are getting used to remote interaction and somehow succeeding, however, according to some studies only a small fraction of human communication is content indeed. So, in such an arena where communication, decision-making, and conflict management are of utmost importance, I would risk saying there may be a considerable number of blind spots these days, in what corporate governance concerns. On the plus side, the pandemic also brings some pluses, as maybe a certain deceleration in life in general and with it more time for reflection and depthless of thought, something more critical at the very top of organizations, specifically boards.

Alex Kostyuk: I see your point, Pedro. Yes, the pandemic will shake the recent board practices. At least, it will ask for more engagement of the directors and more reporting to the public. Probably, this will concern the director workload and new approaches to remunerate directors (I mean ESG metrics linked to remuneration too).

Karen Hogan: Pedro, thank you for the interesting paper. I agree with you on many fronts and do believe that a holistic view of identifying the risks is the best way to go. Information needs to be gathered across many levels at the corporation. The only way to identify those unimaginable risks from the boards' perspective is to get inputs from employees and consultants at all levels. When there is buy-in from all levels, which ultimately comes from the top the resulting enterprise risk management plans are that much richer identifying not only those potentially deadly risks but also point to the company's additional opportunities that become part of your next strategic plan.

Pedro B. Água: Hi Karen, thanks for your comment. Couldn't agree more with you. Moreover, such consulting at many levels may pay off when implementation time begins, as people at all levels will resist less to change.

ACCOUNTANTS' PERCEPTIONS OF TAX AMNESTY: A SURVEY DURING THE COVID-19 PANDEMIC IN GREECE

by Stergios Tasios, Evangelos Chytis, Stefanos Gousias

Alex Kostyuk: Hi, Stergios, Evangelos, and Stefanos. I appreciate your participation in our conference forum. You stated that your study offers useful conclusions to lawmakers, tax authorities, and accounting and auditing organizations during the extremely complex and difficult period created by the pandemic. What are the most interesting outcomes produced by your paper with regard to the external auditors that could contribute to the transparency and accountability of the companies during the recent pandemic?

Dmitriy Govorun: Dear Stergios, Evangelos, and Stefanos. Thank you very much for sharing the accountants' perceptions of the tax amnesty in Greece. As you have mentioned tax amnesty programs are not implemented globally. But they are under debate in governments. Greece might have a substantial experience in passing through economic turbulence many times. That's why "Greece presents a good paradigm for the examination of tax amnesty". Accountants in your study expect a higher level of tax compliance and income as a result of tax amnesty. Do they ground their ideas in the pandemic period on the pattern from past experience? Have you studied the outcomes of the last amnesty and recent expectations of accountants?

Stergios Tasios: Dear Alex, congratulations on the conference. We are glad to participate and share our research. Literature suggests that the chance of being caught and the size of the penalty are two main factors for the evasion of taxes. Our findings indicate that accountants perceive the possibility for a taxpayer to be audited by the tax authority in Greece to be low. An increase, therefore, in the frequency of tax audits and the announcement of the results could signal to taxpayers that there is an increased possibility to be audited and motivate the participants to a tax amnesty program.

Stergios Tasios: Dear Dmitriy, thank you for your question. With regards to prior experience of tax amnesty programs, the majority of accountants replied that their clients participated to an adequate or to a great extent. Overall there is a belief that tax amnesty programs are beneficial for their clients. On the other hand, complexity and constant amendments in tax laws, as well as bureaucracy, are viewed as major factors that hinder tax compliance. We have not examined separately the outcomes of the last amnesty program carried out in 2016–2017. This could be an interesting area for future research, especially regarding the parameters used in the program compared to previous programs.

THE EVOLUTION OF SOCIAL AND ENVIRONMENTAL COMMUNICATION IN THE OIL & GAS SECTOR

by Gianmarco Salzillo

Alex Kostyuk: Hi Gianmarco, welcome to our conference discussion forum. In your paper, you picked up an idea that the oil and gas companies, subject to a high level of control of their environmental actions, were communicating in a satisfactory way from a social and environmental perspective even before it became mandatory. Do you mean “regulation” when mentioning the term “control”? If you do, what is the role of the board of directors of oil and gas companies in promoting these environmental communication policies?

Tariq Ismail: Hi Gianmarco, I suggest carrying out statistical analysis to 1) find the disclosure rate of social and environmental perspective in the target sample; to see whether this rate is high, especially, the disclosure becomes mandatory, and 2) find out a measure for the disclosure quality, where text size and frequency analysis do not necessarily reflect quality disclosure.

Gianmarco Salzillo: Hi Alex, thanks for your interest in my article. By control, I mean strong supervision by the relevant institutions.

Regarding the role of the board of directors, I am not yet able to give an answer. Research is constantly evolving, and this article is only concerned with the content. But, even if there is no definitive answer, I have found during my research that their role is important to reassure investors, in fact, most of the annual reports analyzed try to highlight the social component of their board members. During the data collection, keywords were placed in every part of the annual report, but a large part was in the descriptions of the board of directors.

This might indicate a strong influence of social and environmental ethics in the choice of the board, which is a direct consequence of the growing interest in these topics. But these are only speculation.

Alex Kostyuk: I see your logic, Gianmarco. Does it mean that you vote for more strict regulation in this way? Does it mean that more strict regulation will push the board of directors and shareholders toward their own initiatives?

Gianmarco Salzillo: Hi Tariq, thanks for the suggestion. As mentioned above, the research is constantly evolving, and this part is only descriptive. An inferential part is now being developed. The first stage, which is now almost complete, is a comparison between the annual reports and a series of documents dealing with the topic (including Directive 2014/95/EU and the Paris Agreements), as well as a comparison of the annual reports of the four companies analyzed, and will be used to understand whether a standardization process has begun in the preparation of the annual reports. To carry out this analysis I am using LSA (Late Semantic Analysis). The second phase will analyze the quality of the disclosure, but it is still in the initial phase.

Gianmarco Salzillo: The situation is very complicated, but the line has been drawn. There will be strict regulations in the future. I do not believe that making social and environmental reporting mandatory is the right choice. This is because a process of standardization of the various annual reports would also lead to an inability to separate companies that are truly CSR (corporate social responsibility) addicts from those that only do managerial capture. But it is precisely the processes of managerial capture that have prompted mandatory regulation, voluntary reporting allowed managers to reach their needs by carefully selecting the only information that could improve their image, their public relations, stakeholder management, etc.

For me, as usual, the solution could lie in the middle, a mandatory part of the disclosure, i.e., the one necessary for investors' risk assessment, and a voluntary part that is able to let us distinguish "good" companies from "bad" ones. Finally, I believe that the board of directors and shareholders will have to pay more and more attention to social and environmental issues, especially in high-risk sectors such as oil & gas. This high level of attention, sometimes even in the media, brings the risks of litigation and impairment to alarmingly high levels.

Alex Kostyuk: I see your insight, Gianmarco. I feel too that the board of directors and shareholders will have to pay more and more attention to social and environmental issues. The only question is if the board of directors has enough expertise to do it. This is the issue of the directors' competencies to some extent.

Gianmarco Salzillo: I agree with you, Alex. In fact, in my opinion, the real challenge is to prepare for this green era. The transition period imposed by the Paris Agreements leaves time for good planning, but the barrel crisis that began with the advent of COVID-19 has accelerated the energy transaction process. Consequently, the process of adapting the board to this new policy is also accelerated. Looking at it from this point of view, I think that forward-looking firms will have a board that can respond satisfactorily to these issues.

PERFORMANCE OF ISLAMIC FINANCIAL INSTITUTIONS: VIABLE OPTION IN CANADA?

by Raef Gouiaa, Pierre-Richard Gaspard

Tariq Ismail: Thanks for the interesting paper. I do suggest considering and discussing Basel III requirements. Basel III is unlikely to materially change the existing challenges faced by Islamic banks; where the capital structures of the significant majority of Shariah-compliant banks are dominated by Tier 1 capital in common equity form, often in excess of 80% of capital resources. In addition, most have capital adequacy ratios noticeably higher than those seen in the conventional banking sector. The reasons for this can be explained by a combination of complexities and Shariah prohibitions in raising alternative and lower quality forms of capital. As a consequence, the capital structures and above-average capital ratios of Shariah financial institutions put them in a favourable position relative to many of their conventional counterparts.

Alex Kostyuk: Hi Raef and Pierre-Richard, it is great to see you among our conference forum participants. You have addressed many interesting theses in your conference paper. I found very interesting some of them, for example, that the Canadian financial market is considered to be very conservative and has been using the same practices for a long time. What is the recent evidence that the Canadian financial market is still very conservative, and are there major reasons?

Pierre-Richard Gaspard: Dear Tariq, thank you for your recommendations. Basel III could bring more depth to our research. I believe this could be another positive benefit for Islamic banks in Canada. Do you have any recommendations on how Basel III could be integrated into a financial comparison between Islamic and conventional banks? Thank you for your input.

Pierre-Richard Gaspard: Hi Alex, thank you for your comment. In the financial sector, the government is imposing many more restrictions and supervision on banks. One of the examples of restrictions is that the banks must be majority-owned by Canada. It can be very difficult for foreign institutions to enter the market. It is true that these practices make the market more secure, but they also prevent certain development possibilities at the banking level. In Canada, we can consider that there are only 5 big banks that work very well. I hope to have answered your question. If you have any other questions, don't hesitate to ask.

