CORPORATE
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EDITORIAL

Dear readers!

The recent issue of the journal Corporate Ownership and Control pays attention to issues of corporate social responsibility, risks management, audit issues, corporate codes etc. More detailed issues are given below.

Sujani Thrikawala, Stuart Locke, Krishna Reddy examine the impact of corporate governance practices of microfinance institutions (MFIs) on outreach to the poor people in Sri Lanka by using three outreach variables. *Ziad Mohammad. Zurigat, Nadia Jawdat* aim at testing the partial adjustment model of cash holdings to investigate whether Jordanian industrial firms have a target cash holdings and how fast they move toward that target when any target deviation exists. The results of the research of *Turki Al-Sabah* signify a negative relationship between the firm's financial leverage and dividend payout ratio. *Samer Khalil, Assem Safieddine* examines governance-related issues within Middle East family businesses. They construct a governance index and use a probit model to examine whether family-related variables can explain the level of corporate governance.

Graziella Sicoli, Paolo Tenuta analyse the concept of going concern on the one hand, through a case study of three companies which have recently come under observation of the CONSOB and have been inserted in the so-called "black list" and, on the other, the consequences that the removal of the presumption of continuity can have on the kind of assessment the auditors make. *Rajni Mala, Parmod Chand* examine whether the accuracy of judgments made by accountants varies as a consequence of their level of confidence, and whether their confidence in exercising judgments could be enhanced by greater familiarity with IFRS. *Sutaryo Sutaryo, Yediel Lase* investigate the effects of auditor characteristics on local governments' audit delay by studying 127 Indonesian local governments. *Agung Nur Probohudono, Eko Arief Sudaryono, Nurmadi Harsa Sumarta, Yonatan Ardilas* examine the impact of ownership, corporate governance and mandatory tax disclosure on voluntary financial disclosure in Indonesia using 102 Indonesian listed companies in the period of 2009 to 2012.

Hayat M. Awan, M. Ishaq Bhatti, Zahid Razaq investigate the financial management performance involved in increasing the firms' profitability. *Reem Khamis, Wajeeh Al-Ali, Allam Hamdan* examine the relation between ownership structure and corporate performance; the sample of the study included 42 out of 48 companies (resembling 87.5% of the population) of all sectors in Bahrain Stock Exchange in five years from 2007-2011. *Mahlomola Khumalo, Andries Masenge* investigate the relationship between CEO remuneration and firm performance. *Roderick Bugador* views the network of control in a corporate business group as its source of competitive advantages.

We hope that you will enjoy reading the journal and in future we will receive new papers, outlining the most important issues and best practices of corporate governance!

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the absence of any pre-existing literature on the Middle East market provides the motivation to evaluate the corporate governance practices of Middle East family businesses. Authors construct a governance index and use a probit model to examine whether family-related variables can explain the level of corporate governance. It is found that the majority of boards had a prevalence of family members and a low proportion of independent directors.

AUDIT, ACCOUNTING & REPORTING

The present work aims to analyse the concept of going concern on the one hand, through a case study of three companies which have recently come under observation of the CONSOB and have been inserted in the so-called "black list" and, on the other, the consequences that the removal of the presumption of continuity can have on the kind of assessment the auditors make. The aim of the present work is twofold: the first part analyses the principle of going concern from a business and economic perspective. Once this has been completed, the work will go on to offer an overview of the dynamics that can bring a company to a crisis point, and how these affect the judgments expressed by the auditors.

Research on how accountants could increase their confidence in interpreting and applying IFRS is lacking. This study examines whether the accuracy of judgments made by accountants varies as a consequence of their level of confidence, and whether their confidence in exercising judgments could be enhanced by greater familiarity with IFRS. The results of the study support that accountants who are more confident make judgments that better reflect the economic substance of a transaction than accountants who are less confident. The results further indicate that familiarity with IFRS enhances the confidence of accountants and the most accurate judgments are made by those accountants who are not only familiar with IFRS but also have confidence in their judgments.

Overdue financial statements reporting, more specifically audit delay, can cause losses in its capacity in decision making. We investigate the effects of auditor characteristics on local governments' audit delay. We find that auditor professional proficiency and auditor educational background have significant effect on the audit delay of local government financial statements. Our results also indicate the intersection of some auditor characteristics in affecting audit delay. Our findings mainly suggest that the auditor professional proficiency should be improved to shrink audit delay.

This study examines the impact of ownership, corporate governance and mandatory tax disclosure on voluntary financial disclosure in Indonesia. The results show that proportion of independent director, managerial ownership, institutional ownership, foreign ownership and mandatory tax disclosure are assosiated with voluntary financial disclosure. Analysis reveals a moderate level of 59,90% score of disclosure in the period of 2009 to 2012 in Indonesian listed companies.

CORPORATE GOVERNANCE & PERFORMANCE