# Editorial


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This special issue (SI) of *International Journal Business Performance Management* titled 'Finance, technology and sustainability' concurs with the COVID-19 pandemic procrastination and tackle, we believe unintentionally, the themes which would serve economy and management the post-confinement era which will follow. We are particularly delighted by the serendipity.

The issue affirms a dazzling richness: 11 contributions, by 26 authors, from 13 academic institutions originating in eight different African, Asian and European countries: Algeria, India, Jordan, Morocco, Russia, Turkey, Ukraine and the UK. Many contributions originate in communications were performed by authors at the International Conference of Research and Studies in Finance, Fez, Morocco, March 3–4, 2020.

As *IJBPM* considers a more interdisciplinary perspective, this SI covers several topics from the triptych 'Finance, technology and sustainability': financial inclusion, financial performance, efficiency, portfolio management, risk management, venture capital, ethical finance, Islamic finance, mergers and acquisitions, fintech, inclusive growth, blockchain and cryptocurrencies.

Financial inclusion stands for access to affordable financial products and services in a responsible and sustainable way (World Bank, 2018). The concept illustrates the concern of both policy makers and academics.

The examples increasingly abound in the field of public policies. The 'Alliance for Financial Inclusion', established in 2008, aims at empowering policymakers to make financial services more accessible to the underserved and the unbanked. The G20 Summit in South Korea mentions in 2010 financial inclusion as one of the nine pillars of the global development. The Maya Declaration endorsed in 2011 by more than 80 institutions from developing and emerging countries requests for unlocking the economic and social potential of the 2.5 billion through financial inclusion. The G20 renews its commitment in 2016 for Digital Financial Inclusion.

In the academic sphere, financial inclusion is also believed to be crucial for overall growth and poverty reduction because it augments the chances of the poor to mobilise basic financial services for enterprising, improving well-being and increasing in due course the overall economic productivity and growth (Claessens, 2006).

Nooh Alshyab, Serena Sandri and Demeh Daradkah, from Yarmouk University and German Jordanian University in Jordan, write the *first paper* of this SI bearing on 'The effect of financial inclusion on unemployment reduction – evidence from non-oil producing Arab countries'. They place their investigation in Egypt, Jordan, Lebanon, Morocco, and Tunisia where the state of financial inclusion is low-to-intermediate levels. They institute their research on an index of outreach, availability, and usage of financial services and find negative correlations between financial inclusion growth of output and unemployment. They accordingly recommend policy makers to consider financial inclusion in their development agenda for creating jobs and reducing unemployment.

In this regard, it is worth mentioning that the *World Bank* aids policy makers through the *financial inclusion support framework* for country-led reforms. Our authors also reasonably believe that financial inclusion can better cope with restrictions of using cash during the COVID-19 lockdown, risks of contaminated coins and banknotes and increasing online buying.

The *second paper* is written by Suseela Kanduri, from Avinash College of Commerce Kukatpally, India. In this article, financial literacy is arguably the first step towards financial inclusion. She explores the demographic factors influencing college students' knowledge for well-informed and effective decisions about the use and control of money.

In this regard, it is worth noting two breakthrough papers: Huston (2010) who aims at measuring financial literacy and Fernandes et al. (2014) who explore the impacts of financial literacy and education on financial behaviours through a meta-analysis of 168 papers. Our author, Suseela Kanduri, in her contribution, entitled, 'Financial literacy knowledge assessment among college students in Hyderabad, India' finds that students display moderate to poor knowledge and skills in money management and accordingly suggests integrating financial literacy in college curriculum to make students successful in day to day money management as well as in long-term decision like buying home, children education and securing retirement.

Financial inclusion can also be supported by relationship lending which refers to the connection between a bank and a customer beyond the simple transactions to ensure recurrent deals over time (Boot, 2000; Elsas, 2005; Freixas, 2005). While transaction lending is generally associated with hard information on financial ratios, relationship lending mostly relies on soft information through repeated interactions (Udell, 2008; Uchida et al., 2012). By doing so, lending relationships play a prominent role for financing informationally opaque borrowers like SMEs, young start-ups and privately owned firms with little credit history or poor collateral within a context of asymmetric information. The cost for borrowers might reside in an information advantage that lenders gain and might extract additional rents from.

The *third paper* is produced by Abdelati Hakmaoui and Hafssa Yerrou, both from University Hassan II, Casablanca, Morocco. They provide an empirical investigation on the relationship lending between banks and SMEs under asymmetric information context, in their paper, entitled, 'Bank strategy determinants under relationship lending: evidence from the Moroccan credit market'. Our authors find that the risk, more than other firm variables like type, size, sector, assets specificity, remains a central variable for the bank to develop a relationship lending strategy. Consequently, a high-risk SME does not benefit from this relationship. And when it does, the lending banks impose a quasi-monopoly position over the borrowing firm, even if its credit worthiness has not deteriorated, by levying significant switching costs. Hakmaoui and Yerrou call it a full hold-up in the case of Moroccan credit market.

