

From the Editor

The South East European Journal of Economics and Business reveals its 14 volume, issue 2, with ten articles from economic and business research fields. The contributions are mainly coming from South East Europe, including this time majority of papers being focused on EU countries.

The first paper by Pavic Kramaric, T. and Miletic, M. titled "The bone indicator as determinant of Croatian insurance market soundness" investigates the influence of competition on soundness of Croatian insurers using the Boone indicators over the period 2008-2017. The paper reports the impact of competition on the performance of insurers in post-EU accession period. The premium to surplus ratio and inflation rate play important role in pre-EU accession period, while reinsurance and GDP growth rate are important only after EU accession.

Franc, S., Ceh Casni, A. and Barisic, A. bring us contribution titled "Determinants of migration following the EU enlargement: a panel data analysis". This research explores several pull and push factors of the East-West EU migration flows in the period 2000-2017. The results indicate that emigration rate responds rather quickly to changes in GDP per capita and unemployment rate of the youth population in immigration country, suggesting that international migration contributes to adjustment of the labour supply to fluctuations in economic activity. This contribution provides important policy implications for the issues of high interest to the policy makers nowadays.

The contribution by Efendic, V. and Hadziahmetovic, N., "Productivity change of microfinance institutions in Bosnia and Herzegovina" investigates the productivity changes of microfinance institutions in this country during and after the recent financial crisis (2008-2015), including technical, technological and total factor productivity (TFP) changes. The empirical findings indicate a decline in TFP of 2.5%, the average technological decline in the industry is 1.7%, while technical efficiency change is recorded at the level of -0.8%. The authors conclude that policy makers need to enhance the technological progress to meet expected strategic objectives.

Tica, J. and Sikic, L. contribute to this issue with an article titled "Endogenous convergence and international technological diffusion channels". The authors analyse importance of channels of technological diffusion between new member states and the core EU countries. The obtained results indicate that FDI and R&D are major drivers of technological change, while trade openness and human capital are dominant channels for TFP diffusion in EU periphery. The productivity gap reduction is identified as a heterogeneous and country specific issue, but it can be supported through various economic policies focused on openness and human capital in the EU periphery.

Tadeusz Skica, T., Lesniowska-Gontarz, M. and Miszczyńska, K. report their research titled "Measuring the efficiency of Polish municipalities in terms of sustainable development – data envelopment analysis approach". This paper uses Data Envelopment Analysis

method to evaluate the efficiency of Polish municipalities in achieving sustainable development and improving the quality of life in these societies. The paper recommends that inefficient municipalities can improve their efficiency following the technological example of chosen benchmarks.

“Cost-effective service excellence: exploring the relationships among restaurants’ operational efficiency, size and service quality” is article written by Kukanja, M. and Planinc, T. The paper investigates whether higher operational efficiency in restaurants can be achieved without lowering the perceived level of service quality. Additionally, it explores the importance of restaurants’ size on operational efficiency and on the perceived level of service quality. The restaurant size is found to influence restaurants’ operational efficiency and guests’ quality perceptions.

Olgic Drazenovi, B., Hodzic, S. and Maradin, D., in their article “The efficiency of mandatory pensions funds: case of Croatia” examine performance of pension funds in Croatia by measuring their technical efficiency. The authors apply data envelopment analysis on a sample of four mandatory pension funds divided into three categories (A, B or C) for 2015-2018 period. The results indicate a very small differences among pension funds.

Mroczek, T., Skica, T. And Rodzinka, J. contribute to the issue with their paper titled “Optimal size of the general government sector from the point of view of its impact on the EU economies”. Relevant variables are used to measure the size of the general government sector of EU countries which is extended with an empirical analysis. The article provides an important step for the development of analyses devoted to the optimization of general government sector size and its impact on the economy.

Andrii et al. in their paper „Attractiveness modeling of retail on emotional fatigue of consumers“ evaluate the effect of emotional fatigue on purchase process and use neuromarketing tool – Galvanic skin reaction analysis. Changes in the buyer emotional reaction of consumers is observed through more than 150 experiments at 15 different retailers. The paper reports that retailer selection depended on emotional fatigue of the customers. Different types of retailers create different emotional fatigue which affects the footfall.

Loxha, A. in article titled „Do remittances reduce poverty in Kosovo? - A counterfactual analysis“ investigates the impact of remittances and migration on poverty in Kosovo using data from 2011 in a two-stage Heckman-type selection procedure. The results report that remittances increase consumption of recipient households and that poverty rate would be higher for a considerable proportion of the households without remittances, and in particular in rural areas.

On behalf of Editorial Board
Adnan Efendic

University of Sarajevo
School of Economics and Business