Alex Kostyuk: Thank you, Pierre-Richard for the answer. When you wrote that "One of the examples of restrictions is that the banks must be majority-owned by Canada" did you mean that the banks are owned by Canada as the State (state-owned banks) or Canadian residents?

Tariq Ismail: Dear Pierre-Richard, capital structures of the significant majority of Shariah-compliant banks are dominated by Tier 1 capital in common equity form, often in excess of 80% of capital resources. In addition, most have capital adequacy ratios noticeably higher than those seen in the conventional banking sector. The reasons for this can be explained by a combination of complexities and Shariah prohibitions in raising alternative and lower quality forms of capital which result in the lack of Islamic subordinated debt, the lack of hybrid and callable capital structures due to the prohibition of *gharar* (conditionality and uncertainty), the lack of meaningful levels of preference shares, even in Shariah jurisdictions that permit this form of capital.

As a consequence of these factors, the capital structures and above-average capital ratios of Shariah financial institutions put them in a favourable position relative to many of their conventional counterparts.

In comparative and competitive terms, the capital adequacy positions of Islamic banks will also benefit from: The modest role of trading book businesses as Shariah principles prohibit short selling and impose strict limitations on the use of derivatives. Consequently, Shariah financial institutions will be negligibly impacted by the higher capital charges for such operations. The modest and very limited use of derivatives and securitised structures by Islamic banks will result in such institutions not being adversely impacted by the additional capital charges that are being applied to address the inherent risks in such products (e.g., transactions collateralised by their own or by related party shares). The lack of leverage and contingent risks, including the restrictions applicable to margin-based businesses, auger well for Islamic banks in so far as the new leverage ratio is unlikely to have anything more than a very modest impact.

Liquidity is however one area where both conventional and Islamic banks are likely to be impacted to a meaningful extent by Basel III, albeit in different ways. Firstly, in most jurisdictions there remains a dearth of liquid Islamic instruments.

Pierre-Richard Gaspard: They're owned by Canadian residents and other institutions. Thank you for your question.

Pierre-Richard Gaspard: Dear Tariq, I realize that all the constraints of Shariah rules mean that Islamic banks are often built differently compared to conventional banks. All the aspects of uncertainty, interest, and other elements that are prohibited make Islamic banks look more moral and better overall. Also, seeing your answer, correct me if I am wrong, Islamic banks often have charges that can be higher than conventional banks because of the structure they use. I understand your point about the liquidity problems I could have at the Basel III level. Especially for Islamic banks as most of their assets are long-term. Also, I would like to know if you have any comments about Islamic banks and the level of risk. In most of the research, I have seen Islamic banks were considered less risky because of their complex structure. Thank you very much for all your comments I will take this into consideration. If you have any other comments or points please do not hesitate.

Tariq Ismail: Dear Pierre-Richard, please consult my papers related to risk management in Islamic banks:

1. Rahman, R. A., Noor, S. B., & Ismail, T. (2013). Governance and risk management: Empirical evidence from Malaysia and Egypt. *International Journal of Finance & Banking Studies, 2*(3), 21–33. https://doi.org/10.20525/ijfbs.v2i3.152

2. Ismail, T. (2014). Board involvement in risk management practices: Evidence from Saudi Arabia banks. In H. Dincer, & Ü. Hacioglu (Eds.), *Globalization of financial institutions* (pp. 243–258). https://doi.org/10.1007/978-3-319-01125-7_18

WISDOM FOR IT GOVERNANCE: A PERSPECTIVE OF THE PHILOSOPHY OF THE ART OF WAR

by Le Chen, Pietro Pavone

Alex Kostyuk: The concept "The Art of War" with application to IT governance is much promising issue for further research. You mentioned that this issue should be incorporated into the strategy of the companies. In this case, the board of directors, as a strategy directing institute of the company, should be ready to do it from the point of view of the directors' education and experience. What do you think if the boards worldwide are ready to do it recently?

Le Chen: Hello Alex, thank you very much for your dedication and your interesting question. "Sun Tzu's Art of War" represents Chinese culture and wisdom, and it is also a treasure of the world that revealed the most profound and abundant adaptable wisdom. It should be learned by world-class companies, especially when IT governance should be incorporated into corporate strategy in the digital age. In the current global linkages, the board of directors, as the company's strategic guidance, should prepare from the perspective of directors' education and experience, and should also have a deeper understanding from the great wisdom of the predecessors. We all say that the business field is like a battlefield. There are three Chinese companies in the top five of the Fortune 2020 Global 500 rankings (without considering industry factors), which can give a glimpse of Chinese wisdom.

Alex Kostyuk: Thank you for your insight, Le Chen. You mentioned that there are three Chinese companies in the top five of the Fortune 2020 Global 500 rankings. Does it mean that the background of the members of the board of directors of these companies meets the request of the companies from the point of view of IT expertise?

Le Chen: Certainly, the professional backgrounds of board members of each organization are not the same. In addition, because the development stage of each organization and the core problems encountered are also very different, they cannot be treated in the same way. This is also one of the quintessence emphasized by Sun Tzu's The Art of War. In a cyber-war age, we hope to create a positive impact on the overall governance of the organization from the perspective of the philosophical thinking of The Art of War, especially for IT governance because of the importance of its technical support and strategic guarantee on the occasion of 4IR.

Alex Kostyuk: I see your entire logic, Le Chen. As far as I know Sun Tzu's "The Art of War" is about the strategy of competition (war). At the same time, recently many companies rely also on cooperation to survive. Is it possible to incorporate these two various strategies and if this is the case for Chinese companies?

Le Chen: In an era tortured by wars, a country will die if it does not fight. But Sun Tzu still emphasized the idea of avoiding the use of force to solve problems. So, we might say "The Art of War" is not only about competitive strategy as it is philosophical wisdom that guides survival in that historical context. But in today's globalization background, competition tends to intensify, and at the same time, more emphasis is placed on the spirit of extensive cooperation in all parts of the world, regardless of nationality or territory. Especially with the outbreak of COVID-19 which makes us deeply reflect on our own behavior in every field in sustainable perspectives more rationally and more wisely. Only by working together with the consciousness of a community with a shared future for mankind can we together survive better and achieve sustainable development. Therefore, we should draw on the wisdom of predecessors with flexibility as the implementation ability.

Joy Elly Tulung: Interesting topic.

Le Chen: Thank you for your participation and dedication.

Karen Hogan: Hello Le Chen! Thanks for this interesting paper. Yes, IT is such an important component of any corporation in today's world. The CIO's job is a 24/7 job in today's environment which has been highlighted with the pandemic. Cyber is no doubt one of a company's main risks of any company regardless of the industry they are in. With 40% of all cyber issues for any company coming from an internal source, IT governance is one of the most important and sometimes overlooked issues for companies.

Le Chen: Glad you're here, Karen. Thank you for your participation and comments. Yes, I agree with you. De Haes and Van Grembergen (2004) found that in surveys, CIOs also indicate IT governance as an important management priority (p. 27). In view of its importance, IT governance needs more guidance of philosophical wisdom. Understanding and using China's broad and profound philosophy to deal with IT governance issues are also a manifestation of open-thinking and inclusiveness within organizations in the process of globalization.

Pietro Pavone: Hello! Our study also aims to overcome the approach based only on managerial skills. The IT strategy has deep roots in traditions and therefore the context variable will be operationalized in future analysis models.

CONCEPTUAL BASIS FOR THE DEFINITION OF DIGITAL LEADERSHIP

by Giuseppe Pepe, Pietro Pavone

Alex Kostyuk: Hi Giuseppe and Pietro, welcome to our conference forum. I see that when we talk about digital leadership, we need to refer to the market pawer the companies obtain when climbing to the mountain of digital leadership at the market. What do you think about the role of the state regulation to influence this process, or you thank that "invisible hand" introduced by Adam Smith is still enough?

Pietro Pavone: Thanks for these suggestions. The literature on public leadership shows that the state and its apparatuses play a role in facilitating the exercise of leadership (even in the digital form). Forms of public-private partnerships, strategic alliances between companies and institutional actors are key tools for modern digital leadership.

Dmitriy Govorun: Dear Pietro, thanks for your ideas. How do you believe in which way should changes in the digital leadership concept influence corporate governance?

Pietro Pavone: Dear Dmitriy, digital leadership can create more "community-driven" forms of organization. I also expect a data-driven value co-production stimulated by digital leadership. This means the importance of data value, and accountability, and social reporting systems to improve stakeholders' engagement in the future design of corporate governance.

Marco Venuti: Dear colleagues, your research is interesting. A question: What do you think about the relationship between digitalization and XBRL? Especially, to what extent you think that XBRL technology will be important in the companies' digitalization and how managers ought to manage XBRL technology.

Pietro Pavone: Hello Marco. Thank you very much for your comment. I believe that effective public leadership must facilitate a culture of multidimensionality of the data. Think, for example, of the gender reports that are being developed recently. In general, traditional accounting (mainstream) has received criticism from the so-called feminist economics which criticizes the "masculinity" assumed in the simplifying hypothesis of homo oeconomicus.

