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EU Governance, Law and External Relations

NORMATIVE POWER IN THE ALGORITHM AGE: THE EU'S AI GOVERNANCE MODEL AS AN EXTENSION OF SOFT POWER

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Abstract

Background: Artificial Intelligence (AI) has become a dimension of global governance and power dynamics, due to its rapid development and impact across nearly all policy areas and domains. As digital technologies evolve at an unprecedented pace, AI governance has emerged as a strategic field where values, norms and institutional mechanisms reflect global competition. The European Union with its long-established identity as a "normative power" seeks to shape this rapidly evolving domain through its distinctive governance architecture, which focuses on ethical frameworks, institutional coordination and value-based policymaking in the context of digital and technological governance. This paper positions the EU's AI governance model within the broader context of AI governance and international affairs, exploring how its governance mechanisms are considered as instruments of normative and soft power in the global AI governance.

Objectives: The overall goal of the research paper is to examine to what extent and how the EU's AI governance approaches fall within the scope of its normative and soft power dimensions, highlighting AI governance as a dimension of normative and soft power of the EU. The paper further compares the EU's governance model with other leading global approaches (OECD, UNESCO, Council of Europe) to understand if and how its approach situates the EU and its ability to influence global AI governance norms.

Methodology: The research is based on a qualitative, desk-based approach, drawing on document analysis and review of EU strategies, communications and governance frameworks related to AI and digital affairs. It situates the EU's model within the broader discussions of normative power and soft power, highlighting its role in global governance. The paper contributes to the rapidly expanding literature on AI in international affairs and global governance.

Findings: The research demonstrates that the EU's approach to AI governance extends its normative and soft power reinforcing its role within global technology governance landscape, it further showcases how AI governance enables the EU to influence norms and international governance standards, its strengths and limitations as a global actor in this policy domain. Overall, the study aims to illustrate how governance mechanisms operationalize normative strategies to consolidate the EU's influence in emerging AI and technology governance fields.

Keywords: AI Governance, EU Soft Power, EU Governance, Digital Policy, AI Policy

JEL classification: F55, F68, O33

WHEN EUROPEANIZATION STALLS: HEDGING AND THE REORIENTATION OF GEORGIA'S FOREIGN POLICY

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Abstract

Background: Georgia, a small aid-dependent country situated between competing powers, has pursued one of the most exclusively pro-European integration strategies in the post-Soviet space. Yet the endurance of Russian military pressure, limited Western security guarantees, and shifting global economic opportunities have complicated that trajectory. After the 2012 elections, Georgia's new government sought gradual alignments with non-Western powers, notably China and Russia, while rhetorically remaining pro-European. Russia's invasion of Ukraine in 2022 created an historical (missed) opportunity for EU accessing, but the inability of the EU or NATO to provide the security guarantees ultimately reinforced constraints and pressures facing small states on Russia's periphery.

Objectives: This article argues that Georgia's foreign policy since 2012 cannot be explained with the conventional IR concepts of balancing, bandwagoning, or neutrality. Instead, Georgia's strategy is conceptualized as hedging, which is deliberately ambiguous and flexible, combining selective cooperation, limited opposition, and diversification of external partnerships while avoiding binding commitments. The analysis also highlights the domestic political utility of hedging in sustaining regime legitimacy and survival.

Methodology: The study utilizes causal process tracing across the period 2012-2025, drawing on official policy documents, elite rhetoric, and economic data. It operationalizes Figiaconi's (2025) 9-stage analytical framework to analyse how Georgia has sought to balance concerns about autonomy, security and economic opportunity.

Findings: Georgia's foreign policy trajectory can be best understood as a sustained strategy of hedging that has been shaped by external vulnerability and internal incentives. Presented with vulnerability to Russia, weak commitments from the West, and economic opportunities from China, Georgia has sought to diversify its portfolio without making fully binding alignments. Hedging has also served domestic objectives by allowing the ruling elite in Georgia to present ambiguity as prudence and to portray itself as safeguarding stability in a capricious regional system.

Keywords: Foreign Policy, Hedging, European Integration, Russia, China, Georgia

JEL classification: M14, M20, M21

THE ECONOMIC DIMENSIONS OF KOSOVO IN THE PROCESS OF STATE STRENGTHENING: BETWEEN CONFLICT AND INTEGRATION

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Abstract

Background: *The process of strengthening Kosovo's statehood has developed in a complex political, economic and international context, marked by the consequences of the conflict, the transition to a market economy and efforts for regional and European integration. The economic dimension has played a crucial role in the consolidation of state institutions, social stability and long-term development, while being affected by structural challenges, high unemployment, informality and dependence on aid and remittances.*

Objectives: *The purpose of this study is to analyse the role of the economic dimension in the process of strengthening Kosovo's statehood, examining the relationship between the consequences of the conflict, economic policies, and regional and European integration processes. In particular, the study aims to identify the main economic challenges, development potentials, and their impact on the political and institutional stability of the country.*

Methodology: *The study is based on an analytical and interdisciplinary approach, combining the analysis of scientific literature, official documents and reports of local and international institutions. In addition, comparative methods and statistical analysis of macroeconomic indicators were used to assess economic trends and their impact on the state-building process.*

Findings: *The results show that economic development has been a determining factor in strengthening Kosovo's statehood, but characterized by uneven pace and dependence on external factors. Regional and European economic integration has created new opportunities for trade and investment, but at the same time has exposed the economy to competition and structural challenges. The study finds that sustainable progress in state consolidation requires deep economic reforms, increased institutional capacities, and more effective policies for inclusive development.*

Keywords: Consolidation, Inclusive Development, EU Integration, Process of Recognition

JEL classification: F21, F50, O10, O19, P48

PRODUCT LIABILITY REFORM IN LAW OF THE EUROPEAN UNION

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Abstract

Background: Old Product Liability Directive still in legal force until 9 December 2026, has been main impetus of harmonizing product liability rules in Internal Market. This legal framework has enabled European consumers right to compensation for damages caused by defective products. Old Product Liability Directive was enacted in 1985 establishing a strict product liability regime making producers accountable for harm caused by defective products irrespective of fault - claimants have to prove the defect, the damage, and the causal link. Existing product liability framework has balanced interests of consumers and producers with establishing a fair mechanism for addressing claims related to product defects. However, this product liability regime has remained substantially unchanged for decades. The new European Union's Product Liability Directive (PLD) has been enacted in 2024 with digital age in mind. Product liability directives are of maximum harmonization within the Law of the European Union (EU). New Product Liability regime has been enacted with specific motives: adaptation of liability rules to nature and risks of products in the digital age and circular economy; ensuring that there is always a subject of law based in the EU that can be held liable for defective products purchased directly from foreign manufacturers; easing the burden of proof in complex cases; easing of restrictions on damage claims; ensuring legal certainty by aligning the rules on product liability with new product safety rules, and by codifying relevant case law. The new PLD complements the requirements of the new EU General Product Safety Regulation.

Objectives: To produce normative overview of the new regulatory regime and comparative analysis with existing rules on product liability while taking into account case-law of the Court of Justice of the EU.

Methodology: Normative and comparative law method, interdisciplinary approach.

Findings: Clearly present the most significant results of the research.

Keywords: Product Liability, EU Law, Digitalization, Damages, Regulation

JEL classification: K13, K24, F53

THE EU CARBON BORDER ADJUSTMENT MECHANISM AND EU ACCESSION COUNTRIES: COMPLIANCE, COSTS, AND READINESS

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Abstract

Background: The EU Carbon Border Adjustment Mechanism (CBAM) is a key tool under the European Green Deal, aiming to prevent carbon leakage and align international trade with EU climate objectives. For EU accession countries—particularly the Western Balkans, Ukraine, Moldova, and Georgia—CBAM presents both challenges and opportunities. While most Western Balkan countries have begun developing carbon pricing and emissions monitoring, full compliance remains limited due to regulatory, financial, and technical constraints. Notably, Montenegro, along with Ukraine, has an operational emissions trading system (ETS), signalling relatively higher readiness compared to the region.

Objectives: The research aims to assess the readiness of EU accession countries (Western Balkans, Ukraine, Moldova, and Georgia) for the implementation of the CBAM. Specifically, it evaluates their institutional capacity, policy alignment with the EU climate acquis, carbon pricing mechanisms, and industrial exposure to CBAM-covered sectors. The objective is to identify key gaps and propose policy directions to support a smooth transition toward EU-compliant carbon regulation.

Methodology: This paper analyzes CBAM obligations and their economic impact on EU accession and neighbouring countries, focusing on compliance costs. Two scenarios are considered: Scenario A – Status quo, where exporters have no domestic carbon pricing and pay the full EU ETS price (weekly average); and Scenario B – Proactive, where domestic CO₂ charges (40%) are deducted to avoid double taxation. The study combines policy review with a scenario-based estimation of country-specific exposure.

Findings: The findings reveal significant disparities in readiness among the assessed countries. Ukraine demonstrates the highest level of preparedness with its developing domestic ETS and advancing decarbonization framework. Montenegro follows with an operational ETS, while other Western Balkan economies remain in early stages of carbon

pricing development. Moldova and Georgia show progress in aligning legislation with EU standards but continue to face structural, data, and capacity-related challenges. The study concludes that enhanced regional coordination, institutional strengthening, and targeted financial assistance are essential to prevent trade disruptions and to facilitate a fair and effective integration into the EU's low-carbon single market.

