Editorial

Aristidis Bitzenis*

Department of International and European Studies,
University of Macedonia, Thessaloniki,
Greece 156 Egnatia Str., GR 54006,
Thessaloniki, Greece
E-mail: bitzenis@uom.gr
*Corresponding author

John Marangos

Department of Economics,
University of Crete, Rethymno 74100,
Crete, Greece
E-mail: marangos@econ.soc.uoc.gr

Bruno S. Sergi

University of Messina,
DESMaS "V. Pareto",
Via T. Cannizzaro, 278,
Messina I – 98122, Italy
E-mail: bsergi@unime.it

Biographical notes: Aristidis P. Bitzenis is an Associate Professor at the Department of International and European Studies, University of Macedonia, Thessaloniki (Greece). His main research field includes FDI, entrepreneurship, privatisation, globalisation, European business environment and corporate restructuring in South East Europe. He has published extensively and participated in various conferences in his research field. His latest book is an edited volume titled Mergers and Acquisitions as the Pillar of Foreign Direct Investment, published by Palgrave Macmillan on August 2012. He has been supervising graduate and PhD students on issues around international business, transition economics, European Union and FDI.

John Marangos is Associate Professor of Political Economy at the Department of Economics University of Crete, Greece. Previous appointments have been with Colorado State University and with the University of Ballarat, with Monash University and the University of Melbourne in Australia. In September 2002, John was awarded a PhD from LaTrobe University in Melbourne, Australia. Focal points for John's research include economic transition processes in the Balkans, Eastern Europe, in the former Soviet Union and in Asia; international development; and innovative methodologies for teaching economics. His research record and forthcoming publications five books (one of them in the Greek language), ten book chapters, thirteen entries in encyclopedias, sixty-one refereed journal paper eight refereed papers in conference proceedings, one report, four multimedia developments projects and eight research grants. His latest book is an edited volume titled *Alternative*

Copyright © 2012 Inderscience Enterprises Ltd.

Perspectives of a Good Society, published by Palgrave. His latest project is a textbook in Comparative Economic Systems with the title *Consistency and Viability of Economic Systems* published by the end of the year by Palgrave.

Bruno S. Sergi teaches International Economics at the University of Messina, is a senior fellow at Harvard's Davis Center for Russian and Eurasian Studies (Fall, 2012), is an economic expert to the European Trade Union Institute in Brussels and he is a fellow of the Lab-Center for Competitiveness at Grenoble Ecole de Management. At Messina he also coordinates the PhD program in Economic Sciences and Quantitative Methods. Sergi is a member of the Advisory Board of the Centre for EMEA Banking, Finance and Economics at the London Metropolitan Business School. In addition, at the European Trade Union Institute in Brussels Sergi manages two networks of trade-union economic experts: the Southeast Europe Trade Union Economic Experts' Network and the Eastern Europe Trade Union Economic Experts' Network, both of which are under the framework of the Pan-European Regional Council of the International Trade Union Confederation. Sergi acknowledges technical and financial support from the European Trade Union Institute in Brussels and the University of Messina (PRA 2008–2009).

*Aristidis Bitzenis is grateful to the research committee of the University of Macedonia for providing a research grant to complete this research project (ICIB).

The papers in this special issue of *International Journal of Trade and Global Markets* were presented at the International Conference of International Business (ICIB), held in Thessaloniki Greece, on 19–21 May 2011, which aimed to bring together academics and practitioners in order to share ideas and methods for the exploration of Foreign Direct Investment (FDI), the role of multinational corporations (MNCs) and the complexity of the globalised business environment.

This special issue incorporates a selected set of papers presented at the conference that deal with the financial crisis, e-management, FDI, current account balance, unemployment, regional development. These are the vital issues for a sustainable economic growth in all economies nowadays, especially in countries under examination by the authors in Albania, Greece, Indonesia, UK and USA and in regional blocks of the ASEAN and Western Balkans. The subject of sustainable economic growth is central in economics as we prepared this special issue and demands even more attention during the current economic and fiscal crises. As economies are changing, the authors examine these economies across the globe to understand, evaluate, question and offer policies to issues of great importance for the welfare of the people. What unites this special issue is a vision of sustainable economic growth that addresses the needs of society.

The first paper "Modelling volatility during the current financial crisis: An empirical analysis of the US and the UK stock markets" by Ioannis A. Tampakoudis, Demetres N. Subeniotis and Ioannis G. Kroustalis investigates the pattern of returns and volatility in the US and the UK stock markets prior and subsequent to the current financial crisis. The family of GARCH models is utilised and specifically GARCH, GARCH in Mean, threshold GARCH and exponential GARCH specifications are applied on daily data from July 2004 to April 2009. The advanced fitness of TGARCH specifications after the outbreak of the crisis indicates significant asymmetric behaviour, increased nervousness and uncertainty in both countries. Indeed, the financial crisis forms a risky environment where the effects of shocks are more persistent. However, contradictive empirical findings arise for the required risk premium between the examined capital markets, although it would be expected that higher risk would be compensated with additional returns.