XBRL technologies could make public social report models published on the websites of companies and institutions more dynamic and interactive. But the transition from the fact of management to its innovative representation and communication requires leadership with different sensibilities from those we have known until yesterday.

PENSION FUND: THE NEW RULES ON CORPORATE GOVERNANCE AND INVESTMENT STRATEGIES

by Giampiero Maci, Elisabetta D'Apolito

Alex Kostyuk: Hi Gianpiero and Elisabetta, welcome to our conference forum. I support your idea about the role of regulation with application to the pension funds and corporate governance framework. What are the most critical aspects of the market for pension funds in Italy that could be considered as a barrier on the way of the regulation mentioned in your paper?

Elisabetta D'Apolito: Dear Alex, thank you very much for your question and our answer is below.

The pension system in Italy is essentially based on three pillars: 1) the first pillar is that of compulsory public welfare, financed directly by employers and workers; 2) the second pillar is realized through the category pension funds to which the workers adhere collectively by allocating their severance pay; 3) the third pillar is finally represented by the individual supplementary pension realized through forms of individual savings.

Historically, in Italy, the pension system is based on the first pillar, and therefore the main limitation linked to the introduction of the new European legislation on pension funds is represented by the important cultural change required to add, to the first basic pillar, the forms of supplementary pension in consideration of the pressure generated by the aging of the population and its socio-economic repercussions. Certainly, in perspective, we can point out an important growth in supplementary welfare, as evidenced by the recent research conducted on the subject, through the consolidation of a second health and social welfare pillar that can fulfill a social security function.

Stefano Dell'Atti: I enjoyed the abstract on a little-explored subject in literature. Pension funds, compared to other types of financial intermediaries, are far behind in governance. While the rules mentioned in the abstract certainly strengthen the governance processes of pension funds, it is important to implement them well and make the organizational structures more efficient to better manage risks. In addition to the risk of the control functions that bring these forms of intermediation closer to what the banking and financial practice already adopts, it is important to reinforce the composition, in terms of competencies, of the boards of directors. The suggestion I can give is to make an analysis on the composition of the board of some pension funds to verify whether these intermediaries actually follow what the European legislation dictates.

Elisabetta D'Apolito: Dear Prof. Dell'Atti, thank you very much for the important comments and we will certainly insert the suggestions proposed in the paper.

Alex Kostyuk: Dear Elisabetta, thank you for the prompt answer. From the point of view of governance, pension funds need even more public trust than private corporations, and to meet this request public funds should meet even more transparency and accountability. This could minimize the risks related to the system as a whole.

Dmitriy Govorun: Dear Elisabetta, thank you very much for your ideas and the overview of changes regarding pension funds in terms of corporate governance and investment strategies. Risk management/risk governance was associated with remuneration issues for last years and especially after the financial crisis. You have also pointed out that IORPs must also provide for a sound remuneration policy for the staff involved in fund management, key functions, and professional activities with a significant impact on the institution's risk profile. Does the policy mentioned in your abstract include the previous experience concerning remuneration received by other financial institutions in past years? What are your suggestions and/or best option on remuneration components/system for board members in such funds?

Elisabetta D'Apolito: Dear Dmitriy Govorun, thanks for the comment and interest in the paper. The principles and disclosure requirements for remuneration policies applicable to other types of financial intermediaries should also be made applicable to IORPs (recital 53 of the directive), taking into account the particular governance structure, size, nature, scope, and complexity of the activities managed.

With regard to the suggestions, it is certainly important to establish and apply a sound remuneration policy applicable to all the people who actually manage the IORP and in a way that is proportionate to the performance and return of the fund and in line with the risk profile and interests of the members and beneficiaries of pension schemes.

BEYOND THE LOOKING GLASS... WHAT COULD 'FIT-FOR-FUTURE-PURPOSE' GOVERNANCE OPERATING MODELS LOOK LIKE IN THE FUTURE?

by Dean Blomson

Dmitriy Govorun: Dear Dean, thank you very much for your ideas and far away perspective on the destiny of boards and governance models. How do you believe what would be the purpose of the board as a mechanism of corporate governance in that timeframe you've mentioned in your paper?

The second question is concerning conclusions. Which of the elements of researched and proposed models could be already used in the corporate world to improve governance? Should such changes/upgrades require new regulatory changes? Thanks in advance.

Dean Blomson: Hi Dmitriy, interesting questions. I think each board will (and should) see its purpose slightly differently — as governance should be context/ circumstance driven. So I believe it is an idiosyncratic matter for each board, to some degree. That said, I argue that there ought to be a *de minimis* perspective on a board's role. Perhaps the generic definition of purpose should be: *too act in the best long-term interests of the corporation in meeting the legal, ethical, and value-creating expectations of all shareholders and legitimate stakeholders.*

To the second part of your question (which I may have misinterpreted) there are very few elements of researched and proposed models (at least that I am aware of) that are already used in the corporate world that I think would improve governance, with two possible exceptions: the two-tier board structure has some benefits, but I would argue even that is deficient to the challenges of 2030 for larger or more complicated listed enterprises without it being significantly modified or enhanced; and the use of advisory boards.

Other than that, I feel that the structures we see are largely homogenous, unimaginative, and ill-suited — again for larger or more complicated listed enterprises operating in more complex markets or ecosystems (for simpler organisations/environments the current structures may still be perfectly suitable).

Going beyond structures to other aspects of operating models, I think the biggest area of change will be in the use of technology especially AI: in some cases to remove (i.e., where it would "substitute" directors time) on "tedious" reading tasks, inefficient data gathering and processing/analysis and for some procedural checks (e.g., risk register checking); and in another time to supplement directors' abilities to make good decisions (scenario/ sensitivity modelling, fact-checking, de-biassing, etc). This is where I think the law/regulation will need to catch up. I could go on but those are my key front-of-mind views. What do you think?

Dmitriy Govorun: Thanks for your comments and sharing the idea about a generic definition for the role of the board. I'm glad you assume that directors on boards still have their positions in the long-term perspective. Of course, they improve performance with a lot of assistance from AI in routine procedures. I also support the idea that in the future many improvements lie in the sphere of technology upgrades and/or trends (not a digital hype). Perhaps, some of such trends will also assist boards in auditing and more transparency and as a result low risks with the help of algorithms and encryption of the information. The technological area plays an important role even today. Pandemic reality has forced corporations to upgrade quickly in accordance with environmental changes. And, of course, the role of AI will require regulation changes. But it should be done in a more “ecological” way than we may see today.

Karen Hogan: Hi Dean and Dmitriy, I found the questions raised interesting and also agree with Dean that technology and AI will be incorporated much more in the future. With so many changes in the insurance industries as it relates to directors and officers and insurance's willingness to pay claims as a result of triggering events, it points to huge opportunities for AI which will hopefully cut down on such events and reduce costs to companies as they can potentially lower premiums and risk at the same time.

Dean Blomson: Hi Dmitriy — I think the challenge will be a behavioural one for boards, i.e., to learn to trust properly vetted/verified AI systems to do their work, so as to free up directors for “higher order” conversations, thinking, etc. Maybe for certain systems e.g., for specialized AI bots that support audit/financial results support and reporting (for audit committees), or risk assessment/evaluation/tracking (e.g., for risk committees), etc., algorithms need to be audited. I agree with your points about how useful appropriate use of AI could be. I see it as a critical liberator of the director's time and capacity. So, like many things relating to AI, it's about co-existence and how to put “the human in the loop”, to deal with human dynamics, asking better questions of each other and the AI systems, etc. The bigger point here is to which extent and circumstances, legally speaking, can directors be justified (as a defence) in placing reliance on an AI system (as a liability defence). I think the law needs to catch up fast here…

Dean Blomson: Karen, I'm sure this will evolve with time — and once standards for verifying certain more procedural types of AI are set or reached, the underwriting sector will take some confidence that oversight/analysis/checking tasks are not going to be subject to human failure... or less subject to it. But this is outside of my area of expertise. What do you think?

Karen Hogan: Hi Dean, yes, I agree with you. It will be interesting as we see AI move into many operational tasks across the company. Certainly, we are seeing that in some of the financial sectors now just in terms of operations and compliance. It will no doubt expand out.

Dmitriy Govorun: Hi Dean, thanks for your reply and comments. Yes, probably, the law needs to catch up faster and to deal with basic principles and maybe the list of principles of corporate governance should be updated soon. At the same time, this is also a question of calibration models for AI to deliver results with a certain level of confidence.

A BIBLIOMETRIC ANALYSIS OF FAMILY BUSINESS: INSIGHTS FROM INTERDISCIPLINARY STUDIES

by Michalis Bekiaris, Pantelis Papanastasiou

Dmitriy Govorun: Dear Michalis and Pantelis, thank you very much for your participation and the topic presented for the discussion. Agree that family firms are very important for the EU economy and we have already received a numerous dataset/research set as to the topic. Of course, knowledge should be studied more precisely. During our conference in Rome several years ago we discussed the importance of interdisciplinary studies and agreed that the most interesting insights, new ideas, and innovations we receive on the edge of various studies and disciplines. This idea fits well with the study you conduct. You have pointed out that the goal of the research is "to construct systematic knowledge regarding patterns, trends, and impact of relevant publications through a visual approach". Which trends of those you have seen while making research you may define as such to be before the pandemic?

