
Editorial

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1 Introduction

The aim of this special issue is to delve into the key challenges confronting business leaders and economic policy makers in the post-Great Recession period. Namely, the purpose is to present a relevant theoretical framework and to bring the latest empirical findings in the subject of business and economic policy in both developed and developing countries.

Importantly, the adverse effects of the latest financial crisis and the accompanying Great Recession have not only prevented a strong and fast recovery but have also seriously questioned the ability of the major world economies to return to their stable and

balanced growth path. Consequently, this created some serious challenges facing economic and business theories and their policy prescriptions. Those challenges range from how to redesign and reframe the economic policy and regulatory reforms from one side, to how to reinvent the business models so that markets, firms and governments can lay down the foundations for a future sustainable economic growth and job creation from other side.

Economic memories are often short, which is one reason, perhaps, why financial crises and bubbles tend to recur with such frequency (Keeley and Love, 2010). In doing so, the global economy is by now emerging from the largest shock and the most severe disruption in the post-war era. Following years characterised by strong global growth and increasing trade and financial linkages, the implosion in advanced economy financial centres, especially in the wake and after the collapse of Lehman Brothers in 15 September 2008, quickly spilled over to emerging market economies. As a result, growth of the global economy fell by 6 percentage points from its pre-crisis peak to its trough in 2009, the largest straight fall in global growth in the post-war era. Similarly, real output in emerging markets fell about 4% between 2008Q3 and 2009Q1, the most intense period of the crisis (Llaudes et al., 2010). Another legacy of the recession is debt. Governments borrowed heavily during the crisis to keep financial institutions afloat, to avoid the liquidity trap and to stimulate activity. In addition, against a background of government support for the expansion of financial markets, many people turned a blind eye to basic issues of business ethics and regulation (Keeley and Love, 2010). Thereof, the question is very simple: can governmental policies help create recovery and growth?

Without any doubt, there is a consensus among the scholars that finance will play a critical role in determining economic performance in the aftermath of the Great Recession. Finance has a primacy over the other spheres and segments. Yet, the dramatic crisis and extended stagnation seem to have caught most economists by surprise. After the end of the Volcker disinflation in 1983 and through the end of 2007, growth in the world economy proceeded steadily, interrupted only by two minor recessions starting in 1990 and in 2001. During those years, economists talked about the Great Moderation. However, the Great Recession, which began in the USA in December 2007, came as a shock. Once again, economists and the public began to ask some fundamental questions about what kind of economic policy can stabilise the economic fluctuations and cycles (Hetzl, 2012). In this context, the crisis has transformed economic policy, both its execution and how it is perceived by mainstream economists. For instance, the Bernanke's Fed has cut short-term interest rates to zero for an extended period and pursued aggressive lender-of-last-resort interventions. Additionally, mainstream macroeconomic thinking may be shifting in another important but less obvious way. As economists digest the dramatic events of recent years, the relevance of the so-called new consensus approach to macroeconomics seems to be fading. Some models adopt the microfoundations methods of new classical research, but price stickiness leads to short-run monetary non-neutrality. Does one model fits all? Which model is the best? These are some of the most topical questions in the contemporary times (Cynamon et al., 2012). Some prominent economists believe that during the last crisis, economists failed the country, and indeed the world (Kocherlakota, 2010).

2 Challenges and prospects

Global understanding of the causes and consequences for such economic and business slump is the question from a highest priority. Moreover, this Special Issue attempt and give the best try to bring into fruition a state of the art papers which addresses the various business and economic challenges after the Great Recession and to propose a good policy implications and recommendations. Thus, the main objective of the special issue is to present the theoretical framework for improving of policy-making in business and economic, and to present some key findings and insights for academic scholars and policy makers. The wide variety of topics within the business and economics are one of the key values of this publication. To more deeply explore the growth prospects of business and economic entities, it is from huge importance to determine and reveal the behaviour of the companies during and after the Great Recession. In short, authors developed and initiated some solutions which could be considered as a panacea for the current difficulties and vulnerabilities of the businesses in the globalised world.

Finally, we sincerely hope that this special issue will be of use to researchers, academics and practitioners seeking to improve their understanding of the causes and consequences of the Great Recession, and more importantly, to get a clue about the current business and economic challenges in the post-Great Recession period. Moreover, this publication provides creative insights and in-depth analysis for better understanding of historical, current and future business trends. More specifically, this special issue offer scientific insights into the following issues: main drivers of the long-term economic growth and how to improve the productive potential of the economies, while also taking into consideration the income distribution effects, new context for the conduct of the monetary policy and new modes and instruments for its implementation; fiscal discipline in the age of the crisis-related fiscal expansionism; how to build a truly stable and efficient financial system; how can enterprises restructure their business models to optimally adapt to the post-crisis changes in the global business environment; and how to invigorate entrepreneurship, SME sector development and job creation, particularly for the unemployed youth, etc.

3 Content

In general, the special issue includes papers from different countries dedicated on various aspects of business sector restructuring in the post-crisis environment, structural policy reforms for sustainable long-term growth, monetary and fiscal policy reforms, and international capital inflows and outflows.

The 1st paper (Trenovski and Tashevska) presents a literature overview and made critical analysis of the relevant theoretical and empirical literature related to the path-breaking fiscal and monetary policy insights drawn from the Great Recession. More specifically, they highlighted some key lessons about fiscal and monetary policies, offered a fresh viewpoint on them and provided a new reshaped framework of the key macroeconomic policies. Their discussion establishes a solid foundation to policymakers in their efforts to design preventive or countercyclical macroeconomic policies.

Further, Barnett and Su have conducted an impressive analysis of the monetary aggregation patterns and nominal GDP targeting. Concretely, they investigate bivariate time series notions of Divisia money proxies and nominal GDP to evaluate the viability of some proposals evangelising a role for a Divisia monetary aggregate in nominal GDP targeting. From empirical point of view, they conducted diagnostic tests of bivariate time series properties of the Divisia M2 and nominal GDP stochastic processes and provided evidences in favour of the proposals advocating Divisia monetary aggregation.

The 3rd paper (Otmani and Abadli) focuses on the transmission channels of the financial crisis towards Maghreb countries. They aim to identify the economic consequences of the financial crises and to identify potential vulnerabilities of each country in the region. Concretely, they are considering main commercial and financial transmission channels and according spill-over effects, similarity effects, monsoonal effect trajectory and the common joint creditor channel. They are providing valuable insights for the policy-makers and scholars in the Maghreb countries.

Additionally, the 4th paper (Orazalin) studies the relation between working capital management and the profitability of firm profitability in manufacturing industries from the Commonwealth Independent States (CIS) region. The empirical strategy of this paper is to exploit a panel data econometric methodology on a sample of top manufacturing firms operating in Kazakhstan and Russia over the period 2010–2014. The empirical results brought forward many important remarks about practices, main drivers and activities towards shareholder value maximisation in emerging economies.

A 5th paper (Iovino and Migliaccio) is providing rich analyses of the financial structure components of energy companies in the wake of crisis. They provide answers to many questions that rose over the observed period such as: what is the current situation and future in the various Italian geographic areas and is there any notable difference between business markets and geographic area. They have employed analysis of variance (ANOVA) methodology and conducted analyses on the secondary data on AIDA database (428 energy suppliers) which consist information on the level of financial leverage and quick ratio.

Furthermore, Paparas and Richter provide an excellent review of the research stream which deals with the validity of Wagner's law over the remarkable period 1969–2014. This study is particularly important as Wagner's law is still very topical issue in the studies and actions undertake by the policy-makers and economists in relation to government spending expansion. They are using several criteria, such as size of government activity, variants and different specifications of the concept, scope of the study, data and methodology and so on, in systematisation of the key findings about Wagner's law.

Regulation is ever present question in the economic science. In the 7th paper, Katkov provides a comparative analysis of economic systems goals. Namely, economic systems share the common goal structure, but the weights of the different priorities are different across countries. This article summarises a list of four main economic goals common to every economic system (pure market, pure command, and mixed economies). Then after is generated a novel theoretical framework for empirical evaluation of the economic goals through ranking approach in the different countries or regions.

In addition, Ziolo and Ben Ghoul study the role of government towards sustainable development and entrepreneurship growth. They have provided overview of the current research frontier and identified gaps in the literature of public entrepreneurship and sustainable development. Specifically, they determined and assessed stimulating

instruments as well as main barriers of the public policies oriented toward sustainable entrepreneurship paradigm. Does size of government matters is the central research question in their exciting empirical study.

The 9th paper (Portillo-Tarragona, Scarpellini and Marín-Vinuesa) offers exceptional findings about eco-innovative aspects of the economy and firm organisation. They explore main determinants of protection activities of the innovations through green patents. Concretely, a rich sample of firms from three regions in Spain is employed and analysed through a sophisticated binomial logit model, which is particularly attractive for analysing of categorical data. This paper emphasises importance of the green patents registration and spread voices about environmental improvement in the innovation cycle.

The 10th paper (Fusco and Migliaccio) investigates business dynamics and economic aspects of cooperatives in Italy. They assess the profitability ratios of the business sectors over 2004–2013 and further test the impact of crisis, geographical area and belonging business sector. Their study relies on the trend analysis and ANOVA methodology performed on the secondary data from AIDA database (1,446 cooperatives). Policy-implication findings are obtained from the analysis and they should be a pillar in the policies towards cooperatives.

Moreover, Dubina, Mkrtchyan, Ostaschenko and Baitenizov is dedicated on the assessment and measurement practises of regional intellectual and innovation activities in the Russian Federation. More specifically, this paper introduces a novel approach to the assessment and analysis of regional intellectual and innovation activities and their respective components as intellectual and innovation potentials, climate and capital. This research generates and tests indices built up on the economic and statistical data of 12 Russian regions over period of 15 years. It deals with a wide variety of empirical methods such as factor analysis, correlation and regression analysis, and general measurement theory.

The 12th paper (Miller) considers current state and prospect of the higher education. Moreover, this study discusses the global competition in higher education and presents a comparative analysis of the main strengths and weaknesses of the USA and the European system. Nowadays, many officials in the world are simply translating features of the USA educational system in their countries by ignoring their native elements. What are benefits and costs from this practice? ‘Does US educational system fits all?’ and ‘Is small magnificent?’, are the core research questions of this study.

The 13th work (Amaral and Simões) brings in empirical evidences on the education expenditures and human capital. Namely, the main research question is whether the expansion of the Portuguese public education system fostered higher output levels? This study employs a trivariate VAR model with public expenditures on education, schooling levels and output and conducts cointegration analysis, causality and impulse response analysis for the period 1975–2008. The data used in this study was retrieved and adjusted from <http://www.pordata.pt>. The paper covers both short-term long-term effects of the education policies.

Finally, Lazarov and Petreski deals with the important issues from the economics of innovation. They provide answer whether the innovation performance fosters economic growth in selected Central and Eastern Europe (CEE) countries. It considers innovation performance derivate from general expenditure on R&D, number of patents, journal articles and scientific publications, and royalty payments. Importantly, they perform dynamic GMM model on innovation performance and economic growth for the period

2002–2014. Finally, they have provided many policy implication remarks out of the study.

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