

# From the Editor

The South East European Journal of Economics and Business announces its second issue of the fifteenth volume, which is also a second issue published in the time of Covid-19 pandemic that has changed economies and businesses throughout the world. In such challenging times, we bring ten contributions covering research from wider South East Europe and diverse topics from economic and business.

The first paper is by Abdić et al. titled "Nowcasting GDP of Bosnia and Herzegovina: a comparison of forecast accuracy models" which contributes to the new methodological possibilities of calculating Gross Domestic Product, with particular reference to Bosnia and Herzegovina (BiH). The authors simultaneously compare ARIMA models, bridge models and factor models by using data from 2006-2016. The paper identifies that the most efficient model for forecasting quarterly GDP of BiH is the bridge model.

Sugiyanto and Yolanda in their article "Financial deepening, economic growth, inequality, and poverty: evidence from 73 countries" use panel data to analyse the effect of financial deepening on economic growth, income inequality, and poverty rates during the period 1991-2015. The results indicate that financial deepening has positive effect on economic growth, but has negative effect on income inequality and poverty rates, including variations between countries with different levels of economic development.

Satrovic et al. in their paper "The relationship between CO<sub>2</sub> emissions and gross capital formation in Turkey and Kuwait" investigate the potential link between gross capital formation and CO<sub>2</sub> emissions in

selected countries with traditionally strong trade ties. The relationship is empirically tested on annual time-series data for the period 1971- 2014. The empirical finding of this paper display a significant bidirectional link between gross capital formation and CO<sub>2</sub> emissions with other related conclusions discussed in the paper.

Małgorzata Miszczyńska and Marek Miszczyński in their paper "Inpatient costs in the perspective of Polish health policy: scenario analysis" assess the relationship between the labour costs of medical staff and in-patient curative care costs which should be financed for the following decade. The research results report that the predicted increase of expenditures on healthcare sector is unlikely to happen in the future.

The paper titled "Can monetary integration improve productivity? Empirical evidence of Eurozone" by Padilla brings us a panel data analysis conducted to investigate how introduction of Euro affects productivity growth. Two panels from 1996 to 2016 were observed – one included 28 EU countries; the other included 13 EU countries that joined the EU in 2004 or later. The findings suggest that the productivity growth of the countries that joined the EU and adopted the Euro was higher compared to those that maintained their own currency. The main channel through which the adoption of the Euro influenced productivity growth was foreign investments.

"External debt in Bosnia and Herzegovina – an empirical analysis" is paper written by Hurić-Bjelan and Hadžiahmetović in which the authors empirically investigate the external debt of BiH that has doubled

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over the last decade. The empirical part relies on dynamic modelling covering the period 2004-2017. The article reports that foreign trade deficits have had the greatest impact on rising indebtedness in BiH, while movements in EURIBOR interest rates have little influence in explaining this variability. Thus, macroeconomic policy in BiH, if it wants to keep the external debt under control over the longer time, does need to focus on deficits in its foreign exchange more.

Gashi and Adnett brings a contribution titled "Are women really paid more than man in Kosovo? Unpicking the evidence". The authors estimate the earning functions for female and male employees in Kosovo and using decomposition analyses examine the size of the explained and unexplained gender wage gaps. The paper reports that the superior productivity-related characteristics of female employees in Kosovo hides the magnitude of the difficulties they still face in the labour market related to earning differences.

"Big five personality traits and workplace spirituality: a mixed method study" is paper by Tutar et al. which examines the relationship between personality traits and workplace spirituality from a managerial perspective. The paper combines quantitative (survey) and qualitative (interviews) data from participants working in a public university in Turkey. The findings indicate that the harmony between the perception of personality structures and workplace spirituality has an important function in the adoption of workplace values by the employees.

"Analysis of public debt at subnational government levels: Evidence from cantons in the Federation of Bosnia and Herzegovina" is paper by Halebić and Moćević which targets the issue of rising public debt at cantonal level in one of the entities in BiH. The authors apply a panel regression analysis and investigate determinants which affect public debt of the cantons over the period 2002-2018. The paper reveals that the public debt is positively associated with budget deficit but negatively associated with trade balance, the size of population and imposed institutional changes during this period.

"Classification ratemaking using decision tree in the insurance market of Bosnia and Herzegovina" is the final paper of this issue authored by Selimović. This paper investigates the impact of risk classification on life insurance ratemaking with particular reference to Bosnia and Herzegovina. The empirics is based on a sample of over eighteen thousand insurance policies for passenger vehicles collected over the last five consecutive years. The analysis reveals that although GLM is widely used method to deter insurance premiums, improvements of GLM by using data mining methods is recommended to solve specific challenges for the risk models; hence, they are recommended to be considered in BiH and SEE region.

On behalf of Editorial Board  
Adnan Efendic

University of Sarajevo  
School of Economics and Business