Pantelis Papanastasiou: Dear Dmitriy, first of all, thank you for the comments on our research. While our research is in the early stages, I admit that one of the trends before pandemic in family business research is that family control for the external environment depends on the institutional context and the stage of the economic cycle. The turmoil that has affected most economies around the world during the previous financial crisis has created a unique scenario for this type of investigation. Also, multiple rationality frameworks can provide a useful approach through which the interaction between the family, social, and business networks surrounding a business family can be viewed, supporting Moores' (2009) argument for using business families as a basis for analysis in relevant SME research.

Alex Kostyuk: I agree, Pantelis. Certainly, family control for the external environment depends on the institutional context. In the time of the pandemic, this is absolutely important as well as the wise regulation.

Pantelis Papanastasiou: Thank you for your comments! Family control and succession are always trending topics in family business research.

Pantelis Papanastasiou: This is a working paper and the methodology that we used is bibliometric analysis with data from the ISI Web of Science (WOS) database. Our study aims to identify key contributors, key areas, current dynamics, and suggests future research directions in the field of the family business using bibliometric analysis and visualization tools. Our goal is to show the state of the art of research on family business literature, identifying the annual evolution of publications on the topic, the most prolific journals, countries, authors, and institutions supporting research. You are welcome to comment and discuss our early-stage research paper.

Alex Kostyuk: Hi Pantelis, this is an excellent idea to write such a review paper. Certainly, family business literature differs from country to country. At least, the geographical specifics of such literature are very important to review. It is very valuable.

THE ADOPTION OF REPLACEMENT COST IN THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

by Matteo Pozzoli, Teresa Izzo, Francesco Paolone

Dmitriy Govorun: Thank you very much for your paper and ideas concerning the measurement of fair value. It is true that the concept of fair value is quite complex due to many factors influencing the final figure. Should your ideas and conclusions be applicable to a corporate sector as well? Appreciate your suggestions in advance.

Teresa Izzo: Thank you for your question. We hope you have appreciated our intervention. Replacement cost, as a research topic, has been investigated mainly focusing on private companies. For this reason, we conducted our study in public sector financial reporting. Nevertheless, we believe that several problems arise from the current valuation standards in relation to the application of the RC method, and they affect both public and private sectors. You will find more information about our research in the presentation uploaded. Do not hesitate to contact us if you have further questions or inquiries.

Alex Kostyuk: Hi Teresa, you have picked up an interesting issue concerning the problems that arise from the current valuation standards in relation to the application of the RC method for the private sector too. Could you clarify the most important problems in this context?

Teresa Izzo: Hi Alex, thank you for your question. RC is considered as a measurement base "observable in a market", currently used for the evaluation of specialised assets. In the case of a specialised asset (property or plant and equipment asset), its value is intrinsically linked to its use. However, if there is no longer demand for the asset being valued, it could be difficult to find market-derived inputs. It follows that the use of RC could be inappropriate in certain circumstances. This problem applies to the public sector, but particularly to the private sector.

Alex Kostyuk: I see this issue entirely, Teresa. Thank you. Your statement is very interesting: "If there is no longer demand for the asset being valued, it could be difficult to find market-derived inputs". Could you write an example from practice when it happens?

Teresa Izzo: In the public sector, a clear example may be given from heritage assets. The asset being valued could be a historical villa disused, for which it could be difficult to find a hypothetical equivalent asset. In the private sector, an example may be given by an industrial building structured to accommodate a particular production process or to provide specialised services.

Shab Hundal: Dear Teresa, Matteo, and Francesco, you have highlighted very interesting points. True and objective valuation of assets (and liabilities, of course) methods and strategies requires several dynamics and challenges to go through. The issue of ascertaining "fair value" has become even more important since the market values of assets fluctuate to the extent that historic values may start appearing to be "uninformative". The role of hedging instruments and their applications can become an important topic of research in this field.

Teresa Izzo: Dear Shab, thank you for your considerations. Your insight could be really interesting to be explored!

Dmitriy Govorun: Hi Teresa, thanks for the presentation and information provided. You have also pointed out interesting findings concerning various approaches to the definition in studied reports: "Replacement costs", "Depreciated replacement costs", etc. It might be also useful to look through the business environment/traditions where the concept is used. Thanks for an example with heritage assets. What would be a better option to use in this case to your mind for evaluation?

Teresa Izzo: Dear Dmitriy, thank you for your questions. As you underlined, we found different approaches to RC definition in the sampled reports, even if we considered only IPSASs adopter jurisdictions. As you suggested, the culture contest/business environment could surely have an impact on it. This aspect surely requires further investigations. In response to your second question, heritage and cultural assets are commonly valued at fair value or replacement cost. However, when no financial information could be ascribed to the assets (e.g., unique or sacred item or irreplaceable assets), it could be difficult and, in many cases, impossible to arrive at a reliable valuation. In these circumstances, relevant information on these assets should be disclosed in the notes.

Marco Venuti: Dear Authors, your research is very interesting. My compliments. I understand that it is difficult to measure the costs to replace the potential service of an asset. As a result of your research, you found that there are definitional problems related to confusion over the meaning of economic concepts of substitution and comparable utility. There is also the difficulty in finding market-ferived inputs. Moving from your findings, I'd like to know your opinion regarding different issues. What are your proposals? To change the definition? If yes, how? To adopt an alternative measurement basis? If yes, what? Other?

Teresa Izzo: Dear Marco, thank you for your intervention. We are glad you have appreciated our research. We believe that RC could be an appropriate measurement basis for specialised assets, whose fair value could not be reliably determined. At the same time, our findings could be seemingly explained by the lack of a consistently uniform approach to the RC method. We also believe that the market value assumptions may not be suitable in the case of the method investigated. Maybe the confusion derives from the misuse of RC that is from the presumption that the RC should be a method of estimating market value. In addition, the Exposure Draft recently published by IPSASB proposed the deletion of RC and its substitution with the current operational value. I can figure out that the real question implied in your intervention is "What is the future for RC?". We are developing our analysis in order to respond exhaustively (as possible) to this question too. We hope you will follow the developments of our research.

A HOLISTIC PERSPECTIVE ON DATA GOVERNANCE

by Anacleto Correia, Pedro B. Água

Dmitriy Govorun: Hi Pedro! Thank you very much for your holistic view on data governance. Agree that companies "produce and use an immense amount of data". I like your view that the data is characterized as companies' strategic asset. That means that assets should be carefully managed. Of course, we see that even not direct stakeholders like the government are interested in regulating the sphere. I mean the initiatives such as data protection regulation, etc. However, should data governance be even more regulated to your mind?

Anacleto Correia: Hi Dmitriy. Thank you for your question. Probably we have enough regulation. What we try to deal with in our work is how organizations can comply with such amount of rules, which can be contradictory amongst themselves, targeting all levels from corporate to operational levels.

Pedro B. Água: Hi Dmitriy, I couldn't agree more with Anacleto's answer.

Karen Hogan: Anacleto and Pedro, thank you for this interesting paper. In the states, companies are moving to a more data-driven environment as well and in my mind, a good enterprise risk management solution for them would be to fully explore major risks for not only financial but operational and strategic risks as well. Sometimes in our data-driven world, we look to only find answers in the numbers when in fact we can usually gleam very relevant data out of detailed interviews of curtail areas. Who would know better what the killer risks for the company would be than those who know the area best? Creating ranked probability assessments from those interviews could help identify and then simulate major risks that might otherwise go unnoticed. Many companies think they do risk management efficiently but in reality, unless it is holistic with buy-in from all levels of company bureaucracy it rarely identifies those things that could be major issues.

Anacleto Correia: Thank you, Karen for your insightful thoughts. I do agree with you on the importance of doing risk management through a holistic approach.

ADOPTION OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES IN GERMAN SMES — RESULTS FROM AN EMPIRICAL STUDY

by Patrick Ulrich, Vanessa Frank, Mona Kratt

Tariq Ismail: Dear Patrick, Vanessa, and Mona. Thanks for the idea of the paper. The motivation of the paper is not clear enough. Pinpointing the use of technology in SMEs in Germany does not consider the productivity paradox; hence, there is a need to test the impact of using AI on performance, to see whether using and investing in AI would enhancing performance. So, I encourage the authors to consider this.

Alex Kostyuk: Hi Patrick and colleagues, welcome to participate in our conference discussion forum. Your paper is very interesting from the point of view of the internal potential of the companies to succeed in implementing the decision related to AI. It seems that you found that the top-management of the companies is the least prepared to manage all these AI-related issues. What are the reasons for this and does it depend on the industry the company belongs to?

Vanessa Frank: Thank you very much for your comment! We will take this into account in our further evaluations.

Vanessa Frank: Most of the subjects in the study actually reported working in the service sector. Further studies are also to address the question of a correlation with company size.

Pietro Pavone: Interesting work.

Vanessa Frank: Thank you.

