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## Editorial

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**Biographical notes:** Irwan Trinugroho is an Associate Professor of Finance from the Faculty of Economics and Business, Universitas Sebelas Maret (UNS), with a PhD in Banking and Finance from the University of Limoges, France. He has published papers in reputable journals including *Journal of Financial Stability*, *British Accounting Review*, *Global Finance Journal*, *Research in International Business and Finance*, *Borsa Istanbul Review*, *Economics Bulletin*, *Emerging Markets Finance and Trade*, *Singapore Economic Review* and *Journal of Asia Business Studies*. He serves as an editorial board member in some journals including *Eurasian Economic Review*, *Journal of Asia Business Studies*, and *International Journal of Economics and Management*.

Bruno S. Sergi is an instructor from the Harvard University and an Associate of the Harvard's Davis Center for Russian and Eurasian Studies and the Harvard Ukrainian Research Institute. He is the Series Editor of *Cambridge Elements in the Economics of Emerging Markets*. He is the Co-Founder and Scientific Director of the International Center for Emerging Markets Research at the RUDN University, Moscow. He teaches at the University of Messina and has also taught at the New York University. He obtained his PhD in Economics from the University of Greenwich Business School, London.

Ravik Karsidi is a Full Professor of Sociology and Community Development from the Universitas Sebelas Maret (UNS). He is also the Rector of this university for the period of 2011–2019. He obtained his Doctoral in Development Science from the Bogor Agricultural University. He has published papers in the field of rural development, sociology and economic development.

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Financial development is essential for economic growth and development in which finance facilitates business and its innovation to grow. It is particularly relevant in emerging markets due to their economic growth potential. Therefore, this special issue offers an outlet for research papers on the connections, in a broad sense, between financial development and business innovation with particular emphasis in the context of emerging markets. Articles for this special issue are selected papers from the 4th Sebelas Maret International Conference on Business, Economics and Social Sciences in 2017 in Solo, Indonesia (2017 SMICBES) organised by the Faculty of Economics and Business, Universitas Sebelas Maret (FEB UNS).

The first two papers in the special issue discuss the banking development in Indonesia, especially with respect to its contribution to development. In the paper entitled ‘Shariah rural bank in empowering the small and micro enterprises: strategies and differentiations’, Said et al. qualitatively study the role of Shariah rural banks in Indonesia especially in the development of rural communities. Kamaludin and Nashsyah in the paper entitled ‘Modelling the competitiveness of regional bank: empirical evidence from Sumatera, Indonesia’ study the competitiveness and performance of regional development banks in some provinces in Indonesia.

The two following papers are concerned about the recent development in corporate finance. In the article entitled ‘Related party transactions on tunnelling and propping perspective’ by Budiyantri et al. investigates the relationship between related party transactions (RPTs) and shareholders value by disentangling between tunnelling and propping activities. Chaiwut et al. in the paper ‘Reputation of external directors, auditors and earnings management’ focus on the role of external directors and auditors in controlling and monitoring the firms as a part of governance mechanism.

In the last paper entitled ‘The perspective of Indonesian students abroad, professionals, and Indonesian Government of international mobility of Indonesians’, Inayati et al. study the determinants of international mobility of Indonesian students and professionals. They also discuss the perspective of the government with regards to this particular issue.