From the Editor

The second issue of the South East European Journal of Economics and Business in 2017 (Volume 12, Issue 2) brings us seven papers covering diverse topics and regions from South East Europe and beyond. In this volume the reader will find papers covering the areas of management, banking, economic restructuring, migration, as well as articles investigating the consequences of formal-informal institutional interactions on corruption and employment. A common feature of all these papers is rigorous empirical investigation, bringing us quantitative findings and data often not publicly available. As such, the volume will enrich readers with new academic findings, policy implications, as well as important inputs for the development of further research in these fields. A review of the papers follows.

Gashi, Pozega and Crnkovic in their "Cross-sectoral study of value profiles and differences between employees in the private and public sectors in South East Europe" analyze a sample of employees coming from both the public and private sectors of the six countries from the region (namely, Croatia, Italy, Hungary, Romania, Slovenia and Serbia). The authors have collected targeted survey data and used it to conduct an empirical investigation in which the employees' Hosftede Value Dimension is the explanatory variable, and is investigated primarily at the country and sectoral levels. The authors report similarities in value profiles for employees from Croatia and Serbia compared to Romania, Hungary, Slovenia and Italy, both in the public and private sectors. The research provides implications that managers and policymakers can use to understand what employees' values are, how they can be used, and how to address the challenges of human resource development in their region.

Williams, Radevic, Gherhes and Vorley investigate "The nature of corruption affecting entrepreneurship in transition economies: some lessons from Montenegro". This paper examines how the institutional environment of Montenegro impacts the nature of corruption affecting entrepreneurship development in this transition economy. It is based on business survey data supplemented with in-depth interviews with entrepreneurs. The authors report that corruption is a pervasive presence that has not been reduced despite many economic reforms. Still, Montenegro is a transition economy that has made significant strides in terms of creating a more open market economy. However, the authors believe that reforms have often overlooked corruption, which remains prevalent, while the emerging institutional setting has left enough space for public officials and businessmen to engage in different forms of corrupt practices. The authors conclude that corruption can be viewed as a sort of cultural impediment even if most entrepreneurs are not exposed directly to it.

Kotori investigates "The probability of return conditional on migration duration: evidence from Kosovo", focusing on a topical issue coming from the diversity of migration patterns in South-East Europe. Based on her earlier work, the author investigates households' decisions to return to their home country – Kosovo – conditional on their migration duration. The empirical work is based on Kosovo census data conducted in 2011. After controlling for a number of potential influences on the decision to return, the research identifies that household return migration behaviour is indeed influenced by demographic characteristics, psychic income, and political factors. This finding supports the evidence that economic factors are not a primary driver of migration dynamics, but that a number of non-economic determinants remain important through their influence on migration. From a policy perspective, the results of this study provide no support for either a Brain Drain or Brain Gain hypothesis on return migration.

"The impact of national economy structural transformation on regional employment and income: the case of Latvia" is a study by Mihnenoka and Senfelde. The study investigates how employment structure changes and how these changes can affect the level of social welfare and economic disparities between Latvian regions. The study reveals that changes in employment structure have a noticeable impact on regional differentiation in Latvia. In addition, the authors report that although employment concentration varies across the regions in focus, it is rather persistent over time, with some occasional re-employment changes occurring in different directions, and thus, causing further regional socio-economic differentiation in Latvia.

Krasniqi and Williams bring an interesting paper from the informal economy field titled "Explaining individual- and country-level variations in unregistered employment using a multi-level model: evidence from 35 Eurasian countries". The authors rely on a 2010 Life in Transition Survey from 35 countries and employ multilevel logistic regression analysis to investigate specifically if marginalized groups are more informally employed. The obtained results suggest that younger age groups, those divorced and those with less education are more likely to be informally employed. At the higher, country level of analysis, the authors find that the prevalence of unregistered employment is strongly associated with tax morality, which the authors measure by asymmetry between formal and informal institutions. In short, the greater the asymmetry the greater the level of unregistered employment. The paper concludes by providing relevant theoretical and policy implications.

Skrabic-Peric and Konjusak investigates "How did rapid credit growth cause non-performing loans in the CEE countries?". The authors focus on eleven Central and Easter European countries (CEE) over the period 1999-2013 by applying a dynamic panel modelling in which they analyse how bank-specific variables, macroeconomic variables and credit growth indicators influence non-performing loans. The results for bank-specific and macroeconomic variables are in line with previous research on credit risk, while the influence of credit growth is identified to be time dependent. The authors report that at least two years are necessary for each type of credit growth to increase non-performing loans in this sample. The authors end the study with several implications relevant for policy makers.

"The social and financial efficiency of microfinance institutions: the case of Bosnia and Herzegovina" is an empirical investigation reported by Efendic V. and Hadziahmetovic N.. The authors rely on secondary data from Bosnia and Herzegovina (BiH) covering the period 2008-2015, and empirically investigate it through Data Envelopment Analysis. The main research attention was to investigate the financial and social efficiency of microfinance institutions in BiH, with particular reference to the effect of the latest economic crisis. There is much more space for improvement of both types of efficiency in this post-conflict country, while the authors report the improved performance of financial efficiency in comparison with social efficiency. The latest crisis hit BiH severely and affected both types of efficiency in a negative way, while the recovery started in 2010. Recovery was seen more in financial efficiency than social efficiency, and this has widened the gap between financial and social efficiency even more.

Adnan Efendic, Editor-in-Chief

University of Sarajevo
School of Economics and Business