
Preface

Michael Doumpos, Fotios Pasiouras and Constantin Zopounidis*

Technical University of Crete,
Department of Production Engineering and Management,
Financial Engineering Laboratory,
University Campus, 73100 Chania, Greece
Email: mdoumpos@dpem.tuc.gr
Email: pasiouras@dpem.tuc.gr
Email: kostas@dpem.tuc.gr
*Corresponding author

Biographical notes: Michael Doumpos is Assistant Professor at the Department of Production Engineering and Management of the Technical University of Crete. His research interests include multiple criteria decision making, non-parametric classification and regression methods and financial management. He has published over 40 research papers in premier international journals.

Fotios Pasiouras is Assistant Professor at the Technical University of Crete, where he is also Co-Director of Research of the Financial Engineering Laboratory. Between July 2006 and August 2009, he was a faculty member of the University of Bath School of Management (UK). He is a Visiting Fellow at the Centre for Governance & Regulation at the University of Bath, an Honorary Research Fellow of Coventry University (UK), and a Coordinator of the EURO Working Group on Efficiency and Productivity Analysis. He is the Founding Editor and one of the Editors-in-Chief of the *International Journal of Banking, Accounting and Finance*. His research has received various awards and he has published over 40 papers in international journals.

Constantin Zopounidis is Professor of Financial Management and Operations Research at the Department of Production Engineering and Management, Technical University of Crete, Greece. His research interests include multiple criteria decision making, financial engineering and financial risk management. He has published over 300 papers in premier international journals. He has edited or co-edited more than 35 books on financial management and multi-criteria decision aids, and he acts as the Editor-in-Chief and member of the editorial board for several international journals.

Finance and banking have undergone major changes over the past couple of decades. The globalisation of the business environment as well as the technological advances in telecommunications and computer science have played a significant role in the introduction of new financial products, the change of banking practices and the development of new regulatory frameworks. Nevertheless, the recent crisis clearly demonstrates that there are still considerable challenges that need to be met by professionals, regulators and researchers.

The finance and bank environment in Greece has also experienced major changes during the past two decades. The introduction to the Eurozone has been a major contributing factor toward this direction, along with the adoption of the international accounting standards, and the changes in the banking practices due to the introduction of the Basel II regulatory framework.

The increasing importance of the finance and banking sectors for the Greek economy, led to the foundation of the Hellenic Finance and Accounting Association (HFAA) in 2001. The annual conferences of HFAA provide a forum for researcher and practitioners from Greece and other countries to exchange ideas and present new research results on a variety of topics related to finance, accounting and banking management.

This special issue is prepared with papers from the 7th Annual Conference of HFAA, which was held in Chania, Greece, during 12–13 December 2008. The special issue consists of four papers, selected after a rigorous review process. The selected papers cover important aspects of financial risk management and banking.

In the first paper, Basdekis provides an empirical investigation of the effect of risk on the cost of equity within the European Union, focusing on legal, political and currency factors. The results obtained using an extended version of the Capital Asset Pricing Model (CAPM) verify the significance of risk variables in the formation of the cost of equity. Furthermore, the paper examines the effect of the discrepancies between the convergence rates of new and old members of the European Union, on the equity cost of capital of each country. The results show that countries with strong disclosure and securities regulation, as well as effective legal systems, display significantly lower cost of capital levels.

The second paper, by Artikis, Vrakas and Karmi, is related to stock market analysis. The authors investigate the effect of systematic risk, capitalisation and value, on the returns of stocks of the secondary and the tertiary sector of the Athens Stock Exchange. The analysis uses data from the period 1997–2006, and the methodology is based on the Fama and French three-factor model. The results are supporting of the model, which is found to provide more precise estimates as compared to the CAPM. On the basis of the model's estimates several useful insights are obtained on the impact of considered factors on the expected stock returns. Nevertheless, the results of the empirical tests agree that these three factors do not constitute a parsimonious set of explanatory variables.

The third paper of the special issue involves human resources management in the banking sector. Krassadaki, Matsatsinis and Chantzi formulate a methodology to uphold the development of an integrated information system for skills and training management as part of a strategic human resource management process. This methodology follows a seven-step process in order to analyse the job roles as well as the tasks an employee performs daily. The proposed methodology facilitates the detection of training needs and has important implications for bank performance measurement.

In the last paper, Gaganis, Sochos and Zopounidis investigate the explanatory power of information such as auditors' opinion and auditors' size in predicting impending bankruptcy for companies operating in the Greek market. The results indicate prediction models developed with neural networks and discriminant analysis achieve better results when the variables of audit opinion, auditors' are incorporated in the analysis.

Sincere thanks must be expressed to all the authors whose contributions have been essential in creating this special issue. We also owe a great debt to those who worked long and hard to review all the submitted papers and contributed to the achievement of this special issue's high standard.