Editorial: 60th issue of the Journal of Economics, Finance and Administrative Science

Welcome to the 60th issue of the *Journal of Economics, Finance and Administrative Science* (JEFAS). This issue showcases groundbreaking research across finance and economics. Every paper has passed our rigorous double-blind peer review, guaranteeing academic excellence while delivering actionable insights for practitioners and policymakers.

In their article, Osorio-Barreto *et al.* (2025) investigate the factors influencing inflation expectations in Colombia using a vector autoregression model with exogenous variables and quarterly data from 2005 to 2022. The key findings reveal that inflation expectations exhibit significant inertia and respond positively to real exchange rate shocks, indicating a pass-through effect. While a short-term positive response to interest rate hikes was observed – attributed to monetary policy transmission lags and potential imperfect knowledge among economic agents – robustness tests using a vector error correction model confirmed that higher interest rates negatively affect inflation expectations in the long run. The research contributes to the literature by incorporating novel exogenous supply shocks, such as social protests and global supply chain pressures, highlighting the importance of these factors and the need for more high-frequency, household-level data to better understand expectation formation in emerging economies.

In a multi-country study, Herrera-Echeverri *et al*. (2025) found that private equity activity generates significant positive spillover effects on corporate governance quality across industries. Their research demonstrated that this positive impact is stronger when private equity investments occur at an early stage, such as venture capital, and when they are led by more experienced funds. Furthermore, the study revealed that foreign private equity investment plays a crucial complementary role, particularly in industries with low levels of domestic private equity activity. The findings suggest that the presence of private equity investors helps disseminate superior governance practices through imitation, demonstration and competition effects, thereby enhancing overall industry standards.

Souza and Paulo (2025) investigate the relationship between service quality and earnings management in Brazilian electricity distributors from 2011 to 2021. Their findings reveal a significant positive correlation, indicating that distributors with lower service quality, as measured by the Global Continuity Performance Indicator (i.e., longer and more frequent power interruptions), engage in higher levels of earnings management. This suggests that managers of underperforming firms resort to opportunistic accounting practices, potentially to conceal the poor operational results reflected in their service delivery. The study provides valuable insights for regulators, investors and society, highlighting that poor service quality can act as a warning signal for potential manipulation of financial reports.

Torres Carbonell *et al*. (2025) apply a real options framework to determine the optimal selling time for livestock in Argentinean cattle production, accounting for technological and market risks. Using a biophysical-economic model based on 15 years of data, they evaluate 162 strategic alternatives involving different weaning methods and fattening durations. Their

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findings demonstrate that incorporating strategic flexibility significantly enhances project value; the real option to continue fattening calves was valued at $149 per head, which is 169% higher than the base case value of selling at weaning. The study concludes that real options analysis provides a superior valuation method over traditional static models, enabling managers to make better-informed decisions by quantifying the value of adapting to favorable climatic and price conditions.

Ostos and Montoya-Ramírez (2025) investigate the drivers of value creation and value capture in companies within an emerging market context. Using survey data from 222 professionals at top Peruvian firms, they employ structural equation modeling to analyze the impact of technological innovation, creativity and innovation management, and business model innovation. Their findings reveal that value capture is positively influenced by all three independent variables, whereas value creation is driven only by technological innovation and business model innovation, with creativity and innovation management showing no significant direct effect. The study highlights that in emerging markets, executives prioritize innovation initiatives that yield tangible monetary results, underscoring the distinct pathways through which different types of innovation contribute to a firm's financial performance and market-perceived value.

Wagner and Alves (2025), using a sample of 27 European Union countries from 2000 to 2022, investigate how government financial assets, often excluded from traditional deficit accounting, influence the critical gap between interest rates and economic growth (r-g). Using panel and country-specific ARDL models, they find that while financial assets can drive both short- and long-term debt trajectories, their impact on the r-g differential is highly heterogeneous across countries. Crucially, the results suggest that financial assets may sometimes undermine primary deficit consolidation efforts and even worsen the r-g differential, thereby challenging debt sustainability. The authors caution against over-reliance on aggregate statistical models for policy, emphasizing the need for granular, country-specific analysis and greater transparency in fiscal reporting to strengthen democratic accountability

In a study of Indian firms from 2015 to 2019, Habib *et al*. (2025) found that a company's intellectual capital efficiency (ICE) significantly influences its capital structure, leading to a greater reliance on debt financing. Their research identified capital-employed efficiency and human-capital efficiency as the key components of ICE driving this effect. Conversely, the study concluded that the quality of a firm's institutions had no significant impact on its financing decisions. These findings highlight the importance of knowledge-based assets over institutional factors in shaping capital structure within an emerging market context.

Drawing on data from publicly traded Brazilian firms between 2010 and 2023, Gaio and Stefanelli (2025) investigate the financial implications of board gender diversity, specifically its effect on the cost of equity capital. Utilizing the Fama-French five-factor model and dynamic panel estimators, their findings reveal that greater female representation on boards is associated with a statistically significant reduction in the cost of equity. The study further identifies a non-linear relationship, where the benefits intensify with increased diversity, supporting the critical mass theory that the impact becomes more pronounced as the number of women on the board grows. This research provides crucial evidence from an emerging market context, suggesting that gender-diverse boards can enhance corporate governance and lower financing costs by reducing investor risk perceptions.

Based on a gravitational analysis of 1,094 cross-border mergers and acquisitions (CBM&As) by firms from six major Latin American economies between 1995 and 2018, Castro Gama *et al*. (2025) found that the primary motive for international expansion is market-seeking rather than escaping weak home-country institutions. The results indicate that higher-quality formal institutions in both the home and host countries positively influence CBM&A value, supporting an "institutional fostering" effect. Furthermore, while formal institutional distance showed a negative influence, informal institutional distance exhibited an inverted U-shaped relationship, meaning LATAM firms prefer targets in countries that are culturally neither too similar nor too dissimilar. These findings highlight the complex role of institutions in shaping the internationalization strategies of emerging market firms.

Le and Dinh (2025) investigate the role of managerial ability on income smoothing behavior through loan loss provisions in Asia–Pacific commercial banks from 2012 to 2021. Their findings confirm that banks in the region use discretionary loan loss provisions to smooth reported income. While high-ability managers generally do not exhibit a distinct preference for income smoothing, their influence is highly context-dependent, with more able managers tending to restrain such behavior in private commercial banks, profitable institutions and during non-crisis periods. However, when high-ability managers do engage in income smoothing, it positively moderates the relationship with accounting profitability, suggesting they may employ it as a strategic tool rather than for opportunistic reasons.

Finally, in their study of traditional banking institutions across six Latin American countries from 2017 to 2023, Raffaelli *et al*. (2025) investigate the non-financial determinants influencing Sustainable Development Goals (SDGs) disclosure. Employing a multiple linear regression model on a longitudinal dataset, the authors find that greater board independence, the adoption of International Integrated Reporting Council guidelines and having sustainability reports assured by a Big Four audit firm are all positively and significantly associated with higher levels of SDG disclosure. Conversely, and contrary to their initial hypotheses, they identify a significant negative relationship with both board size and the proportion of female employees. The presence of a sustainability committee, however, was not found to be a significant factor. The research provides empirical evidence from the Latin American context, underscoring the importance of specific governance and reporting mechanisms in advancing transparency towards the 2030 Agenda.

These papers, together with those summarized in Chavez-Bedoya (2025), advance both the theory and practice of economics and finance. We expect them to generate a robust global dialog among researchers, practitioners and policymakers.

Luis Chavez-Bedoya
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