Digital technologies are considered to enhance cheaper and more inclusive financial services in developing countries (Manyika et al., 2016). In 'How can inclusive growth be enabled from financial technology?', Hicham Sadok, from Mohammed V University, Rabat, Morocco, provide the *fourth paper* of this issue. Our author examines the adoption of 'FinTech' Taobao and M-Pesa respectively in China and Kenya to weigh whether they improve inclusion as defined by World Bank's Global Findex (Global Financial Inclusion Database). This most comprehensive database provides more than 850 country-level indicators on how adults, segmented by gender, age, education, income, employment status and rural residence, save, borrow, pay, manage risk, and use fintech for conducting financial transactions in more than 140 economies.

In the perspective of this SI, the contribution of Sadok in his paper relates to the implication of fintech for inclusive growth. Related to this topic, a recent publication of the International Monetary Fund reports that technology has enhanced GDP growth in general and financial inclusion during the COVID-19 pandemic, and at the same time, made the prior risks more relevant (Sahay et al., 2020). Using the Global Findex data for 2011, 2014 and 2017 in a panel of 140 countries, Demir et al. (2020) also uncover that fintech enhances financial inclusion and accordingly reduces income inequality across all countries of the sample with different levels of income inequality.

To conclude about the contributions on financial inclusion, we remind the severity of financial exclusion which aggravates inequality, social injustice and economic decline. Research might provide insights about the voluntary and involuntary reasons of financial exclusion: Why do individual self-exclude from financial reasons by moral, cultural, and religious considerations? How can they be overcome? Can social and technological innovations reduce the cost of including in financial services those who are excluded because of discrimination or low or no profitability due to insufficient income?

Financial performance related with market efficiency, portfolio management and risk is the second broad thematic category in this issue. The term refers to measuring how well assets generate returns over a given period. Studying the performance of investment portfolios is worth a Nobel Economics in 1990 to Harry Markowitz, Merton H. Miller and William F. Sharpe, the founders of modern finance. Starting from the evidence that equity returns fluctuate, Markowitz (1952) suggests in his founding paper that these variations could be described in probabilistic terms and the risk of an investment could be measured by the standard deviation of returns. He proves that a diversified portfolio of several securities is less risky than any portfolio made up of just one of these securities, even if it is the least risky of them. The efficient portfolio is the most profitable portfolio for a given level of risk.

Several contributions evaluate the efficiency of different types of a portfolio in this issue.

In the *fifth paper* entitled 'Management of investment hybrid portfolio', Petro Hrytsiuk, Tetiana Babych and Oksana Kardash, from National University of Water and Environmental Engineering, Ukraine, study portfolios of cryptocurrencies in times of crisis. The topic is astonishingly emerging. Google Scholar reveals 2,340 academic papers on 'cryptocurrency investment portfolio' in 2020, between January 1st and November 17th.

For the research, they experiment with four different portfolios: six cryptocurrencies only, five cryptocurrencies with Amazon's stock, five cryptocurrencies with Google's stocks and two cryptocurrencies with Google stock (61%), and Amazon stock (31%). They find that a 'hybrid' cryptocurrency portfolio including stocks of one or two stable companies, as in the fourth experimental portfolio can achieve the best efficiency. The diversification principle of Markowitz is confirmed once more.

The *sixth paper* is written by Mohamed Lachaari and Mustapha Benmahane from Chouaib Doukkali University, Morocco. They also study blockchains and verify whether the theory of market efficiency, in comparison to that of behavioural finance, applies to the peer-to-peer (P2P) digital capital market of initial coin offerings (ICOs). In their contribution, 'Capital market based on blockchain technology and the efficient market hypothesis: theoretical and conceptual analysis', they proceed to a content analysis of 45 documents retrieved from online databases. Lachaari and Benmahane find that what are associated to 'efficiency' were the words like bitcoin, blockchain, token, cryptocurrency, digital, etc., and to 'ICO market' the words trust, transparency, followed by security, efficiency of the transaction and disintermediation and self-regulation. The authors conclude that ICOs market witnesses many similarities with the efficient capital market where actors have free access to relevant information and transparent transactions. A recent noticed paper also concludes that liquidity plays a significant role in market efficiency and return predictability of new cryptocurrencies (Wei, 2018).

In our *seventh article*, Aziz Hmioui, Lhoussaine Alla and Badr Bentalha, from Sidi Mohammed Ben Abdellah University, Fez, Morocco, focus on ethical investment funds

and compare their performance with standard or conventional investment funds in Morocco. In their contribution, 'Performance of ethical and conventional investment funds: comparison and contingencies', the authors compare a sample of six ethical funds to a control sample of 66 equity funds over the period 2016–2018 with a monthly frequency of observations in Moroccan capital market. Three hypotheses are considered: conventional funds outperform ethical funds, the contrary, the two parameters are independent. The authors find that ethical values are profitable, but much less financially efficient. They wonder and suggest studying why standard funds outperform ethical funds. An emerging research avenue is the impact of mutual funds in corporate social responsibility. Li et al. (2020) find that CSR-friendly mutual funds improve firms' standings in almost all CSR categories and increase their CSR concerns rather than reducing them. The results they provide reveal that actively managed mutual funds, which are mostly thought to be indifferent or detrimental to social and ethical issues, play a significant role in corporate social outcomes of the firms they invest in.

