

EDITORIAL

After conducting the double-blind peer review process, Issue 3 Volume 26 Year 24 of the scientific journal *Economic Horizons* contains five original scientific papers, one review paper and the Overview of the Authors and Titles of all the contributions published in the Journal in 2024.

The coauthors *Sasho Arsov* and *Aleksandar Naumoski* investigate the influence of different factors on the level of foreign direct investment, with a special emphasis on the noneconomic, mainly institutional, determinants. Using a broad sample including 124 countries and the data pertaining to the period from 1996 to 2019, the coauthors apply dynamic panel GMM regression. The results obtained point to the fact that the relative share of foreign direct investment in the GDP positively depends on the development of institutions in the country. In order for them to attract foreign investors, host countries should make considerable progress in the functioning of their respective legal systems, the efficiency of the government and fighting corruption. They should also create a favorable investment climate. The application of the same regression model to the subsample of the European countries has only confirmed the aforementioned findings, indicating that decision-makers must undertake certain steps towards the elimination of the systemic shortcomings instead of subsidizing foreign investors.

Starting from the fact that the fast liberalization process has accelerated the transition of the former socialist economies to the free-market-based economies, the coauthors *Olcay Çolak* and *Ömer Faruk Bölükbaşı* point out the fact that many hidden political tensions between and among some countries have also transformed into conflicts and wars. For the reason of that fact, countries allocate their

scarce resources for the needs of national security rather than their development goals, thus gradually increasing their allocations for the needs of funding defense. Accordingly, the coauthors examine the existence of the dynamic link between defense burden and unemployment during the period from 1996 to 2021 in the nine selected countries – the former Soviet republics that emerged after the collapse of the Soviet Union. The results of the study reveal that defense burden has no influence on unemployment in the short run and that it has a positive effect in the long run.

Investigating the influence of financial technology (Fintech) on the inflation rate, the coauthors *Muhammad Syariful Anam*, *M. Silahul Mu'min* and *Nafis Dwi Kartiko* create a new index for Fintech, which contains in itself several indicators using the main component analysis. The data used in the paper are the data belonging to the panel data set relating to the 10 provinces of the Island of Sumatra, Indonesia, spanning from January 2020 to June 2023. The pooled mean group (PMG) estimation method is employed so as to test the relationship between Fintech and the inflation rate. The results of the research study show that Fintech does exert an influence on reduction in the inflation rate in the long run. Based on that, the coauthors highlight the necessity to intensify the use of Fintech in the creation of an efficient economic environment and the promotion of economic stability.

The coauthors *Srđan Marinković*, *Ognjen Radović* and *Jelena Radojičić* consider the trends and analyze the regularities that appear on the national housing market in Serbia and on its regional markets. The starting assumption implies that, apart from common market driving forces, the newly constructed house market and the existing housing stock market behave as two separate housing markets with imperfectly adjusted prices. The focus of the analysis is on the divergence between the prices of these two segments, with a special interest in the mutual adjustment

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process. The coauthors apply Granger causality tests in order to find whether there is a causal dependence relationship in the price indices on these two market segments. The results of the analysis indicate the prevailing case of causality from the side of the existing housing stock market to the side of the new construction market between the regional markets. The same methodology is also applied in the analysis of the causality between the regional markets themselves, thus confirming the probable influence of the Belgrade new construction market on the markets in the other regions.

Pursuant to the attitude that the anticipation of financial difficulties in companies is important due to the complexity and dynamics of the contemporary business environment, the coauthors *Dragomir Dimitrijević*, *Sunčica Milutinović* and *Predrag Stanković* point to the significance of identifying potential financial difficulties that may result in bankruptcy. The paper researches the key determinants of the occurrence of financial distress that may lead companies to bankruptcy. The goal of the research study is to determine the interdependence between certain determinants of the occurrence of financial distress and the indicators of the probability of the occurrence of financial distress and also to determine the difference in the probability of the occurrence of financial distress prior to and after the onset of the pandemic caused by the COVID-19 virus in the Republic of Serbia. The research results reveal that there is a statistically significant negative correlation between the determinants of profitability, liquidity and solvency and the probability of the occurrence of financial distress. The research study also shows the presence of a statistically significant positive correlation between leverage and the probability of the occurrence of financial distress, as well as between the company growth and the indicator of the Altman Z-score. Apart from the above-mentioned,

there is also a statistically significant difference in the value of the indicator of the Altman Z-score before and after the onset of the pandemic caused by the COVID-19 virus.

Complementing the corporate entrepreneurship concept by the contributions offered by planned organizational change models, the author *Nebojša Janičijević* analyzes the change process through which entrepreneurial endeavors undertaken by individuals and groups within organizations are realized. After the presentation of the corporate entrepreneurship concept, the author synthesized the contributions of the most cited planned organizational change models that define the activities or steps to be undertaken by an internal entrepreneur, as the agent of change, in order to implement the corporate entrepreneurship project. By applying Lewin's model (unfreezing – move – refreezing), the author identifies the following activities: creating the awareness of the necessity of change, creating and communicating a vision, preparing for changes, implementing changes, facilitating changes, the institutionalizing and monitoring of changes. This only adds to the corporate entrepreneurship concept and makes it more realistic in practice.

On behalf of the Editorial Board of the Journal and on my own behalf, I hereby express my gratitude to the authors of the contributions published in Issue 3 of the Journal. Simultaneously, our special gratitude goes to the reviewers, whose constructive and critical comments and suggestions to the authors of the submitted papers have contributed to the level of the quality of the published papers.

The publishing of the journal *Economic Horizons* is financially supported by the Ministry of Science, Technological Development and Innovations of the Republic of Serbia, Decision number: 451-03-41/2024-03/1 as of 4th April 2024.

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Milena Jakšić is a full professor teaching at the Faculty of Economics of the University of Kragujevac. She earned her PhD degree at the Faculty of Economics of the University of Kragujevac in the narrow scientific field of general economics and economic growth. The key areas of her scientific and research interests are the financial system, financial markets, financial instruments and financial institutions.