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## From the Editor

The South East European Journal of Economics and Business is publishing a new volume (Volume 10, Issue 1) that brings us five empirical papers mainly focused on the South East European Region (in particular Croatia and Slovenia). The papers are heterogeneous in their coverage and include focuses on the foreign exchange rate system, gray economy, insurance services, the use of statistical methods and corporate citizenship activities in the business sector. The main findings and implications of these articles are briefly presented below.

Mance, Živković and Mance in their article “Econometric analysis of Croatia’s proclaimed foreign exchange” provide a time-series econometric analysis focused on Croatia’s proclaimed foreign exchange over the period 1997-2014. The authors use time-series data to assess the efficiency of the Croatian National Bank’s (CNB) policy, which is a managed floating regime, in maintaining price stability. The article empirically tests the validity of three monetary policy hypotheses: the stability of the nominal exchange rate, the stability of exchange rate changes, and the exchange rate to inflation pass-through effect. The obtained results suggest that for the Croatian Kuna/Euro foreign exchange rate stability is not a direct mechanism of price stability and that the CNB cannot directly target inflation via foreign exchange. The results imply, at the same time, a strong link between foreign exchange rate changes and changes in monetary aggregate M4, as well as between M4 changes and inflation. Nevertheless, the authors conclude that a firm foreign exchange policy commitment toward the Euro may be the only policy choice for the future of this small open economy.

Williams and Franic focus their research attention on the gray economy in Croatia in their interesting article, "Tackling the propensity towards undeclared work: some policy lessons from Croatia". The authors rely on survey data from 1,000 interviews conducted in Croatia during 2013 and logistic regression analysis. Their primary research task was to evaluate policy approaches towards undeclared work. Interestingly enough, their results provide no evidence of an association between participation in undeclared work and the perceived level of penalties and risk detection. However, they do find a strong relationship between participation in undeclared work and levels of tax morality. The policy implication the authors draw from their research is that an indirect controls approach that seeks to improve tax morality might be a more efficient policy to tackle undeclared work in Croatia than a direct engagement through increasing penalties and risk detection.

Sebjan and Tominc's "Conceptual model of relationships among customer perceptions of components of insurance service" uses structural equation modelling applied on a sample of 200 Slovenian users of insurance services and investigates the relationships between customer perceptions of the benefits of sales promotion, quality, adequacy of premium, and the adequacy of information about the coverage of insurance services. The authors show that higher perceived benefits of sales promotion in their sample are associated with higher perceived quality of insurance services. In addition, higher perceived quality is associated with higher perceived adequacy of information about the coverage and the premium for insurance services. Finally, they report that higher perceived adequacy of premium is associated with higher perceived adequacy of information about the coverage of insurance services. The paper ends with some recommendations for insurance companies in the Slovenian market.

Shaker Al Ani and Ahsan Jamil's "The effect of corporate citizenship activities on financial performance and market performance: the Omani experience" investigates the effects of corporate citizenship activities on the financial performance and market performance of manufacturing companies (sectors included: Food, Construction and Chemicals) in Oman. They provide an empirical investigation based on data covering the period 2009-2013. The main results from this analysis show that there is a positive impact from corporate citizenship activities on the financial and market performance of the sampled Omani companies, which leads to profit maximization. While this research operates with a limited sample and time-period, the results are indicative for the Omani market as a whole, and in particular the sectors under investigation.

Finally, the last paper in this issue is "Adoption and benefits of statistical methods in enterprises: differences between Croatian regions" by Žmuk, which addresses differences in the use of statistical methods by enterprises as one of the factors leading to the uneven level of economic development between different regions in Croatia. The author uses logistic regression analysis based on web survey data collected in 2013 on a sample of 667 Croatian enterprises. The obtained results generally confirm that the enterprises that use statistical methods have a greater probability of achieving a positive net income in comparison to enterprises that do not use it. The main implication of this research is that there is a need for the adoption of statistical methods as a tool for achieving higher net income and for reducing economic dissimilarities between regions in Croatia.

On behalf of Editorial Board  
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