From the Editor

The South East European Journal of Economics and Business is a research-oriented journal dealing with topics in the fields of economics and business, with a particular focus on the transition economies of South East Europe (SEE). This issue (Volume 10, Issue 2) brings us five empirical papers focused on Bosnia and Herzegovina (BiH), Croatia, Slovenia and Macedonia, as well as two research articles treating economies in Asia and Africa. Such diversity in our published articles is a consequence of the increasing number of submissions the Journal currently receives, in addition to our commitment to publishing research papers focused on areas outside of the region of SEE. Research heterogeneity is not only present in our Journal's geographic coverage, but in the published papers' treatment of different economic/business topics, sectors, and methodologies. This issue includes such research areas as foreign direct investment, innovation, fiscal and monetary policy, the telecommunications sector, financial markets and the crisis. We do hope that such a research portfolio will bring interesting findings to our equally diverse audience.

Dauti reports his analysis of "Determinants of foreign direct investment in transition economies, with special reference to Macedonia: Evidence from the gravity model." In his investigation, Dauti relies on panel empirical modelling and investigates the main determinants of foreign direct investment (FDI) stocks in five SEE and ten EU member countries. An augmented gravity specification was used to uncover how typical gravity and FDI traditional determinants, together with different institutional factors, affect investors' decisions from the core OECD countries to invest in the targeted SEE and EU economies. The overall finding is that the investigated determinants are indeed important in affecting FDI stock, while bilateral FDI stock is subject to persistence effects. In the context of Macedonia, there is a relatively strong gravitational character to Macedonia's inward FDI stock.

Pita-Lazović and Štambuk analysis, "Professional opinions and attitudes on tax policy in BiH, with a special focus on the Federation of BiH" uses survey data gathered from tax experts. As to be expected from taxation-based research on BiH, the study explores the consequences of the two different meso-level institutional environments in BiH (the Federation of BiH and the Republika Srpska). The authors identify that respondents are consistent in their opinions on the introduction of a progressive personal income tax (PIT), an excise duty on luxury products, the maintenance of personal, family allowances, the maintenance of the current value added tax (VAT) and corporate income tax rates. However, differences exist in the respondents' perceptions about the introduction of reduced VAT rates, the regressivity of the VAT, and priority given to equity over efficiency. Probability modelling highlighted these differences and indicated inconsistencies in the definition of the PIT tax base.

"Measuring the impact of innovations on efficiency in complex hospital settings" by Došenović-Bonča and Tajnikar provides an approach to measuring the impact of innovations on hospital efficiency based on research on general hospitals in Slovenia. The authors argue that the suggested methodology can be applied to any type of innovation, including technology-based innovations, as well as consumer-focused and business model innovations. They demonstrate that the impact of an innovation on hospital efficiency depends not only on the features of the studied innovation, but also on the characteristics of hospitals adopting the innovation and their external environment represented by a set of comparable hospitals.

Zaimović presents an empirical investigation from the telecommunication sector in BiH, entitled "Mobile carrier selection in a post-conflict environment – the primacy of ethnicity over conventional networking effects," which uses survey data and probability modelling to investigate what drives customers in their choices of mobile carriers. While Zaimović identifies the importance of traditional networking determinants, his results also reveal that costumers› decisions were driven by some non-traditional, post-conflict related influences. This refers primarily to the self-reported ethnicity of respondents, which is linked to the "ethnic affiliations" of providers. Interestingly enough, while conventional determinants differ for different mobile carriers, the ethnicity effect overwhelms the traditional networking determinants in the examined models.

Kaur and Gupta provide an empirical investigation of the Indian financial market: "The Impact of the financial crisis on the hedging effectiveness of futures contracts: evidence from the national stock exchange of India." The study focuses on the consequences of the latest financial crisis (2008) on the hedging effectiveness of three index futures contracts traded on the National Stock Exchange of India from January 2000 to June 2014. The study reports an improvement in hedging effectiveness during the post-crisis period. Its policy implications are that near month futures contracts are a more effective tool for hedging compared to next and far month contracts. In addition, liquidity is a more important determinant of hedging effectiveness than hedge horizons, and a time-invariant hedge ratio is more efficient than time-variant hedging.

"The Influence of different information sources on innovation performance: evidence from France, the Netherlands and Croatia" by Pejić-Bach, Lojpur, Peković and Stanovčić investigates the extent to which the usage of different information sources influences internal and external research and development (R&D) activities in Croatia, France and the Netherlands. Their empirical investigation is based on cross-sectional Community Innovation Survey data covering the period 2006-2008. The obtained results imply that internal sources, customers, suppliers and universities are important information sources for both internal and external R&D activities. Moreover, the study analyzes the significant similarities and differences that exist between countries of different levels of competitiveness.

Nurudeen's paper focuses on the link between the fiscal and monetary sectors: "The non-linear relationship between fiscal deficits and inflation: evidence from Africa." The author investigates the association between deficits and inflation in 51 African economies by using a panel GMM estimator (1999-2011). The results indicate that the deficit-inflation relationship is non-linear for the African sample and its different subgroups. A percentage point increase in deficits results in a 0.25 percentage point increase in inflation rate, while the relationship becomes quantitatively greater once the deficits reach 23% of GDP. The results are different for different sub-groups. The author proposes the grouping of African countries according to their levels of inflation and/or income when examining the deficit-inflation nexus.

On behalf of Editorial Board
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