
Editorial

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Biographical notes: Rajesh K. Pillania is a prolific Researcher with many papers in international/national journals and conferences. His areas of expertise are global strategy, innovations and emerging markets. He is an advisory board member of many international research journals, professional bodies, and conferences. He is a sought-after Guest Editor for special issues by a number of international journals. He has worked in the Americas, Europe and Asia and his academic experience includes the Business School, Panjab University (Chandigarh, India); R.H. Smith School of Business, University of Maryland (Maryland, USA); Northumbria University (Newcastle, UK); and most recently, Harvard (Cambridge, USA); and COPPEAD (Rio, Brazil). Currently, he is Chairman, Institute for Strategy, New Delhi, India; Asia Programs Fellow, Ash Institute, Harvard and Faculty, MDI, India. He holds a PhD and MBA.

Laura Stefanescu is an Associate Professor at the Faculty of Financial Management Accounting – Spiru Haret University, Romania, where she teaches Management Information, Programming Languages and Data Bases, Decision System Support and E-Business. She is also the Manager of The European Research Centre of Managerial Studies in Business Administration and the Editor in Chief of *Journal of Applied Economic Sciences*. She is also a General Chair for the international conferences of the Research Centre. Her present researches are 'Organisational reengineering as an efficient solution for basic restructuring of business', 'Study case concerning the elaboration of the reengineering projects using informational technologies', 'XTrade – decision system support for portfolio management' and 'TESTER.01 – computer assisted

testing for students evaluation'. She received her PhD in Economy, (Economic Cybernetic) from University of Craiova, Faculty of Economics and Business Administration.

The global business environment mirrors the concept of 'entropy' in Physics – it keeps changing, and it is difficult to predict exactly. With a high growth rate and still significant untapped potential, emerging markets are the growth engines of the world economy. Emerging markets has gone through a lot of changes in recent years, particularly liberalisation, privatisation and globalisation. With this background papers were invited for the special issue on 'emerging markets' on various aspects of business environment and emerging markets. The special issue generated a lot of interest and finally six papers were selected, supported by a research note.

The first paper, 'Internationalisation and global competitive advantage: implications for Asian emerging market multinational enterprises' provides an integrated framework that conceptualises multifaceted antecedents pertaining to international expansion of emerging market businesses in relation to firm performance. This paper develops multiple-item measures of multiple-dimensions to clarify how internationalisation path, R&D investment, product diversification, FDI, foreign ownership affect emerging market MNEs performance in a sample of 115 Asia Pacific MNEs over the period 2002–2006. The result shows that the relationship between internationalisation and firm performance is a non-linear relationship (a three-stage theory of international expansion). The results also indicate that moderate product diversification can increase emerging market MNEs' capacities to exploit different market opportunities when they engage in foreign activity. By contrast, firm performance will turn out to be negative when MNEs heavily expand their product offerings and geographic markets.

The second paper, 'Understanding Brazilian FDI – an investigation on the relationship between internationalisation and economic structure' analyses the Brazilian trajectory of foreign investments, exploring the links by which economic structure has shaped the competitive advantages of Brazilian firms investing abroad. We apply the investment development path (IDP) framework proposed by Dunning, which provides the tools to explain a micro phenomenon with macroeconomic evidence. From this departing point, the paper aims to shed light on some aspects of the country's structure and recent events that had impact on the economic sphere, in order to further explain the position that Brazil holds in its IDP graph.

The third paper, 'International business in an EU candidate: the case of Bulgaria' delegates a survey concerning the motives of, and barriers to international investors in Bulgaria during its transition period (1989–2007), with a special focus on the pre-accession period (2006–2007), for the generation of six variables that characterise international business during the EU accession era: entry mode, target, host country barriers, barriers determined by the MNC, host country motives, and motives determined by the MNC. The research findings indicate that EU accession has a positive contribution to an emerging economy, at the same time as regional characteristics are appended to the FDI inflows of Bulgaria.

The fourth paper, 'Mobile internet business models in emerging markets' identifies alternative business model structures and fitting business models in different business environments. This study was conducted using both quantitative and qualitative research methods. Internally homogeneous country clusters of European countries were formed

with cluster analysis. The selected four country clusters allowed designing suitable business models for different kinds of markets. Analytical methods were used for assessing the priorities of market attributes in each cluster and evaluating the business model fit in each cluster. The main contribution of this paper is the systematic methodology and process to segment the countries and to analyse the fit of business models to these segments. The paper also reveals the critical business model elements and the business models profiles for each market.

The fifth paper, 'The up-coming crisis and loan portfolio quality in Romania and Bulgaria' analyses the relationship between the non-performing loan ratio and macroeconomic variables as a source of systemic risk, in order to assess the vulnerability of the banking sector to bad-loan performance on a macroeconomic level by panel regression. The theory of procyclicality between net exports, GDP, foreign direct investments and the non-performing loan ratio was proven. Increased economic activity improved the loan portfolio quality of the banking sector, as indicated by a lower NPL ratio. Due to a high share of loans denominated in a foreign currency and the fact of productivity gains in the tradable sector, the appreciation of the real exchange rate contributed to an improvement in loan portfolio quality. A slowdown in economic activity is likely to accelerate the non-performing loan ratio in Bulgaria and Romania.

The sixth paper, 'The determinants of bank performance: an analysis of theory and practice in the case of an emerging market' explains empirically the determinants of bank performance using pooled time-series and cross section data. The existing theories and most of the empirical studies focus mainly on developed markets. Therefore, we chose an emerging market, Tunisia, to examine the validity of these studies. The Tunisian business environment is motivating because the institutional reforms that have been successfully implemented since 1987. The study analyses Tunisian bank performance from 1999 to 2007. The findings show that bank performance is mainly explained by expenses management, ownership structure and bank loans. The results of this study are very important for market participants and the Tunisian economic development. Consequently, Tunisian banks must make an effort to attain an appropriate size, by considering mergers among national and international banks. Also, reducing state ownership and expanding openness to foreign capital would encourage product innovation and competitive advantage and then, lead to a superior performance.

The research note, 'Knowledge economy leaders, runner-ups and laggards: a study of 140 countries' identifies the group of countries out of 140 countries, for whom data is available, at same level on knowledge economy parameters. Using cluster analysis, the research note identifies three groups of countries and classifies them as knowledge economy leaders consisting of 40 countries; runner-ups consisting of 50 countries; and laggards consisting of 48 countries. The emerging markets fall mainly in runner-ups and laggards category. These countries need to invest in the knowledge resources to become leading economies of future as widely projected.

The special issues cover various issues related to business environment in emerging markets. We acknowledge the support from the Editors, *International Journal of Business Environment*, Inderscience and reviewers for the special issue. We sincerely hope it will help in improving our understanding of business environment in emerging market context.