CASE STUDY OF INDIA'S LOW ECONOMIC POLICY UNCERTAINTY DURING THE COVID-19 PANDEMIC

by Anurag Agnihotri, Max Dolinsky

Dmitriy Govorun: Dear Anurag and Max, I appreciate your participation. You've pointed out that governments may consider the Indian approach in order to mitigate the costs associated with elevated EPU. May you please specify for us the key points/characteristics of such an approach? The second question will be regarding the interactions between corporate decisions and policies. You have also stated that scientific literature finds significant adverse effects on corporate decisions prior. Such effects include a reduction in capital investments, payouts. Which of those effects have you studied in your paper? What was influenced by COVID-19 in India the most?

COULD DIGITAL TECHNOLOGIES HELP IMPROVING MANAGEMENT ACCOUNTING IN PANDEMIC TIMES?

by Patrick Ulrich, Mona Kratt

Alex Kostyuk: Hi Patrick and Mona, you have investigated a very interesting issue in your paper as your research results can deliver more sustainability to SMEs and family firms. You concluded that the results of this study show that although some companies have recognized the relevance of cyber risks as well as cybersecurity, there is often a lack of strategic organizational implementation in order to successfully master the challenges that companies face. Does it mean that this is an issue of organizational practices? What is the role of the owners of SMEs to succeed?

Mona Kratt: Hi Alex, first of all, thank you for your questions. With regard to cybersecurity, there are definitely organizational aspects that are not fully developed in SMEs. For example, the corporate strategy often lacks certain guidelines that employees can follow. There are also often too few processes for detecting risks or corresponding training courses for employees. However, a well-developed cybersecurity strategy is a prerequisite for the use of intelligent technologies - whether in management accounting or other departments. And it is precisely here that the owners play a significant role, shaping the corporate strategy and consequently the way cyber risks and security are handled.

Alex Kostyuk: Thank you, Mona. You have just highlighted the significant role of shareholders. I agree. At the same time, the board and top management should realize that their expertise meets the abovementioned request. It seems to me that the organizational issue is the most important and critical in this case.

Mona Kratt: You’re right. SMEs still have some catching up to do, particularly with the strategic organizational implementation.

Tariq Ismail: Hi Patrick and Mona, thanks for the interesting paper. It seems to me that you can enrich the paper by considering the gender diversity of owners/managers as one of the determinants of using digital technology related to management accounting in SMEs in Germany. Furthermore, you can test the impact/effects of using digital technology in management accounting on firm performance.

Mona Kratt: Hi Tariq, thank you for the suggestions. Both aspects are very important and we will take them into account in further evaluations. Especially the aspect of gender diversity could be interesting.

Eugenio Virguti: Hi Mona, I read your abstract and found it quite interesting, considering that also in our country (Italy) SME’s account for a large part of the GDP. I was wondering whether you were able to investigate, in conducting your research, to what extent management accounting and financial reports are capable of influencing business owners and their families in their decision-making process. Thanks. Eugenio.

Mona Kratt: Hi Eugenio, the focus of our research so far has been mainly on the potentials and barriers of introducing new technologies in management accounting. However, the extent to which controlling and financial reports influence the decision-making process is also a very interesting issue that we will consider in further research. Thanks for your input!

Andrea Fradeani: Hi Mona, your abstract is interesting. I would stress two aspects: the analysis of the type of software used to improve management accounting; the effect of the use of standard formats to digitally code data, although not intended for external disclosure, in a machine-readable way such as XBRL-GL.

Mona Kratt: Hi Andrea, thank you, these are all important aspects that also still have research potential.

COMPLIANCE VIOLATION IN GERMAN FAMILY BUSINESSES: FREQUENCY, DETECTION, COUNTER MEASURE RELEVANCE

by Nicole Bartosch

Dmitriy Govorun: Dear Nicole, thanks for your paper and investigation of such an interesting topic as compliance. There is a point of view that says that there is too much compliance and regulations are present today. On the other hand, compliance should mitigate or reduce risks in business and make control much easier. But in each case, we expect that the following compliance means associated costs. How have you included the question concerning the cost of compliance for family firms under investigation into your study?

Nicole Bartosch: Dear Dmitriy, thank you for your feedback! The second question of my research project (RQ 2.2) relates to the requirements for appropriate compliance instruments and programs. This question will be answered on the basis of interviews with family businesses. In this way, limited resources of family businesses, such as money, time, and personnel, can also be taken into account.

Dmitriy Govorun: Dear Nicole, thank you very much for the details as to RQ 2.2. You may also try to ask them concerning their perception about associated costs with compliance. Probably there will be biases between available resources to cover costs and the perception of such. Thanks for sharing your ideas in your paper.

INSIDER TRADING ON THE GERMAN CAPITAL MARKET — CAN INSIDERS ACHIEVE EXCESS RETURNS THROUGH THEIR INFORMATION ADVANTAGE?

by Patrick Ulrich, Dennis Anselmann

Dmitriy Govorun: Hi Patrick and Dennis! Thank you very much for your participation in such an interesting topic as insider trading. This question received strong attention especially from regulators for many years in a row.

Thanks for sharing your approach in defining the relations between information advantage and extra returns. Stricter regulation was aimed to change the returns achievable by insiders. You have stated that despite the existence of regulation, it is evident that insiders can achieve significant excess returns, presumably on the basis of non-public information. To your mind which part of regulation has let them have access to (to use) non-public information and should be upgraded?

Dennis Anselmann: Dear Dmitriy, thank you for your question! I think that the current regulation, especially when comparing it to previous ones, is serving its purpose quite well. However, the regulation can be as good as it gets, as long as its execution and the prosecution of insider trading is lacking in efficiency, there will be excess returns available for insiders.

However, improving the efficiency of the prosecution is difficult, as it needs to be proven that the trading was based on insider information. With this hurdle, I think that introducing strict non-trading periods, such as blackout periods before disclosure events, is the best way to prohibit excess returns from insiders.

Dmitriy Govorun: Hi Dennis, thanks for sharing ideas on non-trading periods. This suggestion looks interesting and I also agree that regulation is good when it is executed. So, probably, we should look into algorithms of internal checks/controls of enormous deviations in trading from the one side and stimulus to exclude excess returns in trading on corporate strategies level.

CREATING AND MAINTAINING EMPLOYER BRAND DURING COVID-19 IN NGOs: NOT A LUXURY, BUT AN IMPERATIVE

by Mohammad Ta'Amnha, Ghazi Samawi, Metri Mdanat

Dmitriy Govorun: Dear Mohammad and colleagues, appreciate your participation in the conference. It was interesting to read about the employer brand of NGO's. You have researched and outlined many ways how to deal with employees to keep the brand attractive for them. Which of the studied instruments may be of use for the corporations to raise EB loyalty? It would be interesting to see updates with the same interviews in 2020 and 2021 and to check if there are any differences in trends/replies. Besides this have you measured the level of the perception of employees' performance while interviewing them? Have they felt that their performance was raised in comparison to prior periods after receiving support from the brand? The next comment is regarding the quantitative analysis. Agree that there should be more data for analysis. You may take additional industries and/or NGOs in other countries. It will give a dataset to work with and I encourage you to continue researching the topic.

Mohammad Ta'Amnha: Yes, I believe it will be very interesting topic that we will consider in our research this year. Besides this have you measured the level of the perception of employees' performance while interviewing them? Have they felt that their performance was raised in comparison to prior periods after receiving support from the brand?

A very interesting point but it was not my focus in this research. However, in one of our research that is under review currently, we found that the mean of the in-role performance of humanitarian workers is 4.18 that indicates that their performance during COVID-19 was high.

The next comment is regarding the quantitative analysis. Agree that there should be more data for analysis. You may take additional industries and/or NGOs in other countries. It will give a dataset to work with and I encourage you to continue researching the topic.

Many thanks for your advice; surely we will consider them in our future research.

A CORPORATE GOVERNANCE PERSPECTIVE ON IT GOVERNANCE

by Anacleto Correia, Pedro B. Água

Dmitriy Govorun: Hi Pedro and Anacleto, thanks for the comprehensive outlook on IT governance. You have mentioned that effective IT control and accountability should help boards to have a full understanding of strategy and growth directions. Do you assume that having a fast-growing trend in technology development we may receive fully IT governed and algorithmic decisions by boards? I mean do you expect that IT will go further up to the “must use only” infrastructure for directing business? Thanks in advance for your comments.

Anacleto Correia: Thanks Dmitriy for your insightful comments/questions. Since boards don’t have the overall picture of the evolution and complexity of IT, a dialect process is needed with those who know the nuts and bolts of IT architecture. Nevertheless, cloud computing reveals more and more utilitarian IT.

Dmitriy Govorun: Thanks for your comment. Who should handle all these issues at the board level — should we expect to see, let’s say “IT Governance Committee”? You have mentioned really many standards and other regulatory documents the company should be in compliance with (except for business architecture). Thanks for sharing those documents and regulatory frameworks. Appreciate that.

Anacleto Correia: Indeed, an “IT Governance Committee” as an advisory group, including the CIO, seems to be a possible solution.

Dmitriy Govorun: Thank you very much for your reply and the idea of an “advisory group” for the IT function.

