
Preface

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Biographical notes: George Agiomirgianakis is Professor at the Business School of the Hellenic Open University and holds a Senior Research Fellowship at City University of London. He is president of the European Economics and Finance Society (*EEFS*, <http://www.eefs.org/>). His research interests lie in the areas of international economics, macroeconomic policy games, labour economics, human capital, economic growth, SMEs and foreign direct investment. He has served as Guest Editor for the following journals: *Policy Modelling*, *Applied Economics*, *International Journal of Economic Research*, *International Journal of Financial Management Services*, *International Review of Economics and Finance*, *International Journal of Finance and Economics* and the *Journal of Economic Integration*. He is also in the editorial board of the *International Journal of Economic Research* and the *International Journal of Financial Management Services*. He is the editor of the *International Journal of Tourism Policy (IJTP)*, www.inderscience.com/ijtp. He has published three books: a) *The Macroeconomics of Open Economies Under Labour Mobility* (1999), Ashgate Publishing UK, b) *Aspects of Globalisation: Macroeconomic and Capital Market Linkages in the Integrated World Economy*, December 2003, with C. Tsoukis and T. Biswas, Kluwer, USA and c) *European Integration*, March 2006, with A. Zervoyianni and G. Argyros, Macmillan (Palgrave), UK.

This special issue of the *International Journal of Financial Services Management* examines 'Current development of the financial services in S.E. Europe'. The eleven refereed papers included have differences in their theoretical basis, emphasis and research methodology. However, there are a number of interesting links among them as well.

Three of the papers are empirical on financial markets. Kalyvas, Sfetsos, Georgakopoulos and Siriopoulos examine the stock exchanges market risk in five Central and South Eastern European countries. The research is based on four VAR methodologies. Samitas and Kenourgios investigate whether current and future domestic and international macroeconomic variables can explain long and short run stock returns in four transition economies. The paper uses the present value model of stock prices which are tested on the complete range of cointegration and causality tests. Christodoulou and Hambouri apply the Combination Regression-Duration model to hedge a portfolio consisting of Greek government bonds with a set of Euro-German bond future contracts. They perform static and dynamic hedging with three different contracts as well as with only one. All the above works and contributions open a number of future research avenues.

There are also three papers focused on the banking sector in South Eastern European countries. Mylonakis examines the status of the banking industry and the prevailing conditions in the embryonic Balkan financial markets compared to the suggested policies put forward. Pseiridis, Kontolaimou and Psallidas present the mission statements of 129 commercial banks in ten countries of S.E. Europe by examining their websites. Both papers support the strategic role of the banking system. Nikolaou considers the importance of disclosure of corporate environmental performance information in their financial statements and the incorporation of such information into the Greek conventional accounting system (National Accounting Scheme), based on the fact that the relationship between environmental risk and credit risk is increasingly acknowledged and on the bank's need for relevant information in order to be able to design a new series of environmental friendly products.

Moreover, there are three empirical papers on advanced financial analysis. Papadogonas attempts to specify possible differences in the main factors that determine firm profitability. His analysis uses regression models and is performed on a longitudinal sample of 3035 Greek firms, classified by size of employment. Paschali examines market efficiency of four major agricultural commodities in Bulgaria during the transition period of 1994–1998 by applying Johansen's non-cointegration test for the detection of a long-run relationship between futures market price and local cash price and the likelihood ratio to detect the ability of futures price to serve as a reliable predictor of the relevant spot price. Spathis and Georgakopoulou study the adoption of IFRS and most importantly highlight some key differences between IFRS and the national accounting system. Mihiotis and Konidaris present the role of internal audit for financial institutions analysing the limits, the tasks the responsibilities, the powers and the functions. They focus their work mainly on the development of internal audit and its application to Greek enterprises and organisations, looking for modern managerial tools without replacing the fundamental management practices.

A paper examining the factors that determine the success of an acquisition by A. Tzortzaki is also included. Tzortzaki's findings suggest that the success of an acquisition is linked to:

- the motives that instigated the acquisition in the first place
- the level of financial, business and organisational fit achieved between the two companies
- the level of synergies captured
- the existence of a transition and integration plan that adequately addresses human resource issues.

Finally, the IJFSM special issue presents a paper by Nicholas Potts that introduces us to Circuitist monetary theory and analysis in S.E. Europe. This method adopts a very different approach to monetary questions than mainstream theory and arrives at very different and interesting policy conclusions.

All papers, collectively, offer significant contributions to our knowledge on the current development of the financial services management in S.E. Europe. However, differences among the papers in both empirical and theoretical perspective offer the motive for further additional research. It is hoped that this special issue will support research and encourage deep investigation in S.E. Europe, which is an area with lots of needs and wide opportunities for economic and financial development.