

# **Asian Journal of Business and Accounting**

## **Vision**

*To be a top-tier and a well-cited business and accounting journal in Asia*

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*An academic journal that aims to advance knowledge in the business and accounting disciplines, to narrow the gap between theory and practice, and to set direction for policy initiatives in Asia*

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## Editors' Note

The *Asian Journal of Business Accounting (AJBA)* is proud to present the second issue of Volume 14. In this issue, we present ten selected papers, written by scholars from Malaysia, Pakistan, Thailand, Indonesia, Jordan and Australia. These articles discuss the impacts of external environmental factors on business functions and sustainability of organisations; and how such matters can be managed.

Our first paper, by Ahmed and Mohti looks into how the political effectiveness and board independence intervene the relationship between managerial entrenchment and corporate social responsibility. Using data of non-financial firms from Brazil, Russia, India and China, the results show that in firms that have high political embeddedness, there is a tendency of entrenched managers to use CSR to camouflage the negative use of resources and powers. Higher outsider representation as independent directors, however, may potentially reduce the divergence interests between management and shareholders.

To increase transparency and accounting information quality, the member countries in ASEAN have increasingly adopted or converged their local standards into the International Financial Reporting Standards (IFRS). While some may have successfully implemented the standards, many are still dealing with their complexities. Reflecting on this issue, our second paper by Acaranupong examines and compares the value relevance of accounting information of companies listed on the stock exchanges in Indonesia, Malaysia, the Philippines, Singapore and Thailand after the International Financial Reporting Standards (IFRS) adoption period. In the paper following this, Alharasis, Clark and Prokofieva investigate how the different corporate types of industry affect the external audit fees and fair value disclosures among Jordanian listed companies. The paper demonstrates that firms with a high proportion of total fair value disclosures are more likely to experience higher levels of audit complexity and risks and the problem of management bias can lead to demands for high-quality audit services, which eventually leads to higher audit fees being charged to send positive signals to stakeholders.

The uncertainty in global commodity prices has led governments to use taxation as an internal source of revenue. Thus, any tax non-compliant behaviour have placed governments under pressure of

revenue leakage. Given the importance of this issue, Abdul Rashid, Ramli, Palil and Mohd Amir examine the role of trust in the relationship between different social powers and voluntary tax compliance motivations among professional taxpayers in Malaysia.

The rise of industrial 4.0 has also impacting accounting practice. The introduction of blockchain technology has posed challenges to accounting practitioners and the Malaysian Accounting Standards Board (MASB). In relation to this, Yap, Wong, Teoh and Saleh determine the impact of technological factors, risks and regulatory framework on the accounting treatments for cryptocurrency in Malaysia. Using partial least squares structural equation modelling (PLS-SEM), the study highlights regulatory frameworks as having the largest effect on the accounting treatments. The paper proposes that finance and accounting practitioners must evolve and re-position themselves to work together with strategic partners or technological experts to offer cryptocurrency and technology related advisory services. The effect of industrial 4.0 is also poised to change the food and beverages industry. The use of advanced technologies such as big data to reach new market segments, obtain in-depth knowledge on customer behaviour and enhance forecasting accuracy in the Indonesian culinary industry is evidenced in the next paper by Wibowo, Yuyus Suryana, Diana Sari and Umi Kaltum. The lockdown and social distancing restriction brought by the covid-19 pandemic have further demonstrated the importance of digital technologies in sustaining business. In the seventh paper, Ariyani, Hermawati, Helmi, Rosaira and Budiansyah look into how the Indonesian micro, small and medium enterprises' perceptions on Internet use "before" and "during" the COVID-19 had changed.

With increased concerns building on sustainability development goals, business leaders need to be more thoughtful in devising strategies to support future plans. Drawing upon the data collected from automotive service firms in Malaysia, Mat Rani, Abdul Rahman and Mohd Yusak evaluate how perceived organisational support and psychological empowerment can influence employees' perceptions of high-performance work system. The study provides evidence that autocratic style of leadership which dominates many Asian countries may no longer be relevant in today's service settings. Importantly, employees must be made aware of the HR practices that they are required to follow and the organisations' performance expectations on them.

There has also been much discussion on the importance of the cottage industry as an agent for overcoming regional economic

disparities. Using data from Pakistan, Fazal, Khan, Sarwar, Ahmed, Muhammad and Nabeel ul Haq investigate the impact of cognitive ability, money management skills and cultural norms on the financial literacy of women working in the cottage industry. Their study highlights the imperative needs for government to design policies that not only provide education, but also training and programmes that would improve cognitive functions. They also indicate that cultural norms need to be changed in such a way that females be held accountable for financial decisions from an early age.

In view of the increasing interests of Islamic values and principles, the final paper in this issue investigates the determinants of Islamic and conventional banks profitability in the Middle East and North Africa (MENA) region. The paper highlights that the profitability of conventional banks measured by ROAE is higher than that of the Islamic banks. While the liquidity and financial risk are evidenced to have a negative impact on profitability, the diversification strategy and human capital efficiency have a positive association for Islamic banks.

The papers presented in this issue show that the environment is changing faster than ever before in many ways, thereby introducing new threats to businesses. With business disruption being so common and unpredictable, organisations are needed to respond to these risks aptly, and to find strategies to sustain themselves. On a final note, we would like to thank the Malaysian Accountancy Research and Education Foundation as well as the Malaysian Ministry of Higher Education for the financial support extended. We also wish to say thank you to the members of our editorial and advisory boards as well as the reviewers for their time and effort put into *AJBA*.

Happy reading!

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