SPECIAL ISSUE

Innovation, Knowledge, Judgment, and Decision-Making as Virtuous Cycles

EDITORIAL LETTER

A virtuous cycle is defined as a recurring cycle of events, the result of each one being to increase the beneficial effect of the next. In this special issue, we present a collection of articles that show that this incremental effect of innovation can be achieved if we use knowledge, judgment, and decision-making in areas as seemingly diverse as academic knowledge, the development of rural regions, the use of new technologies, and the incorporation and analysis of financial regulations.

The articles that make up this special issue were selected from the papers presented at the Global Innovation and Knowledge Academy (GIKA) Annual Conference, held in Lisbon from June 28th to June 30th, 2017. The first article, by Cardao-Pito, is titled "Classes in Maximizing Shareholders' Wealth: Irving Fisher's Theory of the Economic Organization in Corporate Financial Economics Textbooks." This study discusses how the financial economics textbooks that are currently used in university teaching are based on Fisher's theory of the organization, according to which organizations exist to create wealth for their owners or shareholders. This theory is based on a series of premises that have never been irrefutably demonstrated but that may nonetheless have serious ramifications for the way students and future businesspersons perceive organizations. This article is thought provoking because it invites us to rethink the dominant logic, create new knowledge by questioning everything we have learned, and pose questions that, while difficult, are nonetheless necessary to develop knowledge in this area.

The second article in this special issue is titled "Effects of Contract and Trust on Franchisor Performance," by Calderón-Monge and Pastor-Sanz. This study examines how formal governance mechanisms (contracts) and relational governance mechanisms (trust) affect franchisor performance. The principal finding is that both types of governance mechanism lead to positive and negative performance, depending on the type of franchise that has been established.

The third article, "Development of Non-Governmental Organizations in Poland," by Brodziński, Bórawski, Dunn, presents descriptive analysis of the current situation in rural regions of Poland and the role of NGOs in the development of these regions. The article has interesting implications because it shows that the strongest, most influential NGOs in building the civil society in rural regions of Poland are principally those that emerge endogenously and have a multi-faceted, unquestionable role in the development of human capital and citizenship.

The fourth article, "The Promise of Fintech in Emerging Markets: Not as Disruptive," by Zalan and Toufaily, offers an interesting exploratory analysis of the possible consequences of introducing Fintech in emerging markets such as the UAE and the MENA region. Fintech refers to innovative financial services or products delivered via technology. The fintech sector is undergoing its third stage of development: Fintech 3.0. New firms and established tech firms in other sectors (e.g., Amazon, Facebook, Google, Alibaba, and Apple) have begun offering financial products and services directly to the public, backed by a change in consumer mentality regarding which industry players have the legitimacy and resources to offer these services. These non-traditional competitors are thus driving disruptive innovation that is changing the financial sector in ways that are still difficult to quantify.

"Environmental Sustainability and Product Portfolio Management in Biodiversity Firms: A Comparative Analysis Between Portugal and Brazil," by Jugend, Figueiredo, and Pinheiro, is the fifth article in this special issue. This article makes two notable contributions. The first relates to the effort to integrate environmental research and product portfolio management into a single topic. The second relates to the study's principal finding, namely that the major barriers to the integration of environmental sustainability into product portfolios are technological.

The sixth article, "The Unintended Consequence of Accounting Harmonisation in a Transition Country: A Case Study of Management Accounting of Private Czech Companies," by Procházka, provides insight by showing that the costs of IFRS adoption exceed the benefits by most companies and that Czech subsidiaries do not believe that voluntary IFRS adoption in statutory financial statements may bring about any substantial benefits compared to local GAAP financial statements.

The seventh article is "An Empirical Investigation of the Effects of Moderating and Mediating Variables in Business Research: Insights from an Auditing Report," by Namazi and Reza Namazi. Using a sample of listed firms in Tehran Stock Exchange, they find that there is a significant relationship between the size of the audited firm and the auditor's opinion in the audit report. One remarkable finding of the research is that if moderating and mediating variables are taken into account simultaneously, inventory and institutional ownership are significantly associated with the auditor's opinion.

In the eighth and final article of this special issue, titled "Sharing of Knowledge as a Condition of Rural Area Development – Fuzzy-Set Qualitative Comparative Analysis Approach," Ziemiańczyk, Krakowiak-Bal, and Peszek revisit the idea that we formulated at the start of this editorial: that disseminating and sharing knowledge plays a crucial role in the economic growth of regions and countries. Like Zbigniew, Piotr, and Dunn's study, this article focuses on rural regions. The authors of this article use fsQCA to study the conditions that are conducive to development in rural areas, using the conditions of well-being, social capital tendency, and organizational culture.

In the next article: "Creating Entrepreneurship through Social Innovation: The Case of I-Box Create," by Senent-Bailach and Rey-Martí, authors analyze the effect of social innovation in the enrichement of cities as it drives to development by enabling improvements to products, services, processes, and methods. After explaining in depth the concept of social innovation and the factors which are essential to the social innovation process, an examination of the stages of this process is done. The article studies the case of I-Box Create, a social enterprise in the Region of Valencia (Spain), where social innovation has improved the quality of life of society.

The tenth article entitled "Am I an Entrepreneur? Identity Struggle in the Contemporary Women Entrepreneurship Discourse," provides an interesting view about struggle that women entrepreneurs suffer in their identity. It shows how misalignments and fragmentations play an important role for the social construction of their identity. The study is based on academic articles and interviews with women entrepreneurs. Discussion is done about difficulties in the identification of entrepreneurs that women experience. The results show that the academic discourse tackles the relationships between male and female entrepreneurial stereotypes but there are some misalignments that need to be explained in depth.

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