The second paper "Can e-Management improve the Indonesian SMEs?" by Agus Gunawan, Mohamed A. Wahdan, H. Jaap van den Herikand Yoke Pribadi Kornarius explores the pressure of globalisation on Indonesian SMEs of Garment Manufacturers (abbreviated to ISGMs), with the objective to find ways to increase their business productivity. One of the obstacles observed is that most of the ISGMs are not equipped with adequate managerial support and thus the main question was how to enhance the productivity, quality and cost control. To address this issue, the authors reviewed the literature and then interviewed (1) garment practitioners and (2) financial experts to construct Key Performance Indicators (KPIs) for the apparel industry. The results of the interviews were then used to develop an e-management system. Subsequently, the IGMSs' historical data served as input to the system to validate the KPIs, while the actual and up-to-date KPIs were provided by an Accounting Information System (AIS). In addition, a Knowledge Intensive System (KIS) helped the ISGM managers to interpret the meaning of the KPIs. The study describes e-management as a means to increase the managerial capabilities of the ISGMs.

The paper "The Impact of Economic Integration on FDI: Applied Study on ASEAN" by Amany Fakher investigates the effect of regional integration agreements within Association of Southeast Asia Nations (ASEAN), a prime example of new regionalism, on foreign direct investment during the period 1995–2008. One of the objectives of the evolving ASEAN Economic Community (AEC) is to promote free investment flows and capital flows. Given that the 46% of the ASEAN inflow investments are concentrated in Singapore during the period 1995–2008, an econometric model is applied on Singapore. The results are consistent with the theoretical literature suggesting that there is a significance positive relationship between FDI and regional integration in ASEAN. Increasing regional integration may extend the market and improve the opportunities toward attracting more FDI. Accordingly, regional integration may play a key role to encourage FDI.

The fourth paper "Current account balance in Albania and the influence of different factors on it" by Eleni Vangjel, Suela Gerdhe and Marinela Teneqexhi analyses the current account balance in Albania that has fluctuated over the years and has dropped from the positive values of 1994–1995 to the sharp deficit of 1997. The authors highlight the links between the main macroeconomic variables and the influence of different factors on current account balance using the regression procedure. The authors draw the conclusion that a significant and negative relation exists between the current account balance and GDP per capita, foreign direct investments and changes in the exchange rate.

The next paper "Effects of obligatory compensation from previous experience on unemployment" by Papadimitriou Pyrros and Smagadi Theodora investigates the effects on unemployment from the legal obligation in Greece to compensate employees for their previous experience, measured by the years of employment in a similar job. If mandatory wage compensation according to this 'typical' experience leads to wages higher than equilibrium, then the existence of this obligation is likely to be associated with higher rates of unemployment. The analysis of wage data from a sample of 1,673 employees and the responses from 2,370 unemployed people showed that increases in wages that are not in line with increasing productivity might create distortions within the labor market, which can often result in layoffs and unemployment.

The sixth paper "Greek Sovereign Credit Market Dynamics: Credit Default Swap and Bond Spreads' Linkages" by Ioannis A. Tampakoudis, Demetres N. Subeniotis and Ioannis G. Kroustalis investigates the dynamic relationship between the Greek sovereign Credit Default Swap (CDS) and bond markets, using daily CDS and bond spreads from January 2006 to December 2010. The authors attempt to enlighten the conflicting conclusions of the literature referring to sovereign credit markets dynamics. The cointegration analysis suggests the existence of a long-run equilibrium relationship between the two markets. Concerning the short-run, the estimation of a Vector Error Correction Model (VECM) shows that the bond market adjusts faster than the CDS market towards long-run equilibrium. This result underlines the leading role of the Greek sovereign CDS market in the price discovery process.

The seventh paper "Regional Business Development in the Western Balkans: roots and causes of failure" by Pantelis Sklias extrapolates the patterns and volume of business development within the region of the Western Balkans. The war-torn area has social, cultural, religious and political specificities. Although individual states have demonstrated noticeable institutional and growth developments, nevertheless regional business links are limited, even non-existent. The state specificities are well standing, thus creating restrictive variations and effectively trade distortion conditions. Political willingness is an element on demand. Market forces in the areas of Western Balkans seem to be of secondary importance when assessing regional business cooperation and integration. Accordingly, traditional neo-classical approaches should be enriched to encompass quality variations to capture the complex reality. The author argues that regional business clusters among different nations may be an alternative solution to the issue of concern.

The last paper "Social impact assessment of FDI in energy projects: Burgas-Alexandroupolis oil pipeline as a case study" by Konstantinos J. Hazakis and John C. Mourmouris incorporates a systematic process to identify and assess the potential social impacts of the proposed Burgas-Alexandroupolis oil pipeline in the Evros prefecture. Using analytical frameworks by IAIA, World Bank and IPIECA, the paper concludes that with the exception of spill risk, there are no significant negative side effects. Nevertheless, the paper proposes specific mitigation measures that should be incorporated in the energy transportation project in order to avoid or minimise the negative impacts during the construction-operation stages of the Burgas-Alexandroupolis oil pipeline.

All papers passed a double-blind referee process supervised by the Guest Editors subject to the final approval of the journal's chief editor. We would also like to thank the numerous reviewers while maintaining their anonymity out of respect for their difficult decision. Lastly, we thank the authors of the published papers in considering this special issue as an outlet of their high quality research. May your reading be pleasurable, informative and, why not, disturbing.