CORPORATE BOARD: ROLE, DUTIES & COMPOSITION

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EDITORIAL

Dear readers!

This issue of the journal is devoted to several issues of corporate board practices.

Nazrul Hisyam Ab Razak and Salmi Huwaina Palahuddin examine the effectiveness of some corporate governance variables to monitor management behavior with the respect to their incentives to manage earnings. A set of 200 Malaysian listed firms for the year 2007 to 2011 in Bursa Malaysia have been investigated to analyze the relationship between corporate governance and earnings management. The corporate governance variables examined are CEO duality (when the chairman and the CEO is the same person), the proportion of independent non-executive directors and board size.

Katja Rost tests whether the uncertainty reduction argument can be applied to corporate governance and in particular to the social embeddedness of corporate elites. It is analyzed whether the structure of the network in which corporate elites are embedded has an impact on the volatility of stock prices, i.e. whether social embeddedness reduces investors' uncertainty about the future value of company's shares. It is argued that social ties via common board or club membership are an important social mechanism to solve fundamental coordination problems in markets. In particular for ill-structured tasks like stock price valuation social networks are helpful by reducing the risks of market exchange, by establishing a common base of recognition and by getting actions and blocking actions. The empirical setting is the Swiss banking sector. The data set contains 150 quarterly observations of 30 banks with 633 different office holders. During their term of office these corporate elites were affiliated with 1,734 different associations leading to 38,996 quarterly links.

Naoki Watanabel and Hideaki Sakawa examine whether or not the role of outside statutory auditors are effective post the amendment of commercial law in Japan. By this amendment, Japanese large firms are urged to appoint at least one auditor. Under bank-dominated corporate governance, the monitoring role of outside auditors do not seem to be strongly expected. The empirical question arises of whether outside auditors in Japan are effective monitors or not post the amendment of commercial law.

Mohammed M. Soliman, Aiman A. Ragab and Mohammed B. Eldin examine the link between corporate governance structure and firm' financial performance in Egypt. The data for analysis are gathered from manual review of the financial statements and websites of the thirty enterprises that make up the (EGX 30) covering the four years period 2007-2010.

Mohamed A. K. Basuony and Ehab K. A. Mohamed examine the determinants and characteristics of voluntary internet disclosures by listed companies in Oman. This paper uses archival data from listed companies on Muscat Securities Market (MSM). Binary Logistic Regression analysis is used to examine the determinants of internet financial reporting. The results of this study reveal that ROA is one of the factors that impacts internet financial reporting. Also, the results reveal that ownership concentration has a negative effect on the internet financial disclosure. The paper provides insights into corporate internet disclosures in the GCC countries that will benefit all stakeholders with an interest in corporate reporting in this important region of the world.

Emma Grech tackles a question whether it is acceptable, in this day and age, for the non-executive director is post which deserves a proper defining of its role and obligations within hard law. A brief comparison to foreign jurisdictions has been included for the sake of completeness.

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