
From the Editor

The nine papers that comprise the second issue of the South East European Journal of Economics and Business, 13th Volume, contribute to our better understanding of economic and business environments. The contributions provide a diverse mix of focuses, including neoclassical growth theory, institutional economics with both formal and informal institutional effects, the export performance of SMEs, consumer and export behaviour, as well as environmental and personal satisfaction studies. We believe that this rich diversity of contributions, which are primarily focused on the economic and business environment of South East Europe, will be of interest to academics, policymakers and a general audience in the region and elsewhere.

The first contribution by Ganic, Babic-Hodovic and Arslanagic-Kalajdzic investigates the links between employee satisfaction, loyalty and performance, including the relationship between customer satisfaction and loyalty, as well as their inter-relationships. The analysis involves employees and students from seven departments of a private university, and is based on hierarchical linear modelling. The authors report a positive effect from employee satisfaction on employee loyalty and employee performance, but no impact from employee loyalty on their performance. At the same time, the results showed that student satisfaction is positively related to loyalty.


In the second paper of this volume, Williams and Berezedi investigate informal practices in FYR Macedonia related to employers under-reporting salaries and their perception of government institutions and their efficiency. The authors rely on representative survey data of business owners and managers, analyzing it through probability modelling. The main finding of this research is that there is no strong association between employers under-reporting salaries and the perceived level of penalties and risk of detection. However, the authors find a strongly significant association with both their level of vertical and horizontal trust, and discuss the theoretical and policy implications of their findings.

Kotori and Krasniqi analyse the export behaviour of SME companies in Kosovo using primary data and probability models. The authors find that both subjective and objective managerial characteristics are crucial for export decisions in this transition economy, which identifies the influence of the habituation and rational expectations effect, as well as the manager's education and international exposure on export performance. The paper also reports that Kosovan firms are self-selective in their export behaviour in terms of productivity. Several policy implications enrich this research.

The fourth paper, by Timokhina, Ürkmez and Wagner, presents a comprehensive analysis of international studies of cross-cultural variations in consumer behaviour (2000–2016). Their qualitative and narrative review establishes the lack of a unified conceptual approach to defining cross-cultural variations and the absence of a unified terminology related to cross-cultural research. It also highlights methodological areas susceptible to common methodological bias, which hinders the establishment of equivalence in studies of cross-cultural variations in consumer behaviour. As such, this contribution provides a useful guide to future research in this field.

The fifth paper, by Siljak, investigates the convergence process among a transition sample of countries by relying on well-established neoclassical theories of beta and sigma convergence. A particularly interesting focus of this paper is the effect of the latest global economic crisis on the convergence process. Indeed, the author identifies the convergence process in the examined sample, including the negative effect of the crisis on beta convergence, but a non-significant effect on conditional convergence. The paper discusses the relevant policy implications for the growth process in transition.

Kryeziu and Coşkun investigate the effects of institutions on economic development in Kosovo by relying on a qualitative method of assessment. The obtained findings suggested that consistent political



conflicts and a lack of legitimacy among governing bodies are the main reasons for the weak institutions and poor economic performance in Kosovo's economy. The authors view this outcome as resulting from the lack of a clear reform agenda and discuss their findings' relevant implications.

Šergo and Gržinić analyze the link between tourism and country risk ratings from a sample of Mediterranean countries in a panel-data context. The study investigates whether the tourism determinants of sovereign credit ratings for Mediterranean countries vary between different rating agencies. The authors report that an increase in tourism earnings as a proportion of GDP and as the export share in the total country export impairs the sovereign risk rating, a finding that turns out to be robust across different methodologies. The concluding section reports implications for existing literature with this focus.

In their paper, Pasovic and Efendic investigate the scope of the informal economy in Bosnia and Herzegovina based on an indirect (Multiple Input Multiple Causes) method of measurement. The authors report that the average size of the informal economy for the observed period 1998-2016 was 34% of GDP, with the largest share in 1998 (43%) and the smallest in 2009 and 2016 (30%). The methodology applied identifies two structural brakes: the first, a positive one, is linked to the introduction of the value added tax in 2006; the second captures the short-run negative effect of the latest global economic crisis in 2009. This empirical model is supplemented with survey data and other indicators on the informal economy that also support the reported findings.

In the issue's final contribution, Silajdzic and Mehic investigate the economic impact of environmental taxes on CO2 emissions for a sample of emerging market economies. The analysis is conducted in a dynamic panel context, with the aim of analyzing the relationship between economic growth and environmental degradation. The authors report evidence in support of an inverted U-shaped relationship between economic growth and the environment. Moreover, the paper reports that environmental taxes do not seem to be effective in modifying the behavior of economic agents and in protecting the environment. The implications for the instrumentality of environmental taxes are presented in the concluding section.

On behalf of the Editorial Board
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