
Editorial: The global financial crisis and recovery ahead – perspectives from multiple disciplines

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The 37th Annual Conference of NBEA was held in Morristown, NJ, USA from 30 September to 2 October 2010. This conference, which was hosted by Montclair State University, was a great success, with over 300 attendees. A wide range of papers were presented, which generated stimulating intellectual discussions and helped renew or establish connections. The conference included 216 papers and 12 panel sessions spanning a wide range of current research topics in economics, finance, and business by renowned international academic researchers and professional practitioners. Papers from these different tracks looked at the recent global financial crisis and economic recovery from different perspectives and offered in depth insights into the challenges and opportunities facing the economy.

This special issue contains extended versions of selected high-quality papers from this conference: Opportunities and Challenges During the Economic Recovery. A regular double-blind review process has been conducted by the *IJSSS* EB members. First of all, Fernández-Feijóo-Souto, Romero and Ruiz-Blanco extend the literature on assurance statements (AS) and sustainability reports (SR) by addressing a topic that concerns users as well as researchers, the quality of those reports. The authors did an excellent work by developing measures of SR and AS quality, and providing evidence on the relationship between quality and the characteristics of the companies reporting corporate social

responsibility (CSR). The sample used to evaluate the characteristics of those companies is the full dataset of Spanish companies that registered their SR in 2008 in the Global Reporting Initiative (GRI). The paper presents interesting results and analysis showing that big companies with public visibility and those in industries that can be associated with 'environmental damage' such as mining, oil and waste management, present their SR reports with higher quality and include AS. The authors explain this result as an effort of the companies to show their stakeholders that they are environmental and socially conscious. Another interesting finding of the paper is the association between AS quality and size, the fact that the company is listed and the type of assurance provider. Companies with more resources and public visibility are able to hire Big4 auditors to give credibility to the SR. Overall, this paper has important contributions to the area and provides a good basis for future extensions.

In the second paper of this SI, Rhoads and Gupta have taken a normally-negative research topic (predicting business failure) and turned it on its head by developing a model that predicts business success using factors based upon Jim Collin's research, (primarily Level 5 leadership characteristics). Furthermore, they have refined the model to predict business success and the ability to thrive during recessionary times. They found the factors that impact a business' ability to survive were size (as defined by Fortune 1,000 rank), longevity, relative price to book value compared to sector, and three year total return. The most significant factors in the model predicting success during a recession were size, three year total return, relative five year return compared to sector, and longevity. Influencing the ability to thrive were size, relative price to book value by sector, quick ratio, total debt to asset ratio, three year total return, EBITDA margin, relative five year return compared to sector, research and development expense to sales ratio, and annual retained earnings to net income ratio. The article also discusses the relevance of this information compared to the bankruptcy prediction literature, as well as practical implications for business people as they make strategic decisions before, during, and after recession periods. While more research is needed (due to some issues inherent in all prediction research using binary logistical regression analysis), this article does a phenomenal job describing the current literature in a number of related domains and lays an excellent foundation for focusing on business success rather than failure.

In his paper Gevorkyan tackles the problems of fiscal policy sustainability and economic development in the former socialist economies. The author finds a successful merger of contemporary econometric exercises with a deeper conceptual interpretation and policy analysis within emerging macroeconomic environment. The paper deals with problems of primary budget surplus, sovereign debt, and the broader issue of the role of state in the economy. The author develops a unique concept of fiscal net by structuring responsible state's priorities selection within a realistically approximated decision plane, accounting for major revenue and expenditure channels for each of the two categorised country groups. Research presented in this paper adds timely intellectual rigor and freshness to the contemporary theoretical and policy debates, in particular given recently reinforced focus on innovative fiscal policy. This article is an integral part of the author's continued research effort on fiscal policy, role of state, and economic development. Analysis developed here serves as a practical guide in economic development and post-crisis adjustment globally, emerging and advanced economies included.

