

## EDITORIAL

*Dear readers!*

The recent issue of the Journal of Governance and Regulation pays attention to issues of local governments support of SMEs, accounting conservatism in banks, factors influencing economic development of emerging countries and functioning of the global oil market.

*Yudha Aryo Sudibyo, Suhardi, Edy Soesanto and Pandu Soetjitro* determines the local government support needed for increasing the performance of Small and Medium-sized Enterprises in a developing countries. The results show that the government support process, the government support policy and social networking have a positive influence on the performance of SMEs. *Magdi El-Bannany* aims to determine the factors influencing the accounting conservatism for banks in the UAE over the period 2006-2013. Multiple regression analysis is used to test the relationship between accounting conservatism as a dependent variable and the independent variables intellectual capital performance, market structure, level of protection against risk, bank size, and bank profitability. The results indicate that intellectual capital performance, market structure, bank size, the level of protection against risk and bank profitability have significant impact on the accounting conservatism for banks in the UAE. This study adds to the literature on the determinants of accounting conservatism in banks. In particular, it tests whether the new theories of intellectual capital performance, market structure and level of protection against risk have an impact on accounting conservatism in the banking industry in the UAE. *Meshaal Alshammary* empirically examines the aviation-led growth hypothesis for Saudi Arabia by testing causality between civil aviation and economic development, applying econometric tests such as Granger causality tests for the time period from 1975 to 2011. Empirical results reveal the existence of the Civil aviation Led-Economic growth hypothesis (economic expansion causing the civil aviation sector to grow) for a developing country like Saudi Arabia. *Padamja Khandelwal, Ken Miyajima and Andre Santos* examine the links between global oil price movements and macroeconomic and financial developments in the Gulf Cooperation Council (GCC). A range of multivariate panel approaches, including a panel vector autoregression approach, were applied to macroeconomic and bank-level data covering the six GCC economies and span 1999-2014. The paper finds strong empirical evidence of feedback loops between oil price movements, bank balance sheets, and asset prices. Empirical evidence also suggests that bank capital and provisioning have behaved countercyclically through the cycle. *Alex Plastun and Serhii Bashlai* explore behavior of oil market after volatility explosions (days with abnormally high price volatility). Authors examine possible price patterns and whether they create exploitable profit opportunities from trading. A number of statistical tests both parametrical (t-test, ANOVA, regression analysis with dummy variables) and non-parametrical (Mann-Whitney U test) confirm presence of price patterns after volatility explosions: the next day price changes in both directions are bigger than after "normal" days. An important result of this paper is that presence of statistical anomaly does not necessarily means anomaly in price behavior and inconsistency with the Efficient Market Hypothesis. *Dao Thi Thanh Binh and Tran Thi Kim Anh* focus on manufacturing sector in Vietnam and found out that corporate governance significantly affect the firm's performance, whereas market share does not really show any influence.

We hope that you will enjoy reading the journal and in future we will receive new papers, outlining the most important issues and best practices of governance and regulation!