The second question I would like to clarify is regarding the perspective of technologies. You have pointed out that we should expect sufficient spending on ICT. Robotic startups/companies successfully use IPO to receive funding. This, of course, points to the importance of technologies in terms of IT governance. However, what are your thoughts regarding the blockchain as a possible technology for AU or BP in your proposal (scheme)? Should it reduce risk and lower disclosure issues and data manipulations?

Anacleto Correia: Since blockchain ensures the inviolability of the registers through cryptographic algorithms, it reduces the risk of frauds. However, the scheme tries to be conceptual given room for different kinds of technological implementations.

EU ESEF MANDATE AND THE RISK OF COMPARABILITY: THE CASE OF THE ITALIAN BANKING INDUSTRY

by Eugenio Virguti, Andrea Fradeani, Marco Venuti

Alex Kostyuk: Hi Eugenio, Andrea, and Marco. Welcome to participate in our conference forum. I fixed that you found the need for large use of extensions by Italian banks in order to adequately tag their financial statements. Does your proposal concern both listed and not listed banks in Italy? I agree with you that if it is not regulated it will create a negative impact on the quality of banks' communication to the market and to supervisory authorities and, what matters most, may be misleading for international investors that seek investment opportunities in Europe. Do you mean the negative influence both on the balance sheet performance as well as the market value of the banks?

Andrea Fradeani: With reference to the first question, the ESEF format is currently mandatory for listed banks: our work is designed for such Italian banks. In any case, if the use of the ESEF were extended to unlisted Italian banks, the same problem would arise and therefore it is also important for these banks with IFRS financial statements to develop both guidelines and a proper number of supervisory-approved extended taxonomies.

Andrea Fradeani: With regard to the second question, I believe that the negative effects could also influence the market value. This is due to the possible deterioration in the quality of information perceived by investors in the case of the use of numerous extensions.

Eugenio Virguti: Hi Alex, thanks for your comment. We had to fill a gap by using "standardized" extensions since banks' and insurance undertakings' financial reports are regulated by supervisors. The same happens in other EU countries (such as Hungary and others). So we spent a lot of effort together with banks, insurance companies, and supervisors in finding the right extensions owed to a gap in the IFRS/ESMA taxonomies and the strict rules for financial reports in some countries. The very first results of ESEF Annual Financial Reports already filed this year (there has been a 1-year delay in most EU countries), have shown that in many cases lack of comparability is not just at risk, but it's a certainty. As you correctly noticed, this is certainly going to mislead international investors that seek to allocate savings to EU capital markets.

CORPORATE GOVERNANCE & INTERNAL AUDIT AT GREEK MUNICIPAL ENTERPRISES IN THE COVID-19 ERA

by Michail Pazarskis, Andreas Koutoupis, Maria Kyriakou, Stergios Galanis

Dmitriy Govorun: Dear Michail, Andreas, Maria and Stergios, good morning. Thank you very much for sharing your ideas and research on internal audits in Greek SOEs. While concluding the results of the study you advised that boards of municipal enterprises should be accompanied by a member with administrative experience. This may bring better performance as a result of better decisions. Do you assume that such board members may be from the private sector and it may give the effect similar to internal audit functions performed by private auditors?

Tariq Ismail: Dear Michail, Andreas, Maria, and Stergios. Thanks for the interesting paper discussing internal audits in Greek SOEs. I have a couple of comments to be considered to extend your work. 1) The results should be interpreted carefully; as the paper depends on interviews with only a very small number of participants (11 persons as employees, finance directors, and elected officials), hence it cannot be generalized. 2) What are the lessons drawn from the paper? What are the empirical implications of the paper to different stakeholders? Without such implications the findings are vague.

Stergios Galanis: Dear Dmitriy and Tariq, thank you for your comments, questions, and remarks regarding our extended abstract.

Indeed, Dmitriy, you rightly noticed that one of the results that emerged from our research has to do with the need for people with increased administrative experience to participate in the boards of Greek SOEs. In any case, the interviewees indicate the participation of persons with similar professional experience in the boards, having as experience the participation of individuals in the tax dispute resolution committees of the municipalities, coming from the private sector and specifically from the profession of tax consultants and accountants. It is also our belief that the participation of individuals with administrative experience in the boards will have similar results to those that have emerged from several studies due to the participation of auditors from the private sector in the internal audit of municipalities and municipal enterprises.

In addition, dear Tariq, indeed in the limitations of our research are the fact that we address with unstructured live interviews to only 11 municipal managers of municipal enterprises and exclusively in one region of Greece, that of Serres. However, we honestly state in our extended abstract that in the future we will proceed to an extension of our research to a larger sample in more regions of Greece and with the participation in the circle of interviewees and experts from the field of private companies. Besides, it is unusual to be examined thirty or more unstructured live interviews in a paper. In any case, despite the restrictions, in this first approach to a sample that has to do with one of the largest regions in Greece, Serres regional unit of the region of Central Macedonia, the responses of those involved in municipal enterprises yielded results, as each side through its own experiences gives its suggestions. For example (see our paper), "officials of financial departments note that municipal enterprises must offer their full range of services electronically to be easily accessible to citizens remotely due to the COVID-19 pandemic. Elected officials, point out their difficulty in making the right decision on complex mainly financial issues without the suggestion of an expert on the subject". Finally, the moral of our research is that the different players in the management of municipal enterprises have their vision and their proposals and one should take them seriously if wants to achieve the best possible results in the application of the principles of corporate governance in municipal enterprises.

INTERNATIONALIZATION OF FAMILY FIRMS-CHALLENGES AND OPPORTUNITIES IN RUSSIA

by Shab Hundal, Tatyana Kauppinen

Alex Kostyuk: Hi Shab, welcome to our conference forum. I found your paper very interesting from the point of view of the critical issues the paper picked up. For example, you mentioned that "FFs lay significant emphasis on innovation. The enterprises underpin financial strength as a key parameter to repay the financial debt, do better debt-servicing, and reinvest profits to expand business operations. Internationalization has been reckoned as an engine to achieve the abovementioned financial strength". So, we are talking about innovation that is a function of investments in knowledge and fixed assets. It seems that this function also depends on the influence of the State. What is your vision of this case?

Dmitriy Govorun: Dear Shab, thanks for your paper concerning family firms (FFs) and governance in Russia. You have noticed key challenges Russian FFs received as a result of MPP and actually have to deal with that: "ineffective internal controls, accounting data manipulations, higher incidence of related party transactions, depletion of minority shareholders' rights, weakening of property rights of foreign investors and lowering the quality of financial reporting, among others". Of course, many years have passed since the MPP. However, to your mind and the mind of interviewed CEOs which of mentioned issues are still not resolved? I appreciate your ideas on this.

Shab Hundal: Hello Alex. Thanks for sharing your very insightful comments. Since the FFs (especially, the smaller organization) do not have the resources, network capital, and credibility as much as their larger counterparts do have, therefore, innovation becomes a vital tool to become successful, both in the domestic and international market. You have made a correct observation that, first, innovation is a function of investments in knowledge and fixed assets, and second, the role of the State is highly crucial. I have replied to the first observation already above. Regarding the second point, it has been highlighted in the abstract of the paper that "Similarly, the government's directives to set-up business operations at certain specified business facilities, at the exorbitant costs though, has created a downward pressure on the profitability of FFs". In other words, the Russian State can encourage and promote FFs through various fiscal, technical, and logistic incentives.

Shab Hundal: Hello Dmitriy Govorun, I appreciate your valuable comments and observations. The fallouts of the MPP have been observed to so severe that the CEOs of several FFs still consider them as big challenges. As a matter of fact, more issues have emerged as spinoffs of the unresolved previous issues.

Dmitriy Govorun: Hello Shab, thank you very much for your reply and comment. Interesting to hear that some of the interviewed CEOs pointed out the long-term effect of unresolved key issues of CG. So, opportunities are in resolving mentioned issues by the State. It would be interesting to know which of the studied issues in corporate governance (not only for FFs) do you expect to be handled firstly? Expect mentioned fiscal, logistic, and technical incentives in your previous reply? Thanks in advance.

Alex Kostyuk: I with you absolutely, Shab. The State policy toward supporting the family firms is crucial. As for the emerging countries, with not matured business rights protection systems, with weak transparency, and probably a high level of corruption, family firms can suffer a lot.

Shab Hundal: Hello Dmitriy Govorun, as I mentioned in my previous reply, the State can provide much-needed fiscal, logistic, and technical incentives to firms, in general, and small-sized FF, in particular, as the latter category of firms experience resource bottlenecks more often than not. The near-consensus of respondent CEOs in the current study expressed their concern over the absence of the role of the State as a resource mobilizer/provider/facilitator. On the contrary, rent, and other tariffs imposed on the small enterprises for the usage of mandatory services of business parks promoted by the State are exorbitant. The current study takes into consideration the absence of the abovementioned incentives.

The other role of the State has been very eloquently stated by Alex Kostyuk. The State must create a protection and corporate governance system that caters to the need of the smaller enterprises.

