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Contemporary determinants of business performance: From the Editor

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Running a business today is becoming more complex than two or three decades ago. The world is becoming increasingly open and globalized, and the production processes of goods and provision of services are inscribed in global supply and value-added chains. Large corporations are doing well in such a market, but small and medium-sized enterprises often find it increasingly difficult to function. In addition, apart from the processes exerting pressure on enterprises operating in the real economy, as a result of financial globalization, the scope of financial entities (banks, investment funds, stock exchanges) was also increasing (Knox-Hayes & Wójcik, 2020). However, this is a phase of the past. Currently, not only crossing borders but, above all, far-reaching digitalization and the development of modern technologies set the main direction for the development of enterprises (Florek-Paszkowska et al., 2021). In order to cope with these changes, both individual companies and entire sectors, public administration, and society, as well as national economies, have to make so-called digital transformation (Gajewski et al., 2016). More profound changes are triggered by sustainability, ecology, and human-oriented goals, leading towards industry 5.0. All these processes exert pressure both on big companies as well as on small- and medium-size enterprises.

The ongoing changes related to the digitalization process mean not only incorporating modern technologies into existing entities and structures but are much more critical. They are *spiritus movens*, leading to the transformation of entire sectors of the real economy and the financial markets (Marszk & Lechman, 2021). We can observe the emergence of ecologies and ecosystems (Gancarczyk & Rodil-Marzábal, 2022; Piątkowski & Urbaniec, 2023), mechanisms leading to the development of sharing economies (Szpringer, 2020), as well as the increasing rooting and linking of traditional financial services with services leading to meeting the needs of society. Financial services are embedded in products and become inseparable from these products, and the traditional

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division into sectors is gradually disappearing. This is possible thanks to the creation of platforms which connect many market participants (Sironi, 2021).

In the context of the abovementioned far-reaching processes, many business entities operate according to traditional principles. The key for them are sales, profit and liquidity, which define the crucial financial performance. Among important aspects are also such issues as maintaining the security of business operations and obtaining the desired market indicators in stock companies. For enterprises from developing countries, the basic problem is access to finance, the market, and advanced technologies (Jalil et al., 2022; Łasak, 2022). In developed countries, enterprises also encounter many challenges related to the traditional corporate finance dimension despite a better situation.

The current Issue published in the *Journal of Entrepreneurship, Management and Innovation* (Volume 19, Issue 4, 2023) is aimed at considering the nexus of topics related to the various aspects of the functioning of financial and non-financial enterprises. The main purpose of the articles is to focus on selected problems related to the financial aspects of business activity. The considered problems were presented in the context of contemporary processes taking place in the environment of enterprises. These include, on the one hand, far-reaching digitalization and the use of advanced technologies and, on the other hand, processes belonging to the Environment, Social, and Governance (ESG) area.

A description of the situation faced by many enterprises, including financial institutions, undergoing digital transformation is presented in the article written by Łasak and Wyciślak (2023). Digitalization processes not only lead to far-reaching digitization of enterprises and related dilemmas regarding corporate governance but also the transformation of entire sectors of the industry. The banking sector is the best example of this. The question arises what is the pattern of behavior of digital platform partners in the situation of transformation of this sector and platformization of banking services? The paper aims to present the dynamic pattern of behavior among partners stemming from the tensions between governance costs and co-created value within platforms in banking services. The study provides a taxonomy of digital platforms in banking, highlights the values of the most typical platforms, namely blockchain-based and cloud-based platforms, and discusses the potential implications of the platformization of banking services.

One of the key contemporary perspectives of business activity is looking through the prism of the need for a responsible and sustainable approach. This is the perspective embodied in the approach referred to by the term ESG. Sustainable business models, considering the ESG principles in the company's operation, are based on financial and non-financial reasons. The paper written by Zioło, Szaruga, and Spoz (2023) aims to examine the relationship between financial and non-financial factors in enterprises and indicate for which groups

of enterprises the relationship of ESG financial performance is most visible in the context of building sustainable business models and the ability to adapt to sustainability. It was found that large enterprises with a solid financial position simultaneously get better non-financial results. In each of the analyzed aspects, large enterprises with an excellent financial standing did better.

