

EDITORIAL

In the first issue of the second volume, the Journal continues exploring the diversity of emerging economies and complexity of multidisciplinary research issues. Researchers from a number of countries and continents continue suggesting hot topics that pertain to the mission of the journal and expectations of its readers. Even if some authors explore data from a single country, the observations and findings often mirror realities in other emerging economies.

The issue starts with the comparative study of the impact of leader-member exchange (LMX) by Jacek Grodzicki and Arup Varma. The authors perform comparisons on the issue between the US and Poland with the aim of disclosing similarities and differences between the two countries. In both samples, supervisor ratings of LMX quality are higher than those of the subordinates, and subordinates who receive higher LMX ratings from their supervisors also receive higher performance ratings. However, the correlation between supervisor and subordinate ratings of LMX is significantly higher for the Polish sample. The following discussion on the findings interprets them in the context of the theoretical background, and outlines ideas for the future research.

The second article addresses a negative phenomenon that is unfortunately widely present in numerous emerging economies – corrupt practices. Corrupt practices may be researched and evaluated from various standpoints, ranging from ethicality and morality to law. Professors from Bangladesh Ahmed Taneem Muzaffar and S. S. M. Sadrul Huda address this issue from the standpoint of welfare of the society, and measure the amount of the welfare loss due to corruption in the real estate sector. They choose to analyze the case of Dhaka city, the capital of Bangladesh, and measure the welfare loss resulting from corrupt practices exercised mainly by government regulatory agencies, which typically include bribe and extortion fee. Evidence from the study reveals really significant losses and suggests the way how the negative outcome of the corrupt practices may be quantified.

Tamara Todorova concentrates on another aspect of emerging economies: she analyzes adverse effects of transaction costs. This is a challenging conceptual paper that uses a net production function model enhanced by Furubotn and Richter and applies it conceptually to the case of transitional economies. The aim of the paper is to trace the falling output and the deep structural problems of East European economies to the effect of transaction costs and institutional building. The more rapidly transaction costs grow, the less the firms would be willing to pay for inputs. Furthermore, the author proves that certain markets tend to disappear in emerging economies due to the adverse effects of transaction costs. As a safeguard to precontractual opportunism and prevention to ex post transaction costs, ex ante transaction costs would play a more vital role in East European societies.

East European context also serves as the geographic domain for the next article. Asta Klimavičienė studies whether sovereign credit rating announcements convey price relevant information to investors in Baltic stock markets, and tests the degree of anticipation and price reaction. The chosen methodology enables the scholar to analyse whether there is an anticipation of the forthcoming announcement in a particular market, a price impact on the announcement day, and a possible delayed reaction. The results of the study indicate that there is an asymmetric reaction: the price impact of negative events is several times larger than that of positive events. Moreover, although some types of rating announcements are anticipated, there is still a significant price impact on the announcement day. The impact differs across the three Baltic stock markets, and depends on the credit rating agency issuing the announcement. The main conclusion of the study is that sovereign credit rating announcements in the given circumstances contain pricing relevant news in addition to information already in a public domain.

In the fifth article two researchers from Russia, Andrei Panibratov and Cyril Verbá, concentrate on the specifics of international expansion of Russian banks. The issue is rather important, since banking sector operates in a rather specific context. Russian economy lacks both well developed regulatory framework and political independence of business entities, thus making industries search for innovative solutions for operation and international expansion. The authors analyze four cases of international expansion by Russian banks in order to determine the main destinations for expansion, the entry modes used and whether they resemble resource-based companies in their internationalization. The results show that banks, even if being significantly state owned, are most likely guided by economic motives (as opposed to political ones). Being guided by them, banks are aiming towards safer expansion destinations and are in several ways suffering from home market immaturity.

In the final article Nguyen Thi Tuyet Mai and Siok Kuan Tambyah analyze the consumption patterns of Vietnamese consumers. In particular, they concentrate on status consumption, that is, the consumption of goods and services for displaying status. As observed in previous studies, this aspect of behaviour is rather specific in young and rapidly developing economies. Vietnamese researchers examine the antecedents and consequences of status consumption in the country, employing both qualitative (focus groups and in-depth interviews) and quantitative (survey) methods. The results of structural equation modelling provide empirical evidence for the significant impact of most of the proposed antecedents of status consumption. Specifically, modern status orientation, the 'success' component of materialism, and both the individualistic self and collectivistic self were found to have a positive impact on status consumption. Traditional status orientation and consumer ethnocentrism prove to be negatively related to status consumption. The findings also disclose the overall importance of status consumption for consumers, since there is linkage between the positive consequences of status consumption and the general satisfaction with life.

Summarizing the content of the current issue of the Journal, I would like to

specifically mention its emphasis on endogenous research. We are delighted to note that researchers from emerging economies employ the international scope of knowledge, identify the gaps regarding the context of emerging economies and fill them with their studies. This well serves the main purpose of the journal 'Organizations and Markets in Emerging Economies'.

We look forward to serving our mission of contributing to creation and dissemination of the knowledge on organizations and markets of emerging economies.

Sigitas Urbonavičius

Editor-in-Chief,

Organizations and Markets in Emerging Economies