PERCEPTIONS OF JOB QUALITY AND PERFORMANCE IN B CORPORATIONS: EVIDENCE FROM THE BEST PERFORMERS IN THE US

by Agni Dikaiou, Walter Wehrmeyer, Michela Vecchi, Angela Druckman

Dmitriy Govorun: Hi Agni, thank you very much for participating in the conference. While interviewing CEOs did they mention (or have you felt this while analyzing the results) post-covid challenges in replies? Or this was not an issue for them? Did you actually find the influence of quarantine on CEO and HR managers' perceptions of job quality and productivity and CSP? It's good to hear your ideas on that. I also believe that arranging more interviews and comparing several countries from similar governance models may also bring interesting insights. Thanks in advance.

Agni Dikaiou: Hello Dmitriy, thank you for your questions. The interviews were conducted in person before the pandemic; therefore COVID did not play any role in the analysis of results. The dates are more explicitly mentioned in the full paper. It would be interesting indeed to increase the sample for more B Corporation within the US or around the world or other similarly CSR-driven companies. A comparative study would definitely be worthwhile.

Alex Kostyuk: Hi Agni, welcome to our conference forum. I found your paper quite original from the point of view of the methodological context and conceptual vision. When you are talking about CSP and productivity, you mentioned that CSP could be supported by the investments of the company in employee training. That is true value. What do you think about similar investments in executive training or probably education-related for example to new issues like ESG or AI?

Agni Dikaiou: Hello Alex and thank you for your comments. Investment in employee training, continuous education, and the development of their capabilities was highly prioritized in these best performers. These companies worked closely with their employees in identifying and promoting CSR practices for the purposes of certification and further annual reporting, which means that they were engaging in continuous education regarding sustainability practices. Leadership style was also found to drive CSP upwards, indicating that executive training in leadership and management practices would certainly promote higher CSP as well. The companies were also asked about incorporating software and potentially AI in measuring their CSP against their KPIs and they were mostly open to using AI and technology as metrics for strategic CSR planning and execution.

Alex Kostyuk: I see your point, Agni. What do you think if such sort of CSP could be addressed to the training related to ESG or AI of all directors of the board, including non-executive? It seems to me that recently such sort of practice is not widely used.

Agni Dikaiou: The leadership team needs to understand the importance of the implementation of certain practices that will enhance the performance of the company. Since both ESG and AI are relatively new concepts in the corporate world, the leadership needs to have a sufficient understanding of the benefits and costs of the incorporation of new tools and practices, therefore education and training of the board, executive, and non-executive, as you mention matters.

Agni Dikaiou: However, ESG and AI are rather different in their execution. What I found in my research is that the size of the company for example was not such a big issue when it came to implementing ESG, as both the workers and the leadership were driven by personal intrinsic motivation to care for the environment and the communities, therefore, they chose to overcome any technical obstacles. They were willing to go the extra mile to be informed and excel in their CSP, regardless of their size.

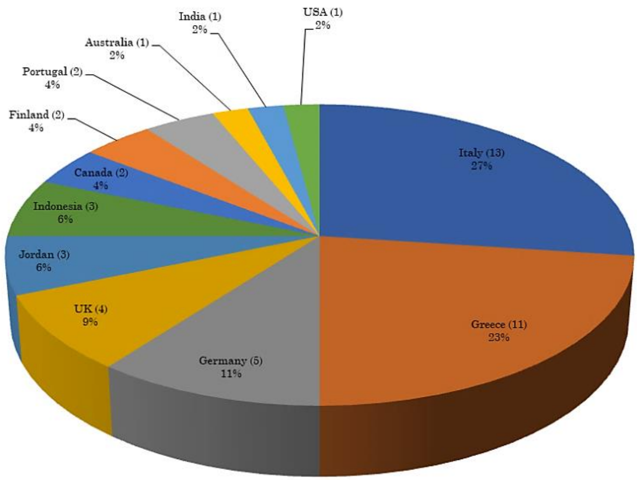
Agni Dikaiou: The case with AI, I believe, is different because the motives are different. The motives for AI introduction and implementation are usually financial, for the purposes of productivity maximization and labour cost reduction. Therefore, even though both ESG and AI training would be beneficial for the leadership of certain companies, internal resistance to change may manifest depending on the motivation, size, and mission of the specific company and its board.

Alex Kostyuk: Dear Agni, thank you for participation in our online conference forum. Your contribution was very valuable. All conference materials and even comments from all participants during the conference discussion forum will be published in the conference proceedings. We expect to publish the conference proceedings book by June 10. The book will be open-accessed, so all those wishing to read the materials of the conference and comments will be able to read it for free and cite not only the conference presentations but also the comments of all participants. This is a practice we introduced when arranging our first online conference in May 2020. Doing so, we formally attribute all ideas generated during the conference forum to the authors of ideas (conference participants). This is our respect for the contribution of the participants. Also, you are welcome to consider your full papers for publishing in our journals. Furthermore, we expect to arrange our next conference in November 2021. Track updates on our website www.virtusinterpress.org. Also, we have some preliminary agreements with our colleagues from Europe to arrange the conference at place (not online) in spring 2022.

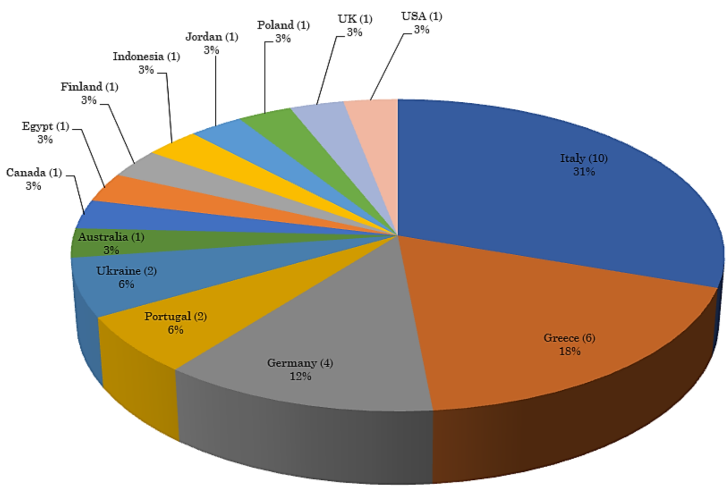
CONFERENCE INFOGRAPHICS

1. Conference forum participants, discussants, attendees

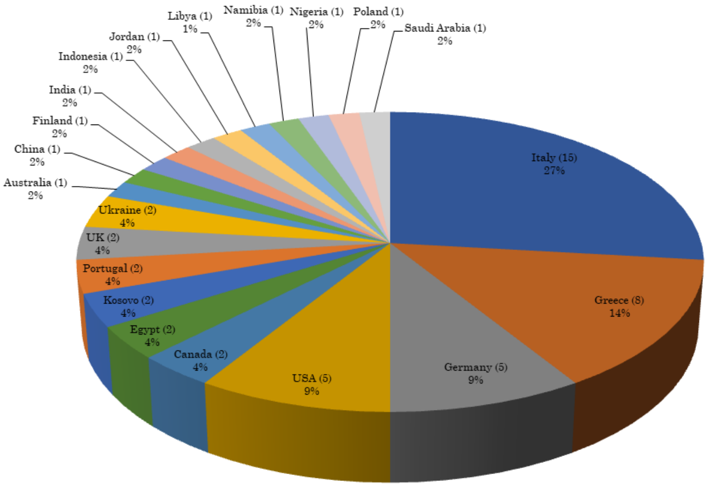
Conference forum presentations authorship — geographical representation