Several attempts by the US Federal Government have enabled non-profits to continue, if not increase, services to communities during times of fiscal stress. Key to their continuance has been the use of volunteers. In 'A SWOT model of the challenges

and benefits of volunteer involvement in US non-profit organisations during times of fiscal stress', Levine and D'Agostino interview managers of New York City-based non-profit organisations to determine how managers cope with volunteers in light of the current recession. A SWOT model was developed and evaluated to identify and categorise interviewees' responses based on benefits (strengths and opportunities) and challenges (weaknesses and threats). Findings suggest that many non-profits continue to remain underfunded, understaffed and unequipped to make the most of those who are looking to serve. Although volunteers have in some instances provided the capacity for non-profits to develop specific programs to address growing community needs and sustain their core services, the authors suggest that despite the various attempts by the government, it should not be overlooked or understated that the organisational changes taken to navigate through this unprecedented time may have long-term effects on non-profits' ability to deliver critical services to the community.

The LaRocca's research set out to examine if there is a connection between a nation's personal disposable income levels for public employees, when measured by higher personal income tax rates and lower real wage rates, and the level of public corruption found in these countries. The author examined a simple contributing factor, disposable income, measured by personal income tax rates and purchasing power parity, as a primary cause for corruption in a country. The research added to the theory of corruption knowledge in that as developing countries move toward becoming developed, the components of measuring corruption change and evolve. The author concluded that developing nations' public-sector employees place more emphasis on sociological determinants (when measured by the GINI coefficient) and tax rate contributions as factors contributing toward corruption, whereas developed nations place more emphasis on securing wealth from a standard of living aspect (as measured by purchasing power parity) as well as from gains in equities markets. This research provides a basis for the better understanding of the need for a more equitable distribution of income for developing countries if their governments are earnest in their attempts to utilise aid as a temporary source for economic welfare and stability.

In addition to these papers selected in the special issue, many other papers from the conference addressed reasons for the financial crisis and the issues to tackle for the recovery ahead. Accounting practices, bank strategy, deregulation, and oversight are critical factors in causing the 2008 Market Crisis. Efforts to address the policy, regulatory, and oversight issues concerning the crisis have been hotly debated after the crisis (Catanach and Ragatz, 2010). Papers in the accounting track discuss the global financial crisis and how the ongoing convergence to International Financial Reporting Standards presents challenges and opportunities towards the global economic recovery, including corporate accounting scandals, the Sarbanes-Oxley Act, etc.

Economic analysis of the global financial crisis of 2008–2009 can provide ample clues to understanding the origins of the crisis, the link between credit and asset prices, the role that household leverage has played in the crisis, and the consequences of the crisis (Mian and Sufi, 2010). Papers in the economics track examine the causes for the worst economic crisis since the great depression, which includes the housing bubble, easy credit, predatory lending, deregulation, over-leveraging, financial innovation, commodity bubble, weakness in the banking system, and systematic risk. It is examined how this financial crisis is expected to significantly and permanently change the economic

environment. Many remedies have been proposed from short-term responses to long-term regulatory changes.

Financial service industry will be permanently changed after the global financial crisis. The type of the high-leverage finance capitalism system that we have and the fundamental structural problems within this system have permitted and facilitated the economic crisis (Nielsen, 2010). Papers in finance and investment track examine how the sub-prime crisis has affected all sectors of the USA and world economy and the broad and profound implications for theories and research in finance and investments, including all areas of finance including corporate governance, executive compensation, debt securitisation, the future business model of banking and brokerage businesses, financial market regulation, risk management, international finance, as well as other related topics.

As the USA and Europe recover from their worst recession in decades, the global business landscape is undergoing significant shifts. International collaboration will be critical to seizing these opportunities, overcoming divergent national interests in order to bolster financial-sector stability and restore public confidence and strengthen international growth and recovery (Strauss-Kahn, 2009). Papers in the international business track examine the important issues in the new international business activities, such as structural and regulatory changes in western markets, the resilience of emerging markets to diversify from export-led business models to domestically driven priorities, and global green initiatives, etc.

At these very challenging economic times of global financial crisis, ethical scandals, increased competition and seismic technology shifts, managers are at the forefront of these challenges. The crisis presents a relentless series of challenges to managers to practice adaptive leadership, and make the changes that will allow their organisations to thrive in turbulent environments. Papers in the management track examine how and what old managerial ideas and leadership approaches have to be reconsidered in light of the current changes and new ones advanced (Heifetz et al., 2009).

In addition, the conference also includes papers in operations and MIS, healthcare and pharmaceutical management, marketing, pedagogy, and other topics related to the global economic crisis. Together, these papers from different disciplines enable us to better understand the financial crisis from a multitude of perspectives and better deal with the many challenging issues in the recovery ahead.

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