Preface

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Biographical notes: Hassan Yazdifar is the Head of Research and Innovation at the College of Business, Law and Social Sciences, University of Derby, England, UK. In addition to college responsibilities, he has cross-university responsibility for the development, direction and performance of the academic theme of business, economic and social policy, which is one of the university's six key academic themes. More specifically, he leads the college's research agenda to develop, coordinate and deliver research and innovation activities in assigned subject areas and to promote research-informed teaching throughout the college. His role involves developing internal and external networks, using them to share data and intelligence concerning the development of new research and innovation opportunities; pursuing research and collaborative partnerships across the university and with other institutions and relevant bodies; facilitating high-quality research output with far-reaching impact.

Hany Elbardan is a Principal Academic of Accounting and Finance at the Bournemouth University, UK. He has taught in various institutions in the UK, Egypt, and Kuwait since 1998. Previously he held the post of Assistant Professor of Accounting at the American University of the Middle East, Kuwait, and also held positions at the Roehampton University, UK, Brunel University, UK and Alexandria University, Egypt. He has contributed to many research projects on corporate governance, auditing, and accounting information systems. He has published his research in refereed international journals and has presented his scholarly papers at the international and regional conferences. He is an author of the textbook *Enterprise Resource Planning, Corporate Governance and Internal Auditing*.

Rasol Eskandari joined Salford University, UK, in March 2013. He has 12 years of experience in accounting and finance in both financial markets and academia. Prior to joining Salford University, he was a post doctorate research fellow at The University of Bangor, in North Wales, UK. Other than academic qualifications, he is an Associate Fellow of Higher Education Academy and is ACCA qualified. His scholarly work experience ranges from accountancy to management in financial sector and his academic experience covers lecturing on a wide range of accounting and financial courses. He also has been lecturing professional courses such as Association of Chartered Certified Accountants (ACCA), Chartered Management Institute (CMI) and training courses for bankers and financial managers across UK.

Selected emerging countries belonging to the Middle East, North Africa (MENA) and East Asia are diverse and fascinating regions, that went through rapid development building upon a rich history foundation to shape an attractive business environment. This corporate evolution, alongside the strong cultural background, presents unique challenges for corporate governance in these regions. The high political and financial uncertainty in these regions and globally is causing more boards to think more about risk management and oversight. While it is important to have a perspective on global corporate governance trends, this should be sensitive to the regional culture and specific issues in that less mature corporate governance environment.

Making use of progress made throughout the past few years, a strong corporate governance framework is important for the Middle East, East Asia and MENA countries as they endeavour to improve economic growth, competitiveness, and capital markets, and to build a dynamic business environment, especially since the pandemic. Establishing an environment of transparency, accountability and trust, as well as aligning corporate governance policies with international standards, are essential efforts to attract long-term investment.

Such regions faces unique corporate governance challenges including, for example, despite the growing regulator interest reflected in many new regulations coming into force in the region to emphasise the responsibility of directors of the environmental, social and governance (ESG) performance and reporting, corporates are away from having strategies driven by ESG. Another common challenge in these regions is the governance and succession in family businesses. These businesses operate in multiple and sometimes unrelated industries, thus creating large conglomerates where there is a lack of structure governing the relationships between parent companies and subsidiaries. Moreover, while considerable strides have been made globally around the broad board diversity, boards in the Middle East and East Asia are taking their initial steps in board gender diversity, with modest participation by women in corporate leadership. Board diversity phenomena vary by country; however, boards will begin to experience additional pressure to consider ethnic and racial diversity. Governance issues such as board quality, composition, and director overboarding are of significant concern in the region, and therefore more rigorous board assessments are expected to be conducted, with frequent independent assessment. Other challenges include a high degree of state ownership, impediments to capital market development, especially since the pandemic, and limited transparency and disclosure. We encourage you to also review these selected papers for further insight about the subject of this special issues and related research: (Abdou et al., 2020; Alam et al., 2017, 2019, 2020, 2022; Al-Gamrh et al., 2018;

Elgammal et al., 2018; Ghosh, 2017; Haque, 2019; Otero et al., 2019; Nasseri et al., 2018; Ogandele et al., 2016; Zarei et al., 2023).

This special issue is aimed at encouraging researchers and practitioners from different disciplines to engage in a dynamic dialogue about major corporate governance developments and challenges, including implementation and enforcement efforts. International experience, peer dialogue, and mutual learning that will be facilitated by this special issue will benefit policymakers in reviewing corporate governance frameworks and practices in the region. This special issue invites papers with both theoretical and practical fields and invites interdisciplinary research.

The six scholarly studies that constitute this special issue focus on various interesting subjects, as detailed in the following paragraphs.

The first paper, entitled 'A bibliometric analysis of ethical finance', by Haitham Nobanee, Osama F. Atayah, Mehroz Nida Dilshad and Amna Tariq, aims to present a comprehensive assessment of the existing researches on the ethical finance topic by using the Scopus database. This paper analysed the research papers over the past 33 years, from January 1987 till April 2020, to reveal significant contributions of researchers on this topic. The bibliometric method has been employed in this study to measure scientific contributions in this area of study. Data used was examined and retrieved by using VOSviewer. Descriptive analysis is followed by a distribution of articles based on several other metrics, such as most productive countries, institutions, journals, authors, citation analysis, various co-relationships, keyword occurrence, and researchers' performance. This topic has been studied under eight different themes: corporate social responsibility, corporate governance, financial institutions, Islamic banking, regulations, financial crisis, ethical banking, and business ethics. This paper concludes that researchers have contributed significant value to this area of study. Furthermore, this topic is gaining more importance and popularity in current financial markets globally. Future research areas in this topic of ethical finance have also been highlighted in this paper.

The second article, entitled 'Accounting information quality, free cash flow, and over-investment: evidence from an emerging market – a study in Iran', by Mohammad Afsharmehr, Ahmad Nasseri, Hassan Yazdifar and Mohammad Albahloul, investigates the relationship between accounting information quality (AIQ) and over-investment based on data from 110 companies in the Tehran Stock Exchange from 2008 to 2014, and also compares the relationship between AIQ and over-investment in companies with low and high free cash flow. Principal-agent theory and information economic theory suggest that an increase in AIQ can decrease over-investment. AIQ by Dechow and Dichev's (2002) model, over-investment by Richardson's (2006) model, and free cash flow by Yuan and Jiang's (2008) method were measured and hypotheses were tested using Yuan and Jiang's (2008) model. Results of this investigation show that there is an inverse and meaningful relationship between AIQ and over-investment, which means that improvement of AIQ can decrease over-investment. Also, the effects of AIQ on over-investment in companies with high free cash flow is greater than in companies with low free cash flow.

The third paper, entitled 'The readiness of commercial banks to the crisis caused by the COVID-19 pandemic: evidence from G20', by Osama F. Atayah, Haitham Nobanee and Ahmad Al-Hiyari, aims to investigate the readiness of banks operating in the G20 countries to respond to the expected loan loss and bad debt related to the COVID-19 pandemic. The results show that banks that operate in the G20 have significant differences in their readiness for the COVID-19 era. Italy, Turkey, India, Brazil, South Africa, and Russia have loan loss provision reserves to total loans higher than 5% in the year 2019, while Canada, Australia, U, USA, and Germany have loan loss provision reserves to total loans lower than 2%. The loan loss provision reserves to total loans ratio have improved in the first quarter of the year 2020 for Argentina, Canada, Indonesia, Mexico, Russia, Saudi Arabia, Turkey, UK, and the USA. However, the loan loss provision reserves to total loans ratio have declined in the first quarter of the year 2020 for Brazil, Italy, Spain, France, Japan, and South Korea.

The fourth paper, entitled 'Sustainable development and enterprise: do foreign investors care', by Zeeshan Ali Syed, Rasol Eskandari, Hassan Yazdifar and Babafemi Opeyemi Ogundele, discusses how policy makers struggle to understand the limited impact of FDI on achieving Sustainable Development Gaols (SDG). However, they overlook the fact that FDI, like any other investment decision, is affected by the relative costs and benefits considerations. This study explores this aspect and notes that to align and encourage FDI to be more sustainable, policy makers either need to contribute towards these costs or provide substantial benefits. Using panel data on five countries for 19 years, this paper finds that costs of implementing SDG act as a detriment to FDI; therefore, if the countries can develop the infrastructure themselves or help foreign investors to do so, then the trend may be reversed. Secondly, this paper also finds the existence of a pollution haven hypothesis in developed trading economies. Thirdly, it identifies a worrying trend that exhibits negative relationship between educational parity and FDI. This indicates that FDI decision makers view female workforce as a cheap source of labour and are not inclined to incur higher labour costs by paying females equal to men, even if they are equally educated. Therefore, this paper recommends having a global regulatory regime to ensure that FDI brings in wage equality. The findings of the study also contribute to the literature for consideration of the above matter at the time of crises, including the pandemic.

The fifth paper, entitled 'The effect of audit committee attributes and gender diversity on audit quality', by Mounia Boulhaga, Hany Elbardan and Mahmoud Zaatout, investigates if audit committee independence and gender diversity affect its quality in France, using 930 observations from a sample of 93 French companies listed on the SBF 120 over 10 years from 2012 to 2021. This study attempts to investigate the impact of gender diversity, which has been largely overlooked in the literature, as well as in the existing corporate governance guidelines. More specifically, it investigates whether these two characteristics have an impact on the audit quality in one of the developed countries characterised by strict legal liability and a volatile financial market. The study found that, while AC independence enhances the audit quality, audit committee experience and the gender variety have a materially negative impact on the audit quality.

The sixth and final paper in this special issue is entitled 'Methodological issues in real earnings management', by Hassan Yazdifar, Naser Makarem, Reza Hesarzadeh and Mark Whittington, critically reviews the current methodologies used in earnings management research, focusing on real activities manipulation studies to explore a more consistent measurement approach. Specifically, this article draws on the methodologies employed in accruals management studies to identify issues with the current measures of real activities manipulation. A survey of accounting journals conducted for the period 2008–2020 indicates that measuring aggregate accruals and specific real activities manipulation are the two most common methods used in earnings management studies.

This study employs specific and aggregate approaches used in accruals management studies to provide a comparable basis. The key theme of this study is that abnormal cash flow from operations, which is currently used to measure sales manipulation, could actually serve as an aggregate measure of real activities manipulation. The paper also discusses why combined measures, which are currently used as aggregate measures of real activities manipulation, can be misleading.

The six articles of this special issue provide insights into various organisational situations, financial reporting, investment, and analysis in various contexts, and hence broadly contribute to the literature and identify areas for future studies.

Future research might test some of the findings of these studies in other contexts, such as other emerging countries, and also test some of the models proposed by these studies with field experiments sponsored by local or national governments. The studies in this special issue have adopted various methodologies, including primary and secondary data analyses, mathematical models, questionnaires and interviews. The adoption of different research methodologies in this special issue is very interesting and would help researchers to gain insights into how such methods (separately or mixed) could be applied in future research across the world. It would be interesting to see future studies in other emerging countries are built on the findings and methodologies adopted in this special issue.

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