Conference forum comments authorship — geographical representation

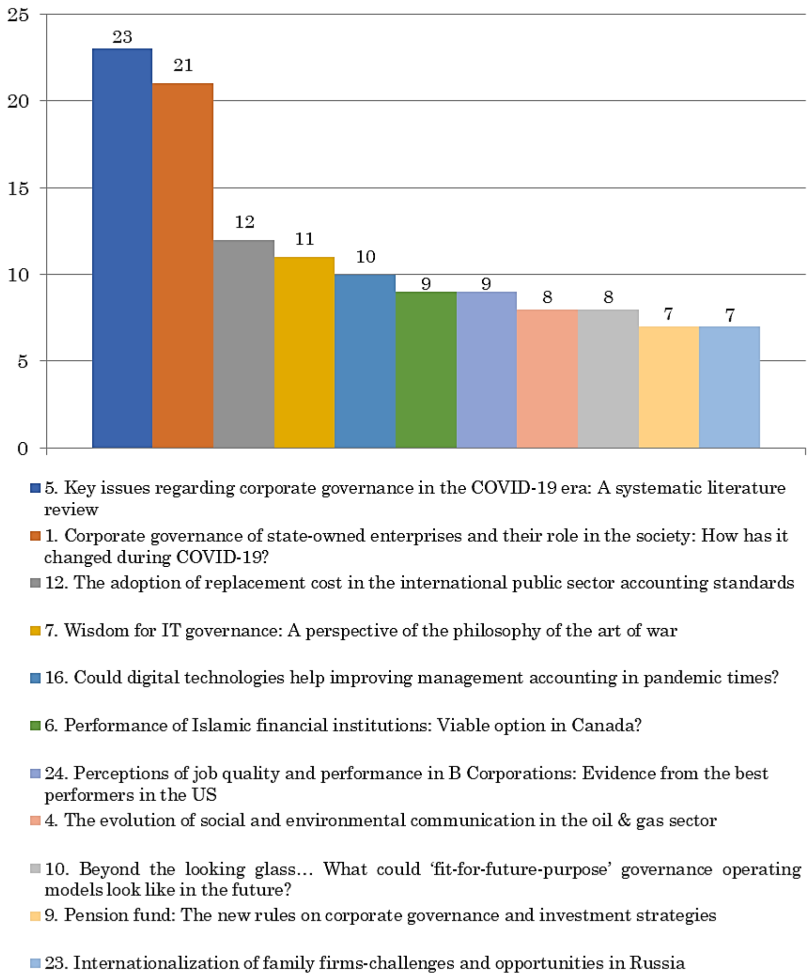


Conference forum attendees — geographical representation

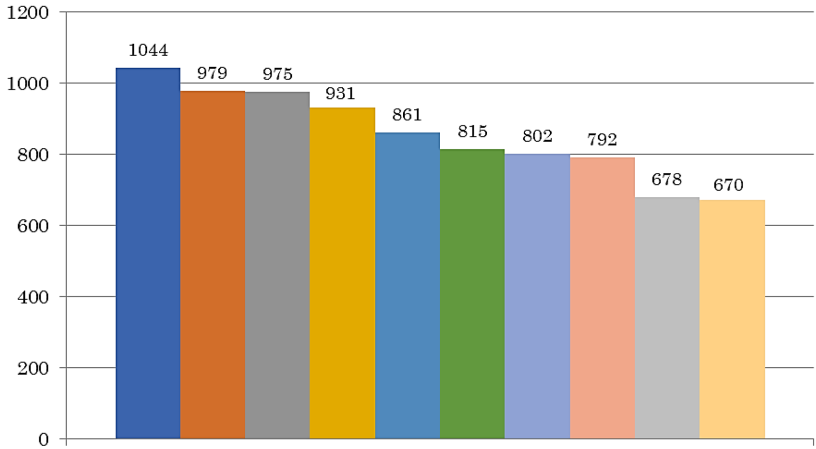


2. Conference forum presentations and comments

Conference forum comments — top most discussed presentations (by number of comments)

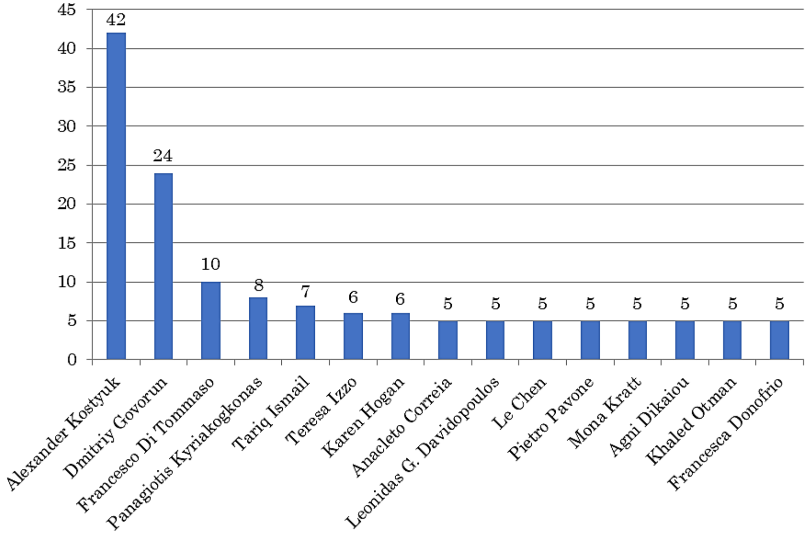


Conference forum comments — top most discussed presentations (by volume of comments (words))

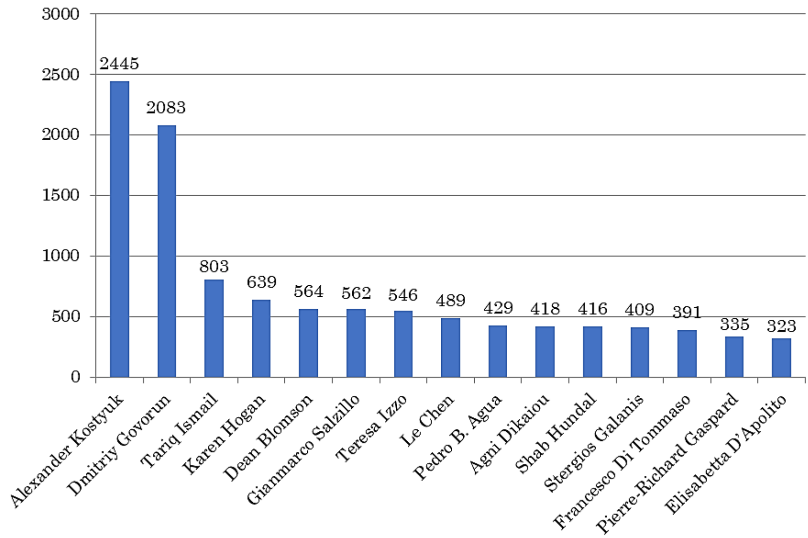


- 1. Corporate governance of state-owned enterprises and their role in the society: How has it changed during COVID-19?
- 6. Performance of Islamic financial institutions: Viable option in Canada?
- 10. Beyond the looking glass… What could 'fit-for-future-purpose' governance operating models look like in the future?
- 12. The adoption of replacement cost in the international public sector accounting standards
- 5. Key issues regarding corporate governance in the COVID-19 era: A systematic literature reviewc
- 24. Perceptions of job quality and performance in B Corporations: Evidence from the best performers in the US
- 7. Wisdom for IT governance: A perspective of the philosophy of the art of war
- 4. The evolution of social and environmental communication in the oil & gas sector
- 9. Pension fund: The new rules on corporate governance and investment strategies
- 23. Internationalization of family firms-challenges and opportunities in Russia

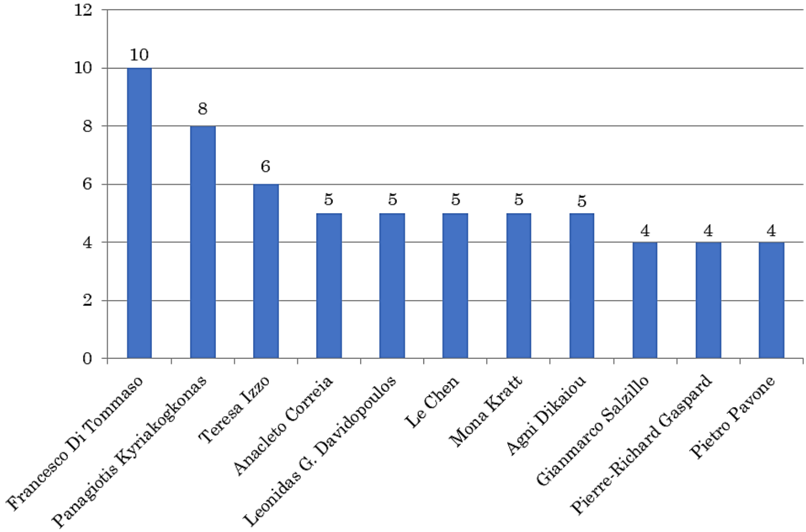
Conference forum comments — top most commenting discussants (by number of comments)



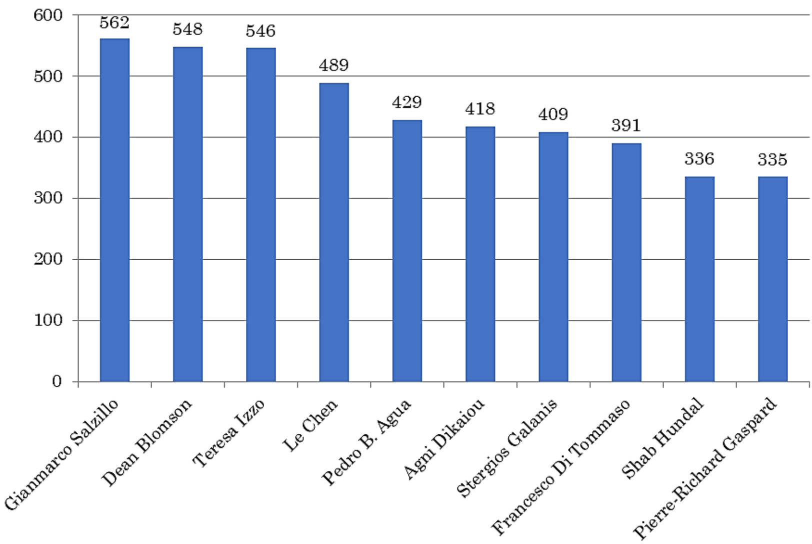
Conference forum comments — top most commenting discussants (by volume of comments (words))



Conference forum comments — top most commenting presenters (by number of comments)



Conference forum comments — top most commenting presenters (by volume of comments (words))



CONFERENCE FORUM DISCUSSANTS INDEX

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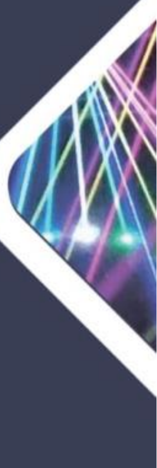

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