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EDITORIAL

Dear readers!

The recent issue of the journal Corporate Ownership and Control pays attention to issues of corporate ownership and control and board practices. Company performance, managerial compensation, corporate governance in banks, national peculiarities of corporate governance in South Africa are also under the scope of researches. More detailed issues are given below.

Silvio Bianchi Martini, *Antonio Corvino* and *Alessandra Rigolini* investigate the relationship between the board diversity and the investments in innovation in a sample of companies listed on the Italian Stock Exchange and operating in the consumer goods and in the consumer services industry. *Ali Yaftian, Victoria Wise, Kathie Cooper, Soheila Mirshekary* examines corporate social reporting (CSR) in the annual reports of companies listed on the Tehran Stock Exchange (TSE) in Iran. *Paolo Di Toma* in his paper employs a case-study approach to address linkages between corporate governance and a firm's strategic dynamics. *Shadi Farshadfar* investigates whether the direct method of presenting cash flows from operations is superior to the indirect method in its ability to forecast future cash flows. The study, which uses a sample of Australian firms, finds that both the direct and indirect methods improve the forecast of future cash flows. *Gerry Gallery, Jodie Nelson, Chan Guo* review the literature on the impact of litigation risk (a form of external governance) on corporate prospective disclosure decisions as reflected in management earnings forecasts. *Giovanna Mariani*, *Delio Panaro* in their work carried out an empirical research on a panel of companies in turnaround SMEs, venture capital backed, with the objective of deepening the analysis. Their study can suggest the definition of Corporate Governance Index for SME in critical situations.

Franco Tutino, Giuliana Birindelli, Paola Ferretti state that the issues raised by Basel III, with specific reference to the introduction of more stringent capital requirements, are numerous and touch upon different aspects, such as cost and profitability-related problems and the repercussions concerning strategies implemented by banks. Their aim is to clarify the impact on Italian banks. *Sheilla Nyasha* and *NM Odhiambo* give an overview of the banking sector in Kenya. They highlight the reforms since the country's independence in 1963 and the challenges facing the banking sector in Kenya.

Sam Ngwenya, Mahlomolo Khumalo investigates the relationship between CEO compensation and performance of State Owned Enterprises (SOEs) in South Africa, using data for the period 2009 to 2011. The results indicated that there exist no positive relationship between CEO compensation and SOEs performance as measured by return on assets. *Johan Hough, Andre Parker* and *Ernst Neuland* in their paper try to research the nature and the changing face of the Multinational Corporations (MNC), impact on globalization and Foreign Direct Investment (FDI), and some MNC strategies to enter foreign markets. *Nelson M Waweru* examines the corporate governance characteristics influencing the value of the value of the firm in South Africa (SA). Using panel data of 247-firm years obtained from the annual reports of the 50 largest companies listed on the JSE Securities Exchange of SA, his study found that block shareholding and the proportion of NEDS as the main corporate governance characteristics influencing the value of the firm in SA. *M.D.Gibson* and *J. Young* in their paper state that operational risk has become an increasingly important topic within financial institutions resulting in an increased spend on operational risk management solutions. Their research has highlighted that a series of defined critical success factors could reduce the risk of implementation failure.

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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Silvio Bianchi Martini, Antonio Corvino, Alessandra Rigolini

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Ali Yaftian, Victoria Wise, Kathie Cooper, Soheila Mirshekary

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Franco Tutino, Giuliana Birindelli, Paola Ferretti

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Sam Ngwenya, Mahlomolo Khumalo

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Johan Hough, Andre Parker, Ernst Neuland

"Africa's not for sissies" is what one often hears when discussing business conditions in sub-Saharan Africa (SSA). However, the good news is that the new millennium increasingly exhibits significant trends in support of the notion that a reversal of SSA's fortunes is underway: annual GDP growth in the region is well ahead of the global average, civil wars in the region have largely come to an end and, for two years running, private equity investment flows into the region have surpassed that of foreign aid, Africa's traditional 'crutch'. Importantly, a small band of early-mover Multinational Corporations (MNCs) are making their presence felt in the region and beginning to make good profits. These firms include the likes of Diageo, The Coca-Cola Company, MTN and SABMiller.
The purpose of this article is to research the nature and the changing face of the MNC, impact on globalization and Foreign Direct Investment (FDI), and some MNC strategies to enter foreign markets.

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Nelson M Waweru

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M.D.Gibson, J. Young

Operational risk has become an increasingly important topic within financial institutions resulting in an increased spend on operational risk management solutions. While this is a positive approach, evidence has shown that information technology implementations have tended to have low rates of success. Research has highlighted that a series of defined critical success factors could reduce the risk of implementation failure. Twenty-nine critical success factors were identified by means of a literature review and confirmed by a questionnaire that was distributed to an identified target group within the South African financial services community. Reponses to the questionnaire revealed that 27 of the 29 critical success factors were deemed important and critical to the implementation of an operational risk management system.

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