Editorial: AABFJ Volume 12, Issue 4, 2018[1]

Monir Mir[2] Greg Jones[3] and Ciorstan Smark[4]

Is there a relationship between low financial literacy and the severity of financial hardship? Could a minority community in Australia escape from financial exclusion through special financial products? Do ethical and caring behaviour of companies will increase their earnings volatility? What is/are the implications of blockchain applications on compliance reporting? Do various committees of company boards affect company governance? These are some of the questions investigated and explored in the papers published in this issue of Australasian Accounting, Business & Finance Journal.

Bourova, Anderson, Ramsay and Ali's paper, which is published in this issue of AABFJ, examined the relationship between financial literacy and financial hardship. Drawing on a survey of Australians who recently have experienced debt problems they have found that there is no straightforward relationship between low financial literacy and severity of financial hardship. Their finding is surprising. Worthington (2006) previously visited this issue and commented that consumer credit as a share of disposable income in Australia has grown to record highs with allied concerns raised over the financial knowledge of demand-side market participants. In American contexts, Huston (2010) commented that financial mistakes could impact individual welfare as well as create negative externalities that affect all economic participants. It is not our intention to list financial literacy literature exhaustively here, rather what we are trying to convey is that the findings of the impact of financial literacy on financial hardship etc. are inconclusive and that there is still scope for investigating financial literacy issues and making contributions to literature and to its theoretical constructs. This work builds on the article by Anderson, Clark, Ramsay and Shekhar, 2016 where a significant lack of interest in, and engagement and concern with issues related to their retirement planning, was suggested.

Financial exclusion is another issue which impacts the wellbeing of the economic participants, particularly minority participants in an economy and hinders their contributions towards economic developments of a country (Louth & Burns, 2018). In South African context, Wentzel, Diatha and Yadavalli (2016) commented that financial exclusion has been shown to have negative socio-economic effects on citizens, especially those who are situated

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[1] The Editors of AABFJ would like to express their sorrow and horror at the recent cowardly shootings by an Australian citizen in Christchurch, New Zealand of so many innocent people.

[2] University of Canberra, Australia
[3] University of Southern Queensland, Australia
[4] University of Wollongong, Australia

at the bottom of the economic pyramid. Sain, Rahman and Khanam's paper which is published in this issue of AABFJ looked at financial exclusion issue from a different perspective, that is from a religious perspective. They have found that Muslims in Australia are unable to participate in the mainstream credit and lending activities due to their religious belief of not taking or paying interest. The majority of the Muslims in Australia are not situated at the bottom of the economic pyramid, yet they are financially excluded due to the absence of formal *Shariah* (Islamic finance) compliant banking system in Australia. As a result, Australia is missing out formal economic contributions from this group of Australians. There are other minority groups in Australia, and it would be interesting to know what sort of financial exclusions they are facing and how the exclusion could be minimised.

Adhariani and Khanam's (2018) paper in this issue of AABFJ investigated whether the implementation of "caring principle' by a company would lower its earnings volatility. Drawing on company data from Indonesia, they have found that implementation of caring principles is still low in Indonesia. However, interestingly they have found that caring practices could lower earnings volatility. Extant literature has investigated the question of 'does it pays to be green' (see, for example, Mir and Rahaman, 2011; Margolis and Walsh, 2003; Schaltegger and Synnestvedt, 2002 and Margolis and Walsh, 2001). However, most of these studies are conducted in developing economies contexts. Nevertheless, Adhariani and Khanam's study has added another dimension to CSR studies by incorporating the ethics of care perspectives by companies in an emerging economy. Policy makers from other emerging economies could extracts lessons from Adhariani and Khanam's study.

Many of us are now familiar with cryptocurrencies through financial and social medias. While dealing with cryptocurrencies, we also come across the term 'blockchain' – the record-keeping technology behind bitcoin. Smith's paper normatively suggests that the broader blockchain ecosystem is still in flux and then his paper questions whether the current accounting and legal practitioners are capable of handling changes occurring in the broader blockchain space. This question raised by Smith is worth investigating empirically.

Al-Absy, Ismail and Chandren's (2018) paper published in this issue of AABFJ examined the association between company board chairman's involvement in the nomination and remuneration committees and company earnings management. It is an interesting investigation of corporate governance mechanisms. We know that the board chairman of a company is involved with various board committees of a company by virtue of his/her position. Then the question arises of how far he/she influences these committees for his/her personal interest or the company's shareholder's interest. Based on the data collected from a sample of companies in Malaysia, Al-Absy et al.'s study has found that board chairman's involvement in company directors' appointment hampers their independence and they also found that board chairmen in Malaysia dominate board committees leading to ineffective governance of companies. Further investigation on the factors leading to board chairman dominations will further our knowledge on the corporate governance area.

The geographic diversity of the Authors and the sites of investigation reflected in this issue of AABFJ continues the Journal's commitment to publishing high quality research issues related to accounting, financial and business issues from Asia and the Pacific region noted by Shauki, Harun and Khan, (2017) and Jones, Beattie and Rashid, (2017).

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