Keywords: CBAM, EU Accession Countries, Carbon Pricing, Emissions Trading System (ETS), EU Green Deal

JEL classification: F49, Q56

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During the preparation of this work the authors used ChatGPT in order to check for grammatical errors and language improvements. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.



CRIMINAL LIABILITY IN THE AGE OF ARTIFICIAL INTELLIGENCE: RETHINKING THE PRINCIPLE OF LEGALITY

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Abstract

Background: *The accelerating integration of artificial intelligence (AI) into decision-making processes raises fundamental questions about the structure and limits of criminal liability. Traditional criminal law is built upon the assumption of human agency, moral responsibility, and the capacity for culpability. Yet, as AI systems gain autonomy and unpredictability, these foundational premises are being challenged. This paper explores how the emergence of AI technologies compels a reconfiguration of criminal liability, focusing in particular on the implications for the principle of legality (nullum crimen, nulla poena sine lege).*

Objective: *The analysis highlights three main tensions: first, the difficulty of attributing blame and intention to non-human agents; second, the risk that legal certainty and foreseeability—core components of the legality principle—may be undermined by the opacity of algorithmic processes; and third, the growing pressure on legislatures to adapt normative frameworks without sacrificing fundamental guarantees of justice.*

Findings: *By examining recent doctrinal debates, comparative developments within European and international legal systems, the paper argues that a balanced approach is required: one that preserves the human-centered foundation of criminal responsibility while ensuring that the law remains responsive to technological realities. Ultimately, the transformation prompted by AI is not merely technological, but conceptual, and it forces a reconsideration of what it means to be a legal subject within the criminal justice system.*

Keywords: AI, Criminal Responsibility, Legality Principle, Redefining and Rethinking

JEL classification: K14, K19, O33

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During the preparation of this work, the author used AI-based language tools for limited purposes related to linguistic refinement and stylistic clarity. The content, structure, and legal analysis were developed by the author, who reviewed and revised the text in full and assumes complete responsibility for the final version of the manuscript.

ALIGNING UKRAINE'S EXTRACTIVE SECTOR WITH EU REGULATORY REQUIREMENTS: GOVERNANCE GAPS AND BEST PRACTICES

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Abstract

Background: Ukraine's extractive sector is strategically important for post-war recovery, energy security and the supply of critical raw materials. As Ukraine advances toward EU membership, effective alignment with EU acquis-based environmental, permitting and sustainability requirements becomes a prerequisite for market access, investment and risk reduction. Yet the current governance system remains fragmented, creating persistent gaps in mining waste and tailings management, environmental liability, water protection, permitting transparency, and post-mining rehabilitation. These gaps include weaknesses in risk-based oversight, financial guarantee mechanisms, and closure/aftercare planning. At the same time, the European Green Deal, the Critical Raw Materials Act and rapidly evolving ESG-related obligations raise expectations for accountable, transparent and sustainability-oriented extractive governance.

Objectives: This paper assesses the degree of alignment between Ukraine's mining governance framework and EU acquis-based regulatory standards applicable to extractive activities, with a focus on environmental protection, mining waste management, permitting procedures and corporate sustainability requirements. It aims to identify key legal and institutional gaps hindering harmonisation with the EU acquis and to examine how recent EU policy developments, including the European Green Deal and the Critical Raw Materials Act, reshape governance expectations for the extractive sector. In addition, the study evaluates selected best practices from EU Member States to determine their relevance and transferability to the Ukrainian context. By integrating these elements, the paper outlines practical policy directions that can support Ukraine's EU accession process and provides a transferable roadmap for other candidate and aspiring countries.

Methodology: The study employs a qualitative analytical approach based on structured review of EU regulatory frameworks, national legislation and policy documents governing extractive activities. The analysis combines doctrinal legal assessment with comparative policy analysis, examining key EU directives, regulations and sustainability instruments alongside Ukraine's existing legal and institutional arrangements. Selected governance

models and regulatory practices from EU Member States with advanced mining and environmental systems are analysed to identify structural gaps, assess legislative convergence and evaluate the applicability of EU practices to Ukraine and other countries pursuing EU-oriented reforms.

Findings: *The analysis shows that Ukraine remains only partially aligned with EU requirements. The most critical gaps relate to the absence of a dedicated mining waste and tailings governance framework, weak operationalisation of strict environmental liability and remediation, limited BAT-based approaches in emissions and water management, and persistent procedural deficits in permitting transparency and public participation. Institutional fragmentation and uneven enforcement capacity further constrain implementation. The comparative review highlights practical governance solutions – especially digitalised and transparent permitting models and risk-based oversight mechanisms – that are adaptable to Ukraine's reconstruction context. The paper provides a structured alignment matrix and phased priorities supporting Ukraine's approximation process and institutional capacity building. The framework is transferable to other EU candidate and aspiring countries.*

Keywords: EU Acquis, Mining Waste and Tailings, Environmental Permitting, Regulatory Alignment, ESG Reporting

JEL classification: K32, Q58, Q56, L72, F15

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During the preparation of this work the authors used ChatGPT in order to check for grammatical errors, improve language clarity and refine academic writing style. The authors also used Consensus (AI-powered academic search engine) in order to identify relevant peer-reviewed scientific literature and support the review of recent research findings. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

ENVIRONMENTAL GOVERNANCE IN EUROPEAN UNION AND UNITED STATES VALUES: LAW, INSTITUTIONS, AND EDUCATION AS DRIVERS OF SUSTAINABLE POLICY MODELS

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Abstract

Background: Environmental protection has gradually come to occupy a central place in contemporary governance, reflecting the growing interaction between legal norms, public policy choices, democratic accountability, and education. Within this broader framework, the European Union (EU) and the United States (US) offer two influential but structurally different approaches to environmental governance, each shaped by distinct legal traditions, institutional arrangements, and political realities. The EU has tended to articulate environmental protection as an explicit expression of its core values, such as sustainability, solidarity, the rule of law, and responsibility toward future generations, whereas the US has developed a more pragmatic regulatory model, rooted in federalism, administrative decision-making, and cost-benefit considerations.

This paper explores environmental governance and regulatory approaches in the EU and the US through a comparative methodology, paying particular attention to the relationship between legal frameworks, institutional practice, and the role of education and knowledge transfer. Our research addresses the way fundamental environmental principles, such as precaution, prevention, and the "polluter pays" principle, are incorporated into legal norms, interpreted by public authorities, and translated into concrete regulatory action within each system. In the EU, these principles are clearly articulated in both primary and secondary legislation and are implemented through a relatively coordinated institutional structure, joining the European Commission, the European Parliament, and the European Environment Agency into efficient actions. By contrast, the US pursues similar regulatory objectives through sector-specific legislation and administrative rulemaking, largely under the authority of the Environmental Protection Agency, within a governance framework that is more fragmented and strongly shaped by political dynamics.

The paper also looks at how the way institutions are built affects environmental regulation. This includes how clear the rules are, how well they can be enforced, and how stable public policies remain over time. In the EU, the more integrated legal system makes it easier to follow long-term environmental objectives, based on the EU harmonized rules and the role of courts in supervising the application of EU law.

In the US, powers are divided between federal and state authorities and political shifts often bring new priorities. These structural features have a direct impact on how stable and effective environmental regulation really is, especially when it comes to climate change policies and sustainable development goals. Consequently, the US regulation is more likely to change.

Our research gives particular attention to education and academic networks, not just as supporting tools, but as real parts of environmental governance itself. The paper discusses how universities, research projects, and cross-border academic initiatives help improve policy consistency, legal knowledge, and democratic accountability. Education is the channel through which ideas, norms, and values circulate between institutions. In this sense, it helps legal systems learn, adjust, and respond to increasingly complex environmental problems, even if the process is not always linear or perfectly coordinated. By following both the similarities and the differences between the EU and US approaches, the paper underlines the importance of continued transatlantic dialogue. Cooperation based on education and knowledge exchange can help develop more flexible and resilient forms of environmental governance. At the same time, the analysis feeds into wider debates on the future of environmental regulation, showing how law and education together can support sustainability-oriented policies and strengthen the EU's broader commitment to develop shared values and to support informed decision-making.

