

Editorial

The following papers are selected papers presented at the 22nd annual conference Enterprise and Competitive Environment that was held at the Faculty of business and Economics of the Mendel University in Brno on March 21–22, 2019. The presented papers react on the current issues of international finance and banking, capital markets and corporate finance. Theoretical insights are supported by the empirical evidence and discussed in the international context. Using unique data sets (microeconomic data or news), the authors react on the contemporary issues on specific regulatory environment, restrictive access to financial sources and capital market development in Central and Eastern European Countries. While the conference was organized before the covid-19 pandemic, the research presented at the conference and selected in this issue can have important implication also on the current economic policies.

The issue makes significant contributions to several areas. First paper analyses the productivity of foreign direct investments. The authors (Hecht, Moritz, Noska and Schäffler) use unique survey and firm-level microeconomic data of German multinational firms and their Czech affiliates. They employ Heckman selection model comparing multinational firms to companies without investment abroad. Moreover, the authors analyse the differences between vertical and horizontal FDI.

The next paper focuses on inadequate stock price reactions at the Prague Stock Exchange. Marek and Benada use unique dataset of price-related news and confirm the existence of short-term and mid-term underreaction in the case of positive news and short term underreaction in the case of negative news. They show that investors perceive losses and gains differently and thus behave differently following the unexpected stock related news.

Third, Ciukaj and Kil provide detailed analysis of financial liquidity of Polish Cooperative Banks. They employ system GMM approach and emphasize the role of banking market concentration, credit policy, solvency ratios, revenue structure, and quality of credit exposures. Their robustness analysis shows that long-term liquidity for small and medium-sized banks is affected also by capital adequacy ratio and NPL ratio.

Finally, Baková and Kapounek focus on the firm investment behavior in post-transformation economies. They show that management of firms uses free cash flow to increase firm investment activities due to more restrictive access to external sources of funds stemming from underdeveloped capital markets.

This special issue seeks entry for contributions to empirical finance from the perspective of changing paradigm of global financial governance and political economy. The findings presented here could be used not only by academics, researchers and policymakers but also for risk management in commercial banks or strategic decision making processes in SMEs.

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