The *eighth paper* is written by Abdelbari El Khamlichi, Chouaib Doukkali University, Morocco, Selim Baha Yildiz, Manisa Celal Bayar University, Turkey, Kabir Sarkar, Coventry University, UK and Hafiz Hoque, University of York, UK. They study a specific type of stock investment and explore the Islamic and conventional indices from 20 developed and 18 emerging markets from 2002, covering a total of 165 months, for answering to the interrogative title of their paper, 'Do Islamic stock indices perform better than their conventional counterparts?'. They find thought-provoking mixed results: the Danish Islamic index is at the top of the ranking, while the Hungarian Islamic index at the bottom. Conventional indices predominantly perform better than their Islamic counterparts in emerging markets and vice versa in developed markets. Smolo and Mirakhor (2010) explored the impact of the global financial crisis on the Islamic financial industry. El Khamlichi et al. might also continue their inspiring paper and study whether world-wide have specific implications for the Islamic financial industry.

Mimoun Benali and Jawad El ghalfiki in this *ninth article* of this issue offered an important insight on the institutional determinants of venture capital in Africa, their paper titled 'Access to venture capital in Africa: the role of public institutions and corporate governance'. They investigate the role of public institutions and corporate governance on access to venture capital in Africa in 2019. They use the multiple regression method to test the relationship between public institutions, corporate governance and access to venture capital. The main findings of this interesting study are that strong auditing and accounting standards, business freedom, fiscal health and judicial efficiency have significant and positive effects on access to venture capital in Africa. However, the authors find that shareholder governance and free trade have a negative impact on access to venture capital. To stimulate this form of entrepreneurial finance in Africa, the authors recommend the strengthening by policy makers of the economic environment and corporate governance.

The *tenth paper* of this SI, titled 'Determinants of value creation through mergers and acquisitions in the MENA region', is the contribution of Mohammed Ibrahimi and Mohammed Amine, from Hassan II University of Casablanca, Morocco, and Abdellatif Taghzouti, Professor at University of Sidi Mohamed Ben Abdellah of Fès, Morocco. They scrutinise value creation in a sample of 610 merger and acquisition operations over 15 years in the MENA region (12 countries in the Middle East and North Africa), and find that in domestic deals, more value is created for acquirers, while

in cross-border deals, targets profit the most. They also confirm that, overall, targets obtain higher returns than acquirers in the MENA mergers and acquisitions.

Interested readers might compare the results Ibrahimi et al. provide with an older study covering 20 years confirming merger and acquisition operations generate value for both bidder and target shareholders (Yılmaz and Tanyeri, 2016).

The last, not least, in the *11th paper* titled 'Do single takeovers outperform corporate acquisition programs? Evidence from the French stock market', Omar Boufama, 20 August 1955 University, and Elena Rogova, National Research University, Russia, study the benefits of acquisitions for acquiring companies' shareholders, and in this perspective, compare the performance of two types of corporate acquisition in France: acquiring firms that announce and subsequently carry out successful or unsuccessful stock exchange or mixed operations and acquirers of single takeover operations. They find that single takeovers outperform corporate acquisition programs. While they earn an average of 3.75% in two months, the month of announcement and the following month, corporate acquisition programs do not generate any profitability following the launch of these investment programs. While an acquisition can create value for the acquiring company's stockholders, there is a significant degree of risk as, according to a study, transactions have less than a 30% chance of success.

We have closed the presentation of contributions on financial inclusion with research proposals on financial exclusion, and we end the presentation of contributions linked to a financial performance by proposing lines of research on financial risks and bankruptcies. As the COVID-19 epidemic breakdowns demand and disrupt supply chains, it is essential to enhance the prediction abilities of bankruptcies and insolvencies to better protect incomes, jobs, and firms. The Altman Z-score model relying on five financial ratios, 'working capital/total assets', 'retained earnings/total assets', 'earnings before interest and tax/total assets', 'market value of equity/total liabilities' and 'sales/total assets' suggests an inspiring avenue of research on the prediction and the probability of insolvency and bankruptcy.

At the end of this editorial, we, the guest editors of this SI, would like to thank all of the authors for their valuable work. We also recognise the critical role that reviews played in rating the articles and ensuring the quality of the issue. We sincerely express our gratitude to the Editor-in-Chief of the *IJBPM*, Professor Jonathan Liu, and the publisher and her team. The leadership and generosity of Professor Jonathan Liu have been essential for the production of this SI.

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