Objectives: *This research aims to look at environmental governance in EU and US, using a comparative approach. The focus is mainly on legal rules, institutional structures, and the role of education in supporting sustainable governance. The study tries to better understand how environmental principles are applied in practice and how academic and educational networks help improve policy coherence and institutional legitimacy.*

Methodology: *The research uses a comparative legal and institutional approach, based on the analysis of legal texts, institutional practices, and governance models in both the EU and the US. It also includes a qualitative review of education-based initiatives and forms of transnational academic cooperation, seen as practical ways to support policy development and knowledge exchange.*

Findings: *The results show that the EU promotes a more coherent and value-oriented model of environmental governance, while the US system is more fragmented and strongly influenced by political changes. Still, both systems increasingly rely on education and academic cooperation to strengthen regulation, support sustainability objectives, and enhance democratic accountability.*

Keywords: Environmental Governance, Comparative Environmental Law, Sustainability, Transatlantic Cooperation, Education Policy

JEL classification: Q58, Q54, K32, F55, I28

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During the preparation of this work the authors used OpenAI in order to support language refinement, including grammatical corrections and stylistic adjustments. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

TOWARDS A SUSTAINABLE REGULATION OF MIGRANT PLATFORM WORK IN CROATIA

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Abstract

Background: As the youngest member state of the European Union since 1 July 2013, Croatia completed its full integration by joining both the Eurozone and the Schengen Area on 1 January 2023. These milestones strengthened economic and labour mobility but also intensified challenges linked to emigration, demographic ageing, and domestic labour shortages. Over the course of a single decade, Croatia has experienced one of the largest population declines in the EU, losing a substantial share of its young and working-age population. The loss of the working-age population and low fertility rates have created structural shortages, especially in tourism, construction, and transport. Consequently, Croatia has become increasingly dependent on foreign labour. The rise of digital labour platforms has introduced a new dimension to employment relations in Europe. Platform work has emerged as a global trend and, in Croatia as well, has become one of the most accessible entry points for foreign workers. Statistics show that foreign workers constitute a significant portion of the total number of workers on digital platforms in Croatia. The gig economy enables flexible integration but often without adequate protection or collective rights. Working conditions of migrant platform workers are often characterised by high levels of precarity and vulnerability. To address these challenges, Croatia acted as a pioneer by adopting amendments to the Labour Act even before the adoption of the EU Directive on platform work, followed soon by the adoption of the new Aliens Act.

Objectives: This paper analyses the key legal provisions designed to protect migrant platform workers, identifies existing inconsistencies and gaps, and ultimately highlights the absence of a comprehensive long-term immigration strategy and policy framework that would integrate migrants more effectively into society and thereby mitigate the demographic gap.

Methodology: This work is based on the research of secondary sources, where the

methods of analysis and description were used.

Findings: *In considering the long-term sustainability of Croatia's labour market and demographic structure, it is essential to look beyond national borders and examine the experiences of other EU member states that have successfully transformed similar challenges into opportunities.*

Keywords: Migrant Platform Work, Croatia, Aliens Act, Labour Act, EU Directive on Platform Work

JEL classification: J11, J15, J40, J81, K31

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ALIGNING ALBANIA'S SOCIAL PROTECTION STRATEGY 2024-2030 WITH THE EUROPEAN SOCIAL MODEL: BETWEEN LEGAL FRAMEWORK AND HUMAN DIGNITY

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Abstract

Background: Social welfare can be read as one of the most direct expressions of the constitutional obligation of the state to respect and protect human dignity and to secure for citizens a decent standard of living. In the Albanian context, the Social Protection Strategy 2024-2030 is conceived as an effort to bring national social policies into closer alignment with the European Union's principles of solidarity, equality, and inclusion. Yet, the persistence of socioeconomic inequalities and the limits of institutional capacity invite a critical reflection on how far these objectives are effectively realized in practice.

Objectives: This study aims to take a critical look at the link between the constitutional idea of the social state and the main goals of the Social Protection Strategy 2024-2030. More specifically, it looks at whether the measures included in the strategy really protect human dignity, support social inclusion, and offer stable and long-term welfare support for vulnerable groups, in the context of Albania's path toward European Union membership.

Methodology: This study uses a comparative legal and policy approach, combining the reading of legal texts with the analysis of practical evidence. It compares constitutional and international standards on social rights with the rules set out in Albania's Social Protection Strategy 2024-2030 and the 2019 Law on Social Assistance. To support this legal analysis, the article also draws on selected indicators and survey data collected during the author's doctoral research in the Municipality of Shkodër, focusing on people who receive economic aid. Only a small part of this material is reused here in order to show specific trends and perceptions that are important for this study. This combined approach makes it possible to better understand how legal rules and policy measures work together and how they affect institutions and social welfare in practice.

Findings: The results show that, even though the Social Protection Strategy 2024-2030 follows European social policy standards in its design, it still falls short in practice when it comes to securing a dignified life for low-income households. Economic assistance remains far below the real cost of living, especially for families with children, and it does not really support long-term social inclusion or access to work. In addition, cooperation

between central and local institutions is weak, and citizens have very limited space to take part in decision-making. Although Albania has made progress in bringing its social system closer to EU norms, the data clearly point to a gap between what is planned on paper and what people experience in everyday life. Increasing financial support, strengthening local capacities, and creating real opportunities for participation are key steps toward a more inclusive and rights-based welfare system in line with European standards.

Keywords: Social Welfare, Human Dignity, EU Integration, Social Rights, Social Inclusion

JEL classification: I38, H53, K38, M14, M20

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During the preparation of this work, the authors used Grammarly to check for grammatical errors and improve the language and style of the manuscript. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

Sustainability, Green Transition and Energy Policy

"FLEXIBLE" GRID-CONNECTION CONTRACTS AND THE LONG-TERM SUSTAINABILITY OF THE EU POWER SYSTEM POLICY

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Abstract

Background: The rapid growth of renewable energy sources (RES) in Europe has intensified congestion on transmission networks that were neither dimensioned nor planned for such volumes of variable generation. Directive (EU) 2024/1711 introduces so-called "flexible" grid-connection contracts as one of the main legal tools to enable new RES projects to connect in structurally congested areas while accepting curtailment under predefined conditions (European Union, 2024). These arrangements interact with existing state-aid-supported business models, raising questions about how curtailed energy is valued and how long-term investment signals are preserved. Yet, above all, they raise questions about the sustainability of the EU regulatory policy in the area of energy system decarbonization.

Objectives: This paper examines how the emerging EU framework for flexible connections, redispatch, and curtailment compensation shapes incentives for transmission system operators (TSOs) and RES investors. It focuses on the legal and regulatory dimensions rather than on detailed quantitative modeling, and discusses whether a congestion-management strategy centered on redispatch and flexible contracts is sustainable in the long run.

Methodology: The analysis combines a doctrinal review of key EU legal acts and softlaw documents with a structured synthesis of recent technical and policy literature on redispatch, curtailment, and market design (Cheng et al., 2021; Kane and Ault, 2014; Thomassen et al., 2024). Particular attention is paid to the interaction between Directive (EU) 2024/1711, Regulation (EU) 2019/943, and regulatory guidance from European and national regulators. The paper adopts the perspective of a TSO operating in a zonal market without locational marginal pricing.

Findings: The findings suggest that flexible grid-connection contracts, while useful for accelerating RES deployment, may contribute to redispatch becoming a more structural feature of congestion management. Without accurate valuation of curtailed energy, robust governance of negative bidding by subsidized RES, and credible commitments to grid reinforcement, the framework risks undermining investment incentives and cost-reflectivity. In the absence of locational price signals, the accumulation of redispatch

and compensation obligations financed via network tariffs raises doubts about the long-term economic and regulatory sustainability of this approach.

Keywords: Renewable Energy Sources, Flexible Grid Connection, EU Energy Law, Long-Term Sustainability

JEL classification: K23, L94, Q28, Q48

FROM EU POLICY TO LOCAL PRACTICE: CIRCULAR ECONOMY AND BUSINESS MODEL INNOVATION IN ALBANIA

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Abstract

Background: *The Circular Economy Action Plan in the European Union (CEAP) positions the circular economy (CE) as a strategic driver for competitiveness and social inclusion as by the European Green Deal (EGD). Easing the gap between the ambitions of policies and potentials of the businesses remains a challenge, especially for the Western Balkans realities and in particular the case of Albania.*

Objectives: *This research paper aims to investigate how the CEAP can be operationalized through business models innovation in Albania. It investigates the institutional environment and financial instruments that affect the business abilities to embark in the CE.*

Methodology: *The paper uses mixed-methods design, integrating desk analysis of CEAP, related policies regarding WB, Balkan Barometer 2024 Business Opinion Survey and a case study in northern Albania in the hospitality sector. The triangulation connects the macro-level context, the meso-level indicators, and the innovation processes in the company level. The Sustainable Value Framework (SVF) is used to visualize the economic, environmental and social values.*

Findings: *Our observations suggest that just a small part of the Albanian businesses systematically invest in resource efficiency or waste reduction despite the growing awareness for environmental issues. However, qualitative evidence shows small innovation in development, businesses adopt local resources, reuse the by-products and aim the eco-branding as a strategy to identity.*

Keywords: Circular Economy, Business Model Innovation, Western Balkans, Sustainability Transition, SMEs

JEL classification: M14, M20, O44, Q01, Q56

TOOLS FOR DETECTING IMPRESSION MANAGEMENT IN SUSTAINABILITY REPORTING

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Abstract

Background: *The importance of sustainability reporting continues to grow, driven by the emergence of new regulatory requirements, rising stakeholder expectations, and the need to improve the environmental and social impacts of business activities. A significant concern is the temptation to use sustainability reports as tools for creating a favourable corporate image, alongside frequent criticisms that such reports serve more as marketing instruments than as valuable sources of information. This study illustrates and tests the usefulness of proposed tools for detecting impression management in the evaluation of sustainability reports. The analysis includes selected sustainability reports of Polish companies awarded in the "Sustainability Reports" competition organised by the Responsible Business Forum in 2023–2025.*

Objectives: *The study aims to identify impression management strategies employed in the sustainability reports of public companies and to assess the applicability of the proposed impression management detection tools in the analysis of sustainability reporting.*

Methodology: *The research methods applied include analysis of company reports and deductive reasoning. The study is based on the sustainability reports of selected companies from various industries for the years 2022–2024.*

Findings: *The study evaluates the applicability of eight groups of impression management detection tools in sustainability reporting and provides examples of identified impression management strategies in the analysed areas. The analysis employs tools for detecting topic management, tone manipulation, explanations, selective content, comparability, readability, rhetoric, and presentation techniques. The findings highlight the need to use multiple levels of analysis—ranging from individual words and sentences to statements, paragraphs, and larger text segments. Overall, the proposed impression management detection tools can be effectively used in the examination and assessment of sustainability reports. The study also refines these methods, adapting them to the specific features of sustainability reporting.*

Keywords: Sustainability Reporting, Integrated Reporting, Impression Management

JEL classification: M40, M48, M49

UNDERSTANDING SUSTAINABILITY REPORTING AS COMMUNICATION

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Abstract

Background: Companies and organizations nowadays communicate their performance with various stakeholders through sustainability reporting. However, the reporting is under the influence of several factors, such as regulations, everyday actions, leadership practices, and cultural context. Due to this, scientific research has outlined significant variations in findings on disclosure quality, completeness, comparability, and assurance practices of sustainability reporting and its role in decision-making. In this line, frameworks such as GRI, integrated reporting, SDG disclosure, ESG scoring methodologies, and assurance processes help in standardizing reporting practices. Despite this, when companies communicate governance structures, external scrutiny, and institutional environment, research shows that there are differences between sustainability reporting used just as a symbolic and formal communication, and on the other hand, used as a meaningful communication.

Objectives: In this study, we explore the most important theories that define sustainability reporting as a communication tool. We also investigate the key aspects of sustainability reporting, such as quality, assurance, disclosure scope, and governance, and their influence on credibility, stakeholder trust, and legitimacy of organisations. We try to answer the following research questions:

RQ 1: Which theories most effectively explain the role of sustainability reporting in communication?

RQ 2: What constructs and indicators are used to assess the quality and communicative effectiveness of sustainability reports?

RQ 3: How do management approaches, assurance practices, institutional pressures, and cultural contexts shape the credibility and trustworthiness of sustainability reporting?

Methodology: To answer the research questions, we conducted a systematic literature review. We applied the PRISMA protocol to 143 Scopus-indexed publications from 2010 to 2025. The studies that are part of the sample examine SDG disclosure, ESG scoring

models, reporting quality indices, assurance processes, governance drivers, reporting frameworks, linguistic choices, greenwashing risks, and cultural influences on disclosure patterns. During the review process, we extracted the main theories, communication-related constructs, contexts, and methodologies used in these studies.

Findings: *Based on the review, we can conclude that sustainability reporting is used as a communication system influenced by institutional expectations, regulatory frameworks, governance characteristics, and strategic signalling behavior. Regarding the theories, Institutional Theory is identified as a prominent one, explaining why organizations follow established norms and mandatory requirements. Further, Signaling Theory is used to explain how firms use disclosure to bridge information asymmetry. Agency Theory highlights the role of governance in shaping the credibility of reports. Further, constructs such as reporting quality, disclosure completeness, SDG and ESG indicator depth, tone and linguistic framing, assurance quality, governance diversity, and cultural influences are identified as crucial in evaluating how effectively sustainability reports transfer the message to the companies' stakeholders. Additionally, research shows that adoption of structured frameworks, external assurance, and integrated reporting enhances credibility and helps in addressing concerns about greenwashing. Nevertheless, variations across countries persist in terms of cultural norms, regulatory environments, and stakeholder expectations. Moreover, existing studies emphasize the importance of consistent materiality assessments, longitudinal evidence, and stronger assurance processes. Future research should focus on analysing the impact of digital communication formats, on examining the harmonization of emerging global reporting standards, and on exploring how signalling mechanisms influence stakeholder interpretation and trust.*

Keywords: Sustainability Reporting, Communication, Institutional Theory, Signaling Theory, Agency Theory

JEL classification: M14, M31

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A SYSTEMATIC REVIEW OF STAKEHOLDER ENGAGEMENT IN SUSTAINABILITY REPORTING

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Abstract

Background: Stakeholder engagement is acknowledged as a critical factor in credible sustainability reporting. However, there are considerable differences among organizations in how they interpret and implement engagement activities. Empirical studies show that the use of engagement mechanisms, ranging from basic information sharing and consultation to more active involvement, dialogue, and multi-directional communication, is often inconsistent.

The quality of these practices determines how key issues are identified, how organizations meet stakeholder expectations, and how they establish legitimacy through transparent sustainability communication. Despite the growing body of work in this area, there are still notable gaps in the literature. These gaps that are related to how engagement is actually operationalized, how organizations demonstrate responsiveness, and how stakeholder perspectives influence the content and credibility of sustainability reports, are still not well understood.

Objectives: The main objective of this research is to provide a review of stakeholder engagement in corporate sustainability and non-financial reporting. More specifically, this research examines how stakeholder engagement has been conceptualised and operationalised in sustainability reporting research. In fact, this study aims to identify the main theoretical foundations, methodological approaches, as well as existing research gaps in the literature. By combining insights from a wide range of studies, this review contributes to a better understanding of how stakeholder inclusion, dialogue, and integration of feedback improve clarity, credibility, and overall quality of sustainability disclosures.

Methodology: We analysed Scopus-indexed peer-reviewed articles published between 2010 and 2025, relying on the PRISMA protocol and following the TCCM framework. We initially retrieved 172 articles, out of which only 143 met the inclusion criteria. In fact, to identify the main theoretical foundations, engagement constructs, contextual features,

and methodological approaches, we analysed 143 studies that cover various topics such as engagement levels, responsiveness, assurance, materiality transparency, dialogic stakeholder interaction, and institutional pressures.

Findings: *Stakeholder engagement is mostly explained through the lens of Stakeholder Theory, whereas Legitimacy and Institutional Theory offer additional explanations for how organisations demonstrate accountability in practice and respond to regulatory or societal expectations. Also, this review shows that engagement practices range from simply sharing information to more meaningful dialogue and involvement. Moreover, the review of the studies shows that stronger engagement practices enhance credibility and transparency of reporting practices and their alignment with stakeholder priorities. However, many disclosures still function as symbolic practices, although variations are present across sectors and national contexts. The identified gaps include limited use of digital engagement tools, weak or inconsistent measures of engagement quality, and a lack of evidence on long-term outcomes. Future research should examine how institutional pressures influence engagement strategies, how mandatory reporting requirements affect stakeholder inclusion, and how a more participatory form of engagement can influence sustainability reporting to be more accountable instead of being used as a symbolic communication.*

Keywords: Stakeholder Engagement, Sustainability Reporting, Stakeholder Theory, Legitimacy Theory, Institutional Theory

JEL classification: M14, M31

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DRIVERS AND CONSTRAINTS OF GREEN STRATEGIC PARTNERSHIPS IN INDUSTRIAL ENTERPRISES

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Abstract

Background: *The shift toward sustainable development has made it clear that industrial companies need to work together: pool money, technologies, and know-how to meet environmental targets without losing profitability. Green strategic alliances have proved to be one of the most practical ways to do this – they spread eco-innovations faster, share environmental risks, and help everyone stay compliant with tightening European rules. In unstable economies, however, building such partnerships is far from easy. Companies face constant funding problems, unpredictable regulations, conflicting priorities, and, very often, simple lack of trust. These difficulties are particularly visible in transition economies with fragile institutions and high market risks.*

Objectives: *The study sets out to identify the main obstacles and drivers that affect the creation of green strategic alliances between industrial firms and to develop scenario-based recommendations for encouraging such cooperation in turbulent economic conditions.*

Methodology: *The research combines scenario planning, qualitative comparative analysis, and structural-functional modelling. We examined institutional, financial, technological, and organizational factors, and used real-life cases to map typical cooperation patterns and possible development paths.*

Findings: *The biggest roadblocks are limited access to green financing, frequent regulatory changes, uneven environmental capabilities among potential partners, and low inter-firm trust. The strongest enablers include alignment with EU environmental standards, availability of competent technological partners, targeted public support measures, and reputational benefits tied to sustainability goals. Scenario modelling shows that stable rules and shared-risk financial instruments dramatically increase the chances of successful alliances. In contrast, isolated company-level green projects produce much weaker environmental and economic outcomes. Overall, the results confirm that well-coordinated partnership models are the fastest and most effective way to achieve genuine green industrial transformation when the economic environment remains highly unpredictable.*

Keywords: Green Strategic Alliances, Sustainable Industrial Development, Economic Instability, Eco-Innovation

JEL classification: F15, L14, M14, C53, O18

STRATEGIC ORIENTATION OF SMEs TOWARD SUSTAINABLE DEVELOPMENT IN FRAGMENTED LOCAL ECONOMIES: EVIDENCE FROM THE REPUBLIC OF MOLDOVA

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Abstract

Background: *Small and medium-sized enterprises (SMEs) in the Republic of Moldova operate within a highly fragmented and volatile economic environment. Limited resources, uneven regional development and strong institutional pressures shape their capacity to integrate sustainability principles into strategic decision-making. Despite the increasing global emphasis on sustainable development, little is known about how these factors jointly influence the strategic orientation of SMEs in transitioning economies.*

Objectives: *This study aims to identify how external stakeholder pressure, managerial strategic competencies and humanistic organizational culture shape the sustainability orientation of Moldovan SMEs. It also examines whether sustainability orientation contributes to improved business outcomes under current national conditions.*

Methodology: *The empirical analysis is based on a quantitative research design using a structured questionnaire administered to managers of 50 SMEs across various sectors and regions of Moldova. The measurement model is grounded in internationally validated scales of strategic planning, stakeholder influence, organizational culture and sustainability orientation. Descriptive statistics, correlation analysis, confirmatory factor analysis and structural equation modeling (SEM) were employed to evaluate the reliability of the measurement model and to identify direct and indirect effects among variables.*

Findings: *The results show that external stakeholder pressure—particularly from governmental institutions—serves as the strongest driver of sustainability orientation. Strategic planning competencies positively influence sustainability orientation and business performance, underscoring the role of analytical tools and functional integration. Humanistic organizational culture contributes significantly to sustainability orientation but does not directly affect performance indicators. Sustainability orientation itself demonstrates a weak relationship with business performance, reflecting its compliance-driven rather than market-driven nature in the Moldovan context.*

Keywords: SMEs, Sustainable Development, Strategic Orientation, Organizational Culture, Stakeholder Pressure

JEL classification: Q56, M14, M20, M21, M29

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During the preparation of this manuscript, the author used AI-based tools (ChatGPT) exclusively for language refinement, grammar checking, and stylistic improvements. All analytical decisions, interpretations, and conclusions were developed and verified by the author, who takes full responsibility for the content of the paper.

Digital Transformation and AI in Business, Accounting and Governance

ACCOUNTING MEETS GENERATIVE AI: A PRISMA-GUIDED REVIEW

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Abstract

Background: *The accounting profession is currently undergoing a significant digital transformation driven by the integration of artificial intelligence technologies. Specifically, Generative AI models like ChatGPT offer potential for process automation, yet their implementation presents distinct advantages regarding efficiency and disadvantages regarding accuracy and ethical compliance.*

Objectives: *The primary objective of this research is to synthesize recent evidence regarding the deployment of Generative AI in accounting. The study aims to evaluate the effects of these technologies on accounting outputs, specifically focusing on the trade-off between operational efficiency in routine tasks and decision accuracy in complex, judgment-intensive activities.*

Methodology: *This study employs a Systematic Literature Review methodology guided by the PRISMA 2020 framework to ensure rigor and transparency. The review analyzes peer-reviewed literature published between 2023 and 2025, screening databases such as Scopus to identify empirical and conceptual studies relevant to Generative AI applications within the accounting domain.*

Findings: *The analysis indicates that tools such as ChatGPT demonstrate high effectiveness for routine, well-specified tasks, including simple process automation and drafting. However, performance significantly deteriorates during complex, higher-order activities requiring professional judgment. The findings highlight three critical constraints: data privacy concerns, ethical responsibility issues, and the variable reliability of model outputs. Consequently, while Generative AI enables workflow transformation, consistent human oversight remains essential to monitor performance and ensure decision quality.*

Keywords: ChatGPT, Digital Accounting, Digital Transformation, Artificial Intelligence

JEL classification: M41, M15, O33

INSTITUTIONAL TRAJECTORIES OF THE AI OFFICE IN EUROPEAN UNION AI GOVERNANCE

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Abstract

Background: This article examines the institutional configuration of the Artificial Intelligence Office (AI Office) as an emerging actor within the European Union's evolving framework for artificial intelligence governance. The adoption of the Artificial Intelligence Act (AI Act) constitutes a significant development in European Union (EU) law, as it establishes a comprehensive and binding regulatory framework aimed at ensuring that AI systems placed on or used within the internal market comply with Union values and legal standards. Beyond its internal market rationale, the AI Act pursues distinct normative objectives, most notably the protection of health, safety, and fundamental rights, thereby situating AI regulation at the intersection of internal market law and core principles of the Union. However, the achievement of these objectives cannot be secured through legislative intervention alone. As evidenced by established regulatory practice in EU law, the effectiveness of complex and technically intensive regulatory regimes depends to a significant extent on the institutional arrangements governing their implementation and enforcement. In this respect, the AI Office occupies a central position within the governance architecture of the AI Act. The relationship between the Act's substantive provisions and the institutional actor responsible for their operationalisation is therefore of particular importance. The institutional design of the AI Office may ultimately determine whether the AI Act functions primarily as a normative framework or develops into a fully operational system of regulatory governance.

Objectives: The article assesses the AI Office within the context of the EU's multi-level system of AI governance and argues that its current capacity for coordination is constrained by structural limitations relating to administrative and financial autonomy. These constraints raise concerns regarding the Office's ability to effectively discharge its tasks within a regulatory environment characterised by shared responsibilities among the Union, the Member States, and private actors. The article therefore, explores the prospect of an institutional evolution of the AI Office into an independent regulatory agency within the EU legal order. In doing so, it seeks to identify the core institutional features traditionally associated with EU agencies, including legal personality, budgetary and operational autonomy, expertise-based decision-making structures, and a degree of insulation from direct political control. The objective is to assess whether, and to what extent, the AI Office could attain a level of institutional independence compatible with the requirements of EU law.

Methodology: The article employs a qualitative and comparative approach, underpinned by doctrinal legal analysis. The study analyses the structural, functional, and normative characteristics of the AI Office. These features are then compared with those of established EU agencies in order to identify both institutional deficits and potential pathways for development. The analytical framework utilised is informed by multi-level

governance theory and the extant scholarly literature on regulatory agencies and administrative independence.

Findings: *The analysis demonstrates that, in its current form, the AI Office lacks key attributes commonly associated with independent EU agencies, most notably administrative and financial autonomy. Nevertheless, the breadth of its mandate, its technical responsibilities, and its involvement in the market surveillance and oversight of general-purpose AI systems suggest a trajectory that could potentially result in partial or full agency-type autonomy. Such an institutional transformation could contribute to the strengthening of the Union's regulatory capacity, the enhancement of expertise-driven oversight, and the improvement of coordination within the EU's multi-level governance structure. However, the realisation of this trajectory is likely to be constrained by significant obstacles, including the institutional prerogatives of the European Commission and the political sensitivities of the Member States.*

Keywords: European Union, AI Act, AI Office, Agencies, AI governance

JEL classification: K23, K33, L51

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AI AS A DIGITAL CO-FOUNDER: REFRAMING SOLO ENTREPRENEURSHIP

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Abstract

Background: Artificial intelligence is becoming integral part of innovation, education and entrepreneurial competitiveness. While technology helped companies build products and optimize costs, the AI agents especially those that use Large Language Models (LLM) are influencing how people create their professional portfolio and establish new ventures. Based on entrepreneurship research and best practices businesses were all team based to develop a solution in the market. Nonetheless, AI is enabling solopreneurs to actually start a business where jobs are replaced with AI agents and AI systems are the integral digital co-founders rather than a passive tool.

Solopreneurs by using AI agents not only use them as personal assistant but also decision makers in support opportunity recognition, designing a business model as well execution the operational of the overall business. The recent development is reshaping the theory of entrepreneurship in terms of business plan, financial projection as well as entrepreneurial education. Hence, it is essential to understand how AI reshapes the entrepreneurial process due to the mandatory need to understand how Europe seeks to educate the next generation. While the private sector is moving fast to integrate AI agents to their daily operation, academic research has not conceptualized the role of AI as co-founder and the implication for entrepreneurial education as well as policy within the European context.

Objectives: This study aims to conceptualize AI as a digital co-founder in solo entrepreneurship and examine its implications for entrepreneurial education and skill development in Europe. Specifically, it seeks to (1) identify the functional roles assumed by AI agents in entrepreneurial processes, (2) analyze how AI reduces traditional constraints faced by solo entrepreneurs, and (3) explore how these changes inform the design of entrepreneurship education aligned with European digital and innovation strategies.

Methodology: The research uses qualitative method with structured questions to Solopreneurs that integrate AI as agents. The study reviews interdisciplinary literature that includes AI, entrepreneurship, collaboration between human and AI and complements by the case study analysis of AI as solo venture enabler.

Findings: The results show that AI agents are increasingly taking the role of entrepreneurs co-founders, being used as partner ideation, operational, decision maker advisor and market analyst. The AI agent lower the financial costs of the company by enabling the solo ventures. Solopreneurs are framed as a hybrid human-AI organization form which emphasize the implication for entrepreneurship education, specifically on the AI literacy, critical thinking, ethical awareness and human-AI collaboration skills for Europe's next generation workforce.

Keywords: Artificial Intelligence, Entrepreneurial Education, Solo Entrepreneurship, Digital Co-Founder, Human Capital Development

JEL classification: L26, I23, O33, M13

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USING BEHAVIORAL TOOLS TO STIMULATE ENTREPRENEURSHIP AND ENSURE ITS COMPETITIVENESS

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Abstract

Background: In the context of global instability, modern economic science is characterized by a rethinking of traditional approaches and tools for stimulating the development of entrepreneurship and ensuring its competitiveness. This is due to rapid changes in the business environment, continuous scientific and technological progress, increasing globalization of economic relations, and intensifying competition between business entities. Ukrainian businesses face additional challenges due to the Russian Federation's military aggression. In such circumstances, finding and using additional effective tools to stimulate entrepreneurship and ensure its competitiveness is a pressing and important issue for successful business operations and economic growth.

Objectives: The aim of the study is to identify possible tools for stimulating entrepreneurship and ensuring its competitiveness in conditions of global instability from the perspective of behavioral and experimental economics.

Methodology: The paper is a critical literature review. The foundations of behavioral and experimental economics were of interest for this work.

Findings: Solving complex contemporary problems related to stimulating entrepreneurship in Ukraine and ensuring its competitiveness is possible with the help of achievements in behavioral and experimental economics. Business competitiveness depends on many factors, including both internal (company personnel, production capacity, investment potential) and external (government regulation, market mechanisms, competitive environment, etc.) factors. Therefore, business entities must constantly diagnose and analyze their competitiveness in conditions of global volatility and growing risks, adapt to turbulent changes in the external environment, seek new opportunities and tools to ensure competitiveness and increase its level. Behavioral and experimental economics tools have been identified to stimulate entrepreneurship and ensure its competitiveness in conditions of full-scale war, including simplifying

administrative procedures by using “plain language” to avoid misunderstandings, encouraging desired behavior through “nudging,” state recognition of social norms of behavior, targeted information dissemination, use of modern digital technologies, interactive communication, use of emotional responses, use of “mental space” techniques, and simulations. Summarizing the research, we can conclude that in the current economic conditions, it is the tools of behavioral and experimental economics that are becoming increasingly relevant, and their comprehensive implementation will form the basic prerequisites for stimulating business in Ukraine and ensuring its competitiveness.

Keywords: Entrepreneurship, Competitiveness, Instability, Behavioral Tools, Stimulating Development

JEL classification: M20, M21, O20

ADAPTIVE DIGITAL MANAGEMENT MODELS FOR ENHANCING INDUSTRIAL COMPETITIVENESS AND ECONOMIC SECURITY: LESSONS FROM THE UKRAINIAN–EU CONTEXT

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Abstract

Background: In European countries, the use of digital technologies in industrial production is becoming increasingly relevant and important for maintaining competitiveness and ensuring economic security. At the same time, many companies are not yet ready to use digital technologies in their work and consider the implementation of digital tools as separate projects. This is particularly noticeable in conditions of prolonged instability, including volatile market dynamics and unforeseen crises, when Ukrainian industrial enterprises are not only surviving in crisis conditions, but also increasing their efficiency by introducing innovative technologies, process automation and new quality standards.

Objectives: The aim of the study is to develop a model for managing the competitiveness of industrial enterprises based on the principles of adaptation to digital and economic challenges and considering the specifics of transformation processes in Ukraine.

Methodology: The model was developed using systemic, process and adaptive approaches that provide a comprehensive vision of managing the competitiveness of industrial enterprises in conditions of digital transformation and economic instability.

Findings: Analysis of global experience and recent scientific works has shown that traditional models of competitiveness management are losing their effectiveness as they are mostly focused on optimizing internal processes, improving resource efficiency or enhancing market positions, and do not consider the need for flexibility, responsiveness and data integration into decision-making processes. Dynamic changes in technological structures, growing dependence on digital infrastructure, and the instability of external markets necessitate a new type of management model capable not only of maintaining competitiveness but also of adapting it to the changing challenges of the environment. The proposed integrated model for managing the competitiveness of industrial enterprises is based on a combination of three subsystems – analytical and evaluative, digital and operational, and strategic and adaptive – whose interaction is ensured by a feedback mechanism. With the help of this mechanism, management parameters are

quickly changed and the effectiveness of management decisions is controlled. The methodology for implementing the model includes diagnosing the initial state of the enterprise's competitiveness, developing analytical indicators for monitoring, and building a management scenario.

Keywords: Digital Transformation, Integrated Management Model, Industrial Enterprises, Crisis Resilience, Performance Indicators

JEL classification: L21, L60, O32, M21

Education, Skills and Learning Innovation

INTEGRATING TECHNOLOGY AND DIGITAL TOOLS IN EDUCATION

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Abstract

Background: *This paper explores the terms under which digital tools can be integrated into school practice in both educationally meaningful and sustainable ways. Rather than focusing on technology alone, the analysis emphasizes the importance of aligning digital solutions with teachers' cognitive frameworks and schools' capacities for institutional development. Particular attention is given to central role of teachers, their mental models and readiness for change. Furthermore, the paper discusses broader digital education ecosystem through the role of collaborative platforms, knowledge management systems, distance learning environments, artificial intelligence, and learning analytics. It argues that digital tools contribute to educational quality only when such tools are embedded in school culture, supported by teachers' digital and pedagogical competences, and aligned with shared educational goals.*

To sum up, the aim of this work is to develop an integrative model of digital integration in education and to identify the conditions for a sustainable and meaningful application of digital tools in schools. Digital integration is seen as cognitive and organizational process where teachers' mental models have a decisive influence on the acceptance and quality of the use of digital tools. In this work the importance is given to schools as learning organizations capable of constant reflection and adaptation.

Building on this approach, a five-phase model of digital integration is proposed, comprising: (1) readiness assessment, (2) alignment of mental models, (3) informed technology selection, (4) pedagogically supported implementation, and (5) sustainable monitoring through learning analytics and organizational learning. The model is intended as a structured yet flexible roadmap to support long-term and sustainable digital transformation in schools.

Objectives: *The main objective of this theoretical study is to propose a conceptual model of integrating technology and digital tools in education. Finding the key dimensions of integration and identifying its limitations is essential for constructing the model. Through the proposed five-phase model, the paper aims to support teachers, students, and school leaders in strengthening educational quality within a broader framework of sustainable digital education.*

Methodology: *The study uses a thematic conceptual approach based on a structured review of key literature on mental models, resistance to change, organizational learning, and digital education. These particular thematic areas were selected because they represent complementary theoretical lenses for understanding digital innovation and institutional transformation in educational settings. The analysis involved comparing and synthesizing key concepts, analytical frameworks and assumptions across these selected thematic areas. Particular attention was paid to how change, learning, and digital innovation are conceptualized, as well as to the relationships between individual, organizational, and technological dimensions. By combining these perspectives, the paper proposes a conceptual model that can inform future empirical research on digital innovation and institutional transformation in educational settings.*

Findings: *The analysis suggests that effective digital integration depends on the alignment of teachers' ways of thinking, their readiness for change, and schools' capacities to function as learning organizations. In this sense, resistance to change should not be understood simply as opposition, but rather as a signal of cognitive, emotional, or cultural misalignment within the institution (Jokić, Magzan & Karleuša, 2025).*

Although technologies such as artificial intelligence and learning analytics do offer considerable potential, their educational impact remains limited unless they are supported by coherent pedagogical practices, sustained professional development and institutional strategies. From this perspective, leadership, continuous teacher learning, and long-term institutional and policy support emerge not as optional additions, but as key conditions for meaningful and sustainable digital transformation.

Keywords: Mental Models, Organizational Learning, Digital Transformation, Learning Analytics, Artificial Intelligence in Education

JEL classification: I21, D83, O33

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During the preparation of this work the authors used different AI tools in order to check for grammatical errors or to check writing style, translate and make language improvements. After using these tools, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

INTERACTIVE LEARNING: METHODS AND PRACTICES OF ONLINE WORK IN FOREIGN LANGUAGE STUDIES

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Abstract

Background: Modern society is undergoing rapid changes in the field of education: the challenges caused by the COVID-19 pandemic and the war in Ukraine have stimulated the integration of technologies into the educational process. Online education has emerged as a response to these challenges, combining traditional teaching methods with digital tools. By transforming the structure of the educational process and strengthening interaction between students and teachers, innovative approaches based on communicative learning help increase student engagement and motivate them to participate actively. Online and independent work, which includes both individual and group activities, has become an integral component of modern education.

Only thanks to the platforms such as Coursera, Mix, Kahoot, Padlet, English4IT and Pinterest students gain access to any interactive material and complete tasks at a convenient time. In particular, the Mix SumDU platform, which was developed by Sumy State University, provides educational materials, interactive courses, and tests.

Objectives: The objective of this research is to analyse interactive learning methods and practices of online work in foreign language studies, evaluate how digital technologies support student motivation and engagement, and assess the effectiveness of interactive platforms, with particular attention to the Mix SumDU platform.

Methodology: The study has a mixed-method design combining analysis of online learning models, observation of teaching practices and survey data collected from students at Sumy State University.

Synchronous learning (webinars, videoconferences), asynchronous learning (access to materials at any time), microlearning (short modules), flipped learning (independent theoretical study before class), and MOOC-based (massive open online courses) approaches are examined to determine their impact on foreign language acquisition and learner autonomy.

Findings: The findings show that online and blended learning significantly enhance student participation and support the development of independence, motivation and time-management skills. Synchronous formats improve real-time communication, while asynchronous learning ensures flexibility and accessibility. Microlearning increases content retention, and flipped learning strengthens classroom interaction. The Mix SumDU, Kahoot, and Padlet platforms enhance student autonomy, motivation, and time-management skills. Surveys conducted at SumDU show a positive perception of online learning: 99% support its integration. However, challenges remain, including copyright

issues related to audio and video materials, access to high-quality resources, and increasing student self-discipline. SumDU's experience in implementing the Mix platform confirms the effectiveness of digital resources for improving learning outcomes. The informatization of education fosters key skills necessary in modern society.

Keywords: Mix SumDU Platform, Interactive Platforms, Informatization of Education, Educational Technologies, Learning Models

JEL classification: I21, I23

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COMPREHENSIVE IMPACT OF AI-GENERATED ACTIVITIES ON LANGUAGE IMPROVEMENT THROUGH KAHOOT ONLINE PLATFORM

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Abstract

Background: *The study explores the beneficial role of generative artificial intelligence tools and resources that assist in developing customized and needs-tailored assignments to enhance the process of foreign language acquisition by the student population of universities.*

Objectives: *The primary objective of this research is to identify, evaluate, and substantiate the efficiency of online platforms (Kahoot) and embedded Generative Artificial Intelligence (GenAI) and align it with innovative Business English teaching methods. The study examines the instructional inferences of online interactive platforms and tools blended with GenAI tools, evaluating its capabilities to enhance teaching design, student engagement, innovative assessment, and comprehensive language competence and outcomes at the Armenian State University of Economics.*

Methodology: *This research applied a mixed-methods research design, integrated both quantitative and qualitative approaches for the comprehensive analysis of the results. Quantitative data were collected via tests administered online and hosted on the platform Kahoot. Qualitative data were obtained through student questionnaires distributed via online forms, whereas teaching materials comprised AI-generated texts, and visuals developed by ChatGPT. Descriptive statistics applied included mean scores, comparative achievement analysis and frequency distributions to interpret test results.*

Findings: *Findings of the research indicate the fact that generative AI offers significant innovative solutions in the Business English teaching process. Its further integration enhanced the overall instruction, supported Kahoot-based language acquisition assessment, and ensured classroom discussions through visuals to stimulate active communication skills. Students demonstrated high levels of satisfaction with the application of AI-driven tools and assignments. The results and findings indicate measurable improvement in their vocabulary acquisition process and communicative performance. It suggests that AI-driven methods of language teaching can efficiently contribute to foreign language skills enhancement and student motivation. Overall, the research offers valuable insights into the sphere of generative AI usage in the teaching modality, knowledge testing, and choice of resources and platforms.*

Keywords: Online Platforms, AI-generated Tests and Assignments, Online Tools, AI-driven, Online Platform Kahoot

JEL classification: I23, I21, I29

INTEGRATION OF VOCATIONAL EDUCATION AND LIFELONG LEARNING IN THE DIGITAL ERA: COMPARATIVE SYNTHESIS WITH EVIDENCE FROM GEORGIA

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Abstract

Background: Rapid technological progress and shifts in the global labor market have elevated the role of vocational education and training (VET) in developing modern human capital. As automation, digitalization, and demographic changes reshape workforce requirement, embedding lifelong learning within VET systems has become increasingly critical.

Objectives: The study aims to identify major global trends in the modernization of VET and to assess the extent to which Georgia's vocational education reforms align with these international developments. It also seeks to highlight gaps and propose strategies for strengthening the integration of lifelong learning within VET systems.

Methodology: A qualitative document analysis combined with comparative synthesis was employed to examine international policy frameworks, global best practices, and national reforms. This approach enabled a structured evaluation of Georgia's VET's system in relation to worldwide modernization trends.

Findings: The analysis reveals substantial alignment between global VET advancement and ongoing reforms in Georgia, particularly in policy modernization, the development of qualification frameworks, and expanded cooperation within industry. Nonetheless, several challenges persist, including limited digital readiness, negative societal attitudes toward vocational careers, constrained institutional capacity, and insufficient pathways connecting vocational and higher education. Addressing these barriers will require stronger digital transformation initiatives, enhanced public-private partnerships, improved professional development for instructors, and the creation of more flexible learning routes to support lifelong learning in emerging economies.

Keywords: Vocational Education, Lifelong Learning, Digital Transformation, Educational Reform, Workforce Development.

JEL classification: I25, J24, O33

DIGITAL FINANCIAL LITERACY OF VOCATIONAL HIGH SCHOOL TEACHERS

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Abstract

Background: *The supply and complexity of digital financial products and services has been constantly growing. In the area of personal finance numerous institutions are increasingly focused on ensuring the prerequisites for the development of financial and digital financial literacy. It is important to develop the foundations of financial and digital financial literacy of students in a planned, systematic and comprehensive manner throughout the entire education system. The key assumption is that teachers improve their own digital financial literacy, their teaching competencies and motivation to work in this specific field.*

Objectives: *The research aimed to examine teachers' digital financial literacy, their self-assessments of financial and digital financial literacy, competence and motivation for teaching in this area.*

Methodology: *A sample of teachers from Croatian secondary vocational schools was surveyed using the OECD/INFE Questionnaire for Measuring Financial Literacy and Financial Inclusion and additional self-assessment questions.*

Findings: *The results showed that digital financial literacy among vocational teachers is relatively high (72.2%), higher than among highly educated people both in the Republic of Croatia (61.1%) and in the countries included in the OECD research (56.3%). Their self-assessments of digital financial literacy on a 5-point Likert scale average 3.58, and their competence for teaching in that area averages 3.52. Self-assessment of motivation to participate in student financial literacy is higher, with an average score of 4.06 and as many as 77.8% of highly motivated teachers. It was also shown that all self-assessments were moderately to highly correlated with each other, but had a low correlation with the digital financial literacy score. The results indicate that in addition to the professional development programs that are already being implemented, it would be also necessary to work on empowering teachers' competences in this area systematically, and on further improving the curricular, organizational and normative conditions within the education system.*

Keywords: Digital Financial Literacy, Vocational School Teachers, OECD/INFE Questionnaire for Measuring Financial Literacy and Financial Inclusion, Teacher Competencies, Self-Assessment of Digital Financial Literacy

JEL classification: A20, G20, G53

EUROPEAN EDUCATIONAL PROGRAMMES AND YOUTH CIVIC PARTICIPATION: IMPLICATIONS FOR PUBLIC ADMINISTRATION AND DEMOCRATIC ENGAGEMENT

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Abstract

Background: The participation of young people in participatory processes and their interactions with public administration constitute essential components of the overall stability and legitimacy of European governance. Across many EU Member States, young people display low levels of trust in public institutions and reduced involvement in public consultations, volunteering, and community-based initiatives. These trends raise legitimate concerns regarding the effectiveness of public policies aimed at youth engagement as well as the capacity of public administrations to respond to the expectations of new, continuously evolving “European” generations. In this context, European educational programmes such as Erasmus+, the European Solidarity Corps, and Jean Monnet initiatives have emerged as strategic instruments for strengthening civic competences and fostering closer connections between young people and public institutions.

Objectives: The objective of this paper is to examine the extent to which participation in European educational programmes influences civic competences, trust in public administration, and the willingness of young people to engage in decision-making processes. The study aims to identify the mechanisms through which learning experiences and non-formal education contribute to bridging the gap between young citizens and public institutions while supporting the development of a culture of democratic participation across Europe.

Methodology: The research employs a mixed-method approach, drawing on European statistical data on youth participation, official evaluations of European educational programmes, and information from Eurobarometer surveys and EU Youth Reports. The empirical component is complemented by three comparative case studies—Romania, Finland, and Spain—selected to illustrate distinct administrative and civic contexts. The analysis is further grounded in a theoretical framework that integrates civic competence theories and models of democratic participation, thus offering a comprehensive perspective for assessing how European programmes shape the civic behaviours of young people.

Findings: The findings indicate a positive correlation between participation in European educational programmes and the development of civic competences, increased trust in public institutions, and the strengthening of youth engagement in civic activities such as volunteering, public consultations, and community projects. The comparative analysis reveals that the impact of these programmes is more substantial in countries where

public administrations ensure transparent and accessible participation mechanisms. The case studies suggest that involvement in European programmes enhances young people's understanding of administrative functioning, encourages greater openness to collaboration with public institutions, and provides a clearer sense of their societal role. Overall, the results demonstrate that European educational programmes serve as essential instruments for revitalising the relationship between young people and public administration and for consolidating an active democratic society at the European level.

Keywords: Youth Participation, Civic Competences, Public Administration, European Educational Programmes, Democratic Participation

JEL classification: I28, H83, D72, D91, Z18

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PRINCIPALS AS KEY MANAGERS OF SCHOOL TRANSFORMATION

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Abstract

Background: *Recent educational system, which is inherently complex, sensitive, and multidimensional, is becoming even more demanding and layered due to an increasing number of stakeholders whose requirements are becoming ever more stringent, and the expectations from society and technology demand almost too much from schools, teachers, principals, and even the children. Managing today's schools is a highly demanding, complex, and stressful job that brings daily challenges and requires the skills of an effective manager as well as the knowledge and capabilities of a social entrepreneur.*

Today's schools are pivotal institutions with significant social impact: they represent the formal, mandatory framework for lifelong learning, yet they must operate as dynamic, highly adaptable organizations committed to ongoing institutional growth. Fundamentally, they serve as crucial hubs for individual transformation and development, ensuring that children and students are prepared for the new digital age through the educational process. However, leading these complex organizations presents significant challenges for principals. To ensure successful governance, they must expertly navigate issues such as conflict resolution, fostering a stimulating and creative organizational climate, and ensuring safety within the school environment. In the era of the digital economy, there is an urgent and ongoing need to monitor emerging technologies and ensure sustained professional and organizational development.

The complexity is further amplified by the need for principals to align and satisfy the divergent interests of a broad spectrum of stakeholders. This includes active engagement in developing the wider social community, responding to the need for a project-based orientation internally, and managing strategic collaborations with external entities—such as universities, non-profit organizations, and other educational bodies. Meeting these numerous, multi-layered demands often proves exceptionally difficult. Consequently, principals are evolving into the essential new managers of the digital age. Success requires that they embody a versatile skill set: they must be masterful organizers, possess advanced digital competencies, excel as negotiators, deliver effective solutions to frequent and complex conflicts, and serve as brilliant motivators, coaches, and mentors.

Objectives: *Managing today's schools is an extremely demanding, complex, and stressful job, with daily challenges. For successful management, principals must unify the skills of an effective manager with the knowledge and capabilities of a social entrepreneur,*

expertly navigating conflicts, organizational climate, and digital transformation.

Methodology: *To show that principals have a demanding role in managing schools during times of crisis and digital transformation. We selected three schools from different parts of Croatia and used in-depth interviews with the principals, who play key managerial roles and investigated the basic dimensions of success, as well as the elements that represent obstacles to successful educational management.*

Findings: *To highlight the role of principals as contemporary managers who are also social entrepreneurs who must achieve a certain social impact and satisfy the interests of various stakeholders, but primarily the fundamental mission of their organizations-schools as lifelong learning institutions providing safe, qualitative, sustainable and digital services of educational system.*

Keywords: High School Principals, High Schools, School Transformation, Management in Education

JEL classification: I21, M12, O33

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THE BIG FIVE, ACADEMIC PERFORMANCE, AND EXPECTATIONS AMONG STUDENTS OF THE SCHOOL OF ECONOMICS AND BUSINESS

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Abstract

Background: The study examines the correlations between personality traits, namely extraversion, agreeableness, conscientiousness, neuroticism and openness for new experience (so called 'Big Five'), and expectations regarding academic success and financial income. The study further investigates differences between male and female students in order to contribute to better understanding of how (if at all) fundamental psychological traits (and gender) shape our expectations towards education and financial success.

Objectives: The main objective was to identify statistically significant associations between personality traits and expectations regarding academic and financial success among student of economics and business. Additionally, our aim was to explore potential gender differences in this context.

Methodology: The data were collected between 2022 and 2024 among 341 (undergraduate and graduate) students of School of Economics and Business in Ljubljana (Slovenia) who were informed about the survey during the courses Introduction to Business, Strategic Management, Human Resource Management, and Management of Non-Profit Organizations. The 44-item Big Five Inventory developed by John and Srivastava (1999) was used to evaluate personality traits. Each item was rated on a 5-point Likert scale. For data analysis IBM SPSS Statistics version 29 was used, specifically t-test and correlation analysis using Pearson's coefficient which are suitable for normally distributed data.

Findings: The results show that conscientiousness correlates significantly with both higher academic achievement and greater financial income. Extraversion, on the other hand, positively correlates with financial income only among female students, while at the same time surprisingly shows negative significant correlation with academic success of male students. Similarly, agreeableness also shows negatively correlation with male students, while it positively correlates with financial income. Another surprising result is the fact that neuroticism of male students statistically positively correlates with academic success. Finally, openness, although in some studies showing positive link with intelligence, does not show statistically significant correlations with academic or financial expectations.

Keywords: Personality, Big Five, Expectations, Income, Academic Success

JEL classification: I21, J24, M12, D91, Z13

SYMBOLIC ANNIHILATION AND THE MATILDA EFFECT IN SERBIAN FIFTH-GRADE ENGINEERING AND TECHNOLOGY TEXTBOOKS: A CONTENT ANALYSIS

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Abstract

Background: The content of Engineering and Technology textbook may reflect persistent mechanisms of symbolic erasure and the Matilda effect, thereby obscuring women's contributions to science, technology, and engineering. This causes a profound impact on the hidden curriculum in teaching materials, which may ultimately influence future career choices for girls. The analysis of the Engineering and Technology textbook is therefore particularly important, especially because girls in the fifth grade are encountering higher-level Engineering and Technology topics for the first time.

Objectives: This study examines the representation of women in fifth-grade Engineering and Technology textbooks in Serbia, using a combined content analysis approach, with the aim of identifying their visibility and roles in technical domains and the impact of such representations on the reproduction of gender inequality.

Methodology: The research is based on a desk-based mixed-methods content analysis. The qualitative component consisted of systematic coding of textual content, occupational terminology, examples, historical references, and visual representations. The quantitative component involved structured counting of male and female figures across illustrations, professions, and technical roles. This tailored evaluation instrument was used to analyze three currently used fifth-grade Engineering and Technology textbooks from major Serbian publishers.

Findings: All three analysed textbooks achieved medium level of gender sensitivity. The language used in tasks and instructions is mostly formal and gender-neutral, but job titles are consistently masculine, which reinforces the idea of engineering as a "male" field. Quantitative findings indicate a marked male predominance in illustrations and professional representations. All analysed textbooks reproduce the patterns of symbolic erasure of women and the Matilda effect, thus revealing a consistent pattern of gender imbalance.

Keywords: Gender Invisibility, Symbolic Annihilation, Engineering and Technology Education, Textbooks

JEL classification: I21, I16, I24, Z13

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During the preparation of this work the authors used ChatGPT5.2 in order to check for grammatical errors, language improvements, writing style etc. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

Inclusion, Labour and Well-being in a Changing Europe

INFORMAL WORK AND LABOUR INCLUSION IN THE EUROPEAN UNION: POLICY CHALLENGES AND RESPONSES IN THE CONTEXT OF UKRAINIAN REFUGEES

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Abstract

Background: The Russian invasion of Ukraine in 2022 triggered the largest and fastest refugee movement in Europe since the Second World War, reshaping demographic and labour dynamics across the European Union. By mid-2025, over 4.3 million Ukrainians had obtained temporary protection status within the EU, with Poland, Germany, Czechia, Spain, and Italy hosting the largest numbers. The EU's rapid activation of the Temporary Protection Directive (2001/55/EC) enabled immediate legal access to residence, employment, education, and healthcare – an unprecedented step that avoided the protracted asylum procedures characteristic of earlier crises. This policy response was widely recognized as a success in humanitarian governance and policy coordination.

However, the accelerated entry of refugees into national labour markets has also exposed deep structural vulnerabilities within the EU's employment systems. Despite formal access rights, many Ukrainian refugees have encountered obstacles such as language barriers, non-recognition of qualifications, gendered labour segmentation, and shortages in affordable childcare, which collectively restrict opportunities for formal employment.

In Poland, where over one million Ukrainians have been registered for temporary protection, rapid labour absorption occurred primarily through short-term and casual contracts, especially in construction, agriculture, and domestic care. Surveys conducted by Poland's Institute of Public Affairs in 2024 indicated that around 36% of Ukrainian workers were engaged in undeclared or semi-formal employment. In Czechia, despite efficient labour registration mechanisms, nearly one-third of refugees were estimated to work without full social security contributions, particularly in manufacturing and services.

Objectives: This research explores the persistence and transformation of informal work among immigrant and refugee populations, with a particular focus on Ukrainian refugees. By addressing the intersection between informality and forced displacement, the paper contributes to the debate on how the EU can transform crisis-driven migration into an opportunity for inclusive and rights-based labour market development.

Methodology: Drawing on comparative policy analysis and recent data, the study examines both regulatory gaps and innovative national practices in managing informal work, balancing economic needs with social inclusion and legal standards.

The research employs a comparative policy analysis of six EU member states hosting the largest Ukrainian refugee populations. It draws on EU Labour Force Survey data, national policy documents, and recent findings from Eurofound, and the OECD. Qualitative component based on interviews with NGOs and labour policy experts.

Findings: The findings suggest that while temporary protection has opened formal pathways to employment, structural barriers push many refugees into informal work. The

paper argues that fragmented national responses undermine the EU's commitment to social fairness and risk normalizing informal employment as a de facto integration pathway. Recommendations are proposed for enhancing policy coherence and improving the legal and institutional framework for refugee labour integration across member states, including: strengthening labour inspection and data collection mechanisms, incentivising formal employment through social contribution subsidies, and embedding refugee integration within the European Pillar of Social Rights.

Keywords: Informal Work, Labour Inclusion, Social Cohesion, Refugee Protection, European Union Labour Policy

JEL classification: J46, J61, J21, E26, O17

Acknowledgement on the use of artificial intelligence (AI)

During the preparation of this work the authors used Claude AI in order to check for grammatical errors, language improvements. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the paper.

PSYCHOLOGICAL DETERMINANTS OF PUBLