

EDITORIAL

**A Comparative Analysis of Current Economic Development
in the Balkan Countries**

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Welcome to the Special Issue of Journal of Economic and Social Studies (JECOSS). While JECOSS aims to embody interdisciplinary areas such as economics, business administration, public administration, political studies, international relations, labor economics and industrial relations, econometrics, sociology and psychology, this Special Issue focuses on contemporary economic issues in the Balkans and is titled as "A Comparative Analysis of Current Economic Development in the Balkan Countries"..

The Balkan Peninsula (South Eastern Europe) is an important area where both important historical and political events are taken place for the centuries. It has also recently experienced an unprecedented transformation. Over the past two decades, the Balkan Countries have gone through very important economic, social and political changes. Some former socialist countries (Bulgaria-2007, Slovenia-2004 and Romania-2007) and Greece (1981) have become full members of the EU. Some other Balkan countries (Serbia, Montenegro, Croatia, Bosnia-Herzegovina, Kosovo and Macedonia) have experienced fierce political conflicts which ended up with the wars in the region in 1990s. Following the turmoil, these countries have started to struggle for economic, social and political reconstruction process. In the war and during economic and political transformation, many of the Balkan countries had economically declined. Their welfare levels had gone down.

These countries have still important problems in economic area, although they have slowly been witnessing political stabilization in the recent years.

This special issue of *Journal of Economic and Social Studies* concentrates on recent economic developments in the Balkan States and provides a basis for shaping the future direction for sustainable economic policies in the region. In this regard, taken a comparative analysis approach, the special issue tries to collect a number of the qualified studies about the Balkan economies, to make multi-dimensional predictions/projections

about economic future of the Balkan Countries and to encourage debate on various approaches related to development strategies for the region. We bring together the original contributions utilizing the contemporary methodology and data. Both conceptual and empirical papers are welcomed. Papers that provide intuitive contemplations of data that leads to be extracted policy implications for both planners of the region and future researchers are given priority.

The Special Issue includes the articles on some important subjects (as Competitiveness Factors; Comparative Analysis for Banking Sector; Insurance Market Development; Gender Responsive Budgeting as Smart Economics; The Impact of the Global Financial Crisis on the Banking Sector; The Affecting Channels of the Global Crisis; Social Sustainability; Roles of Investment and Innovation in Business; Monetary Policy Transmission; Costs and Benefits of the EU Enlargement; Evaluation of Financial Performance of Banking Sector) for the Balkan Countries.

Vladimir Šimić and Lena Malešević-Perović investigate monetary policy transmission in the Balkans in the 21st century. In order to analyse the reaction of output and prices to a shock in monetary policy (defined as an increase in the interest rate) this study employs structural vector autoregression approach.

Haris Kurtagić and Elif Nuroglu comparatively investigate costs and benefits of the EU enlargement on the EU and see countries. Taking into consideration the costs of enlargement, the paper examines the effects of enlargement on trade flows, and its significance on the development of SEEC's. It also tries to see the impact of enlargement on the well-being of SEE countries. Moreover, it offers a solution for the South-east European countries which is the creation of the Balkan Union.

Nada Dreca makes a comparative analysis of the financial performance of the banking sector in some ex-Yu countries: Bosnia and Herzegovina, Croatia, Slovenia and Serbia for period from 2005 to 2010. this paper show that banking system of

these countries suffers from problems in the banking sector, largely influenced by its huge debt to IMF, political situation, financial crisis, internal situation and other political factors.

In the paper of Başak Gül AKTAKAS, Cengiz AYTUN and Cemil Serhat AKIN, business cycles is analyzed for 1971-2009 period by using the yearly data in Turkey and Greece and it has been dealt with the effects of investment and innovation on cyclical fluctuation. In the paper which growth rates have been discussed, ordinary least square estimation method has been used. The paper has examined the effect of innovation on investment and income.

Azra Bičo and Mehmed Ganić analyze the banking sector's performance of the two former Yugoslavian republics, Slovenia and Bosnia and Herzegovina. This paper is the first study examining the efficiency of banking sector in two countries.

The article of Nikola Dacev presents an insurance market research of the markets in several Balkan countries that were part of former Yugoslavia and are still not members of EU. Being categorized as developing countries, they have far lower development degree in comparison with the European Insurance Federation member countries.

Other article of Mehmed Ganic is about the impact of the global financial crisis on the banking sector of Western Balkans. The paper examines the extent and impact of the global financial crises on position of the banking sector of Western Balkans covering both pre-crisis and crisis period as well as to provide an explanation for these trends.

Merima AVDAGIĆ and Faruk HUJIĆ give a comparative analysis of two different frameworks for inclusion of gender in fiscal economics through gender responsive budgeting (GRB) initiatives that took place over one decade - from 2000 till 2010 in two former Yugoslavian republics: Bosnia and Herzegovina (BiH) and Republic of Macedonia (Macedonia).

The article that belongs to Alica Pandzo, Kemal Taljanovic and Selma Jahic explores the impact measurement practices of microcredit organizations in Bosnia and Herzegovina and their use of information systems in this process. They draw on the latest trends of using shared measurement systems for impact monitoring, to point out the potential of using such systems to achieve sustainable impact on wider social issues in Bosnia and Herzegovina.

Kazım Develiođlu and Kemal KANTARCI aim to examine competitive factors in the Balkan countries to develop a road map for investors. To do this, they used World Economic Forum's "Global Competitiveness Index" to analyze the case of the Balkan countries as a region to cluster and compare them based on Global competitiveness factors. Analysis results pointed out those Balkan countries were clustered in two groups and scored lower or medium level on almost all competitive factors as the region. Based on these findings, authors suggested various strategic recommendations at micro and macro level.

Ali Ően and Hűseyin Altay search the channels of contagion in the global crisis in Balkan countries. According to their empirical findings obtaining from the panel regression results, until the global crisis, the external variables significantly promoted the abilities of their growth. However, the contributions of external variables on GDP growth rate reduced sharply with the global crisis.

We hope that this Special Issue will be a reference paper for researchers that want to search on the region. Besides, we want to thank Assoc. Prof. Dr. TeomanDuman (editor of JECOSS and Vice Rector of International Burch University), Mersid POTURAK (editorial assistant of JECOSS), other workers of the University and JECOSS, all referees and all authors of the Special Issue, because of their valuable contributions.