Preface

Said Elfakhani

Suliman S. Olayan School of Business,
American University of Beirut, Beirut, Lebanon
Email: se01@aub.edu.lb

Biographical notes: Said Elfakhani is a Professor of Finance and is the academic director of the EMBA program and the former Associate Dean for Programs and the Associate Dean for Executive education in the Suliman S. Olayan School of Business at the American University of Beirut, Lebanon. Prior to joining AUB, he was Dean, School of Business at the Lebanese American University, Lebanon, the Harvey R. Wickes Endowed Chair at Saginaw Valley State University (USA), and visiting scholar at other international universities (University of Texas at Dallas (USA), King Fahd University of Petroleum and Minerals (Saudi Arabia), and the Indiana State University, USA). He earned his MBA from the University of Texas Arlington (USA) in 1984, an MSc (1987) and a PhD in Finance from the University of Texas -Dallas (USA) in 1989.He has published numerous papers in major international refereed journals, has presented academic papers at many global conferences, has written for business magazines, has participated in discussion panels and has made several media appearances.

Welcome to the *Journal for Global Business Advancement's* special issue. There are six studies in this special issue covering individual or groups of emerging countries with the common theme 'Organisational Governance and Performance in Emerging Markets'. The six papers discuss the advancement of transparency in accounting practices in the MENA region, the effect of the monetary and fiscal policy as well as transparency in Lebanon and the MENA region, the effect of communication and transparency when designing pay-for-performance (PFP) evaluation in India, and the modelling of customers purchasing behaviour and brand sponsorship effect on sports team success in India.

The first paper, entitled 'IFRS adoption, accounting transparency, and financial performance of common stocks in the MENA region', by Said Elfakhani and Abdeljalil Ghanem, evaluates the effect of the transition from local GAAP to IFRS on the financial performance of listed companies in seven MENA, mainly Arab, countries, and on the clarity of information disclosure. This research paper argues and demonstrates that the adoption of IFRS is expected to lead to less asymmetry (i.e., more transparency), and hence lower risk and smaller financial performance measured by return premiums. Towards this end, the authors run a regression of the stock return premiums on 12 independent variables, including a dummy variable for the period during which IFRS was implemented, a dummy for IFRS inception year, and proxies for leverage, investment, profitability, corporate governance, and firm size. These results have significant implications for regulators to consider when designing comprehensive reporting policies to enhance information comparability with international standards and better transparency for stakeholders in the MENA region.

The second paper, entitled 'Effect of pay-for-performance on performance: mediating role organisational justice', by Asim Talukdar and Pragya Mishra, studies the effectiveness of pay-for-performance (PFP) strategies, namely the effect of perceived distributive and procedural justice, for231 individuals and organisational performance (including pay satisfaction and pay dispersion).The core value is that PFP is expected to motivate individual employees to enhance their performance. This research study finds partial supportive evidence of this relationship with procedural justice but less so for perceived distributive justice. The implications are quite relevant. They reinforce the notion that employees must appreciate corporate processes (e.g., rules, regulations, and appraisal procedures) designed to administer the PFP program for individual performance by linking compensation to performance. The corporate plans, however, should allow for the amalgamation of employees' voice and their participation in 'designing, implementing and administering' PFP for better transparency and clearer communication between management and employees.

The third paper, entitled 'An empirical analysis of the influence of team success on Indian sports fans' purchase behaviour', by Jaskirat Singh Rai, Anish Yousaf, Maher N. Itani and Amanpreet Singh, examines the relationship between sport team success (e.g., attaining equity branding, attracting sponsors, and successfully approaching sponsors) in the Indian Premier League (IPL), and the consumers' behaviour of 602 fans selected exclusively from the Mumbai Indians teams. Although the team success hada positive effect on sponsorship it did not directly affect its influence on fans' purchase behaviour. The effect is rather indirect through the mediator sponsors. It contributes to better understanding of fans-team and fans-sponsors relationships. Victorious teams increase their brand visibility, and drive increased buy of season tickets and the purchase of sponsors' goods, thus furthering sponsors' brands. This study has clear implications to marketing managers of fans' consumer behaviour. The use of social media (e.g., Facebook, Twitter, and Instagram) can be rewarding. It will also assist sponsors in making more careful sponsorship decisions for better sponsorship outcomes.

The fourth paper, entitled 'Impact of organisation environment on control system and technological innovation for improving the firm performance of gold mining projects: case of Eastern African community', by Navidreza Ahadi and Sorasak Tangthong, tests the relationship between corporate financial performance (proxied by profitability and growth) and three potential determinants

- technological innovations
- efficient control systems
- dynamic organisational environment.

This research study finds that all three factors have a positive effect on corporate performance and hence value for stakeholders of 390 gold mining projects in six Eastern African countries. In particular, technology and control systems provide the gold mining companies with not only survival but also success. There is a positive 'interactive' reflection for organisational environment (including both internal and external processes), and both information technological innovation and the efficiency of control systems. This interconnection and the presence of dedicated management lead to financial sustainability, competitive positioning, and firm value boosting. The implication of this study is that gold mining companies should align their practices, as related to the above three factors, with the firm performance objective so as to optimise gold supply and the wider interest of the industry.

The fifth paper, entitled 'The impact of macroeconomic variables (MEV) on the stock market returns in MENA countries', by Mohamed S.S.A. Shehata, studies the effect of monetary and fiscal policies, the uncertainty and transparency of economic policies, referred to as macroeconomic variables (MEV) shocks, on stock performance in the MENA region using the Structural Autoregressive (SVAR) model. This method is employed to detect any output gap holding the integration of the tested economic constraints. The author reports different market reactions to different sources of MEV shocks and to the time horizon (i.e., short-term vs. long-term). For instance, the transparency indicator is found to impact stock markets in Qatar, UAE and Lebanon. Egypt, on the other hand, is constrained by economic uncertainty in the short run, while Morocco and Jordan are affected by the uncertainty in the longer run. Saudi Arabia and Kuwait market performances are inhibited by monetary policy. Other countries (Egypt, Kuwait, and Oman) are affected in the short run by fluctuations in interest rates, while in other countries (Morocco and Oman) disturbances are more in the long run. The author, however, stops short of finding one comprehensive model that can predict unified market reactions in the MENA region. The recipe for stability and growth is country-dependent rather than regional.

The sixth and final paper, titled 'A unique monetary reaction rule: the case of Lebanon', by Said Elfakhani, Khaled Abdallah and Samih Antoine Azar, shows that Lebanon's Central Bank has adopted a monetary reaction rule unique to international standards. This rule maintains the market for the supply and demand of money in equilibrium and neutralises the influence of money shocks. The study tested this rule using multivariate panel and system least-squares regressions on data from the Lebanese Central Bank (1989–2018). It finds Lebanon's two money supply and demand functions are stable.

The six papers in this special issue centre on governance and transparency issues in the MENA region, Lebanon and India, in addition to the effect of microeconomic factors in these countries. In general, these global scholars found improved disclosure of quality information and transparency (i.e., displaying less asymmetry risk), the effect of improved control systems and pay schemes on corporate performance, corporate governance justice, the effect of events sponsorship on marketing, and consideration of the country monitoring the effect of macroeconomic factors and monetary policies in these countries. Future research might replicate these studies to include larger and updated recent data sets, and to consider additional variables as cited by the authors themselves.