The conclusion presented by Zioło, Szaruga, and Spoz (2023) does not change the fact that small and medium-sized enterprises play a key role in the economic growth of emerging economies. The paper by Amoa-Gyarteng and Dhliwayo (2023) examines the impact of capital structure and profitability on the short-term solvency of nascent SMSs in Ghana, building on the liability of the newness framework. The study demonstrates that financing decisions and financial performance are crucial mitigating factors for the potential risks of default and failure faced by nascent SMEs. Notably, the study finds that an appropriate balance between debt and equity financing raises the working capital ratio and thus reduces the liability of newness, which is a major challenge faced by nascent SMEs. The analysis also identifies that return on equity (ROE) is a crucial driver of short-term solvency for nascent SMEs. Declining profitability is manifested by a decrease in operating profits and cash flows. The resulting cash flow shortages can cause the company to fall behind on payments and obligations, leading to short-term insolvency, with all the adverse consequences. All these conclusions might be valuable for enterprises in other developing countries.

Operational and financial market performance is a crucial determinant not only for SMEs but also for larger companies. Such type of businesses is presented in the paper by Yaşar and Gerede (2023). The article shows how complex are the processes accompanying the functioning of such enterprises as airlines. This paper refers to the competitiveness of such airline companies and the conditions determining their favorable market position and long-term competitive advantage. The market position of such companies is influenced by such factors like firm maturity, its size, financial resources and some technical dimensions (number of flights, fleet homogeneity). This means that despite the processes taking place today, the business performance of such entities as airlines still depends on the classic factors described in the literature of corporate finance.

The contemporary opportunities resulting from the dynamic development of information technology contribute to the development of new forms of financing business activity. One such form is crowdfunding. The paper by Nose and Hosomi (2023) is dedicated to the equity crowdfunding (ECF) issue in the Japanese context. The research provides an answer to the question of what makes equity crowdfunding successful. The “Signaling Hypothesis” and “Lack of Financial Literacy Hypothesis” were tested. Despite the research is focusing more on investors’ side, it also sends an important signal to the business considering

crowdfunding as a source of funding. The conclusions can be helpful for start-ups planning ECF campaigns in the future.

The company's position on the market may also depend on factors other than financial performance, and recently, it has depended to an increasing extent on environmental, social, and governance performance (defining corporate sustainability performance). In this context very important research thread is the relationship between corporate sustainability performance and stability of dividend payouts. This topic is presented in the paper by Matuszewska-Pierzynka, Mrzygłód, and Pieloch-Babiarz (2023). The research verifies many detailed interdependencies between the ESG performance of an enterprise and the propensity to pay stable dividends to the enterprise.

The possibility of financing business activity is determined by the situation in the banking sector. The conditions of financing provided by banks are of particular importance in the case of developing countries, where other forms of raising capital by enterprises are often limited. Shaikh, Tunio, and Dagar (2023) paper discusses the relationship between banks funding liquidity, capital funds and bankers' lending activity in emerging markets. This research firstly provides insight into the activity of financial companies in emerging markets, and secondly, informs the public, and especially the business, about the lending practices of the banking sector, and in consequence, on the financing opportunities in these economies.

These unique studies presented in this Issue enrich our knowledge about contemporary business activity. The papers contribute to understanding the nature of business performance and link corporate finance issues with other, mainly technological and social aspects. Particular attention, however, is paid to the traditional conditions of operation and financing of enterprises. At the same time, however, efforts were made to combine new business conditions, including digitization. The issues raised also concern processes ensuring sustainable development. We want to express the hope that the papers presented here will be of interest to readers, scholars, and researchers worldwide. They provide theoretical concepts, and quantitative analyses, and indicate pathways for further research. Many of the presented areas require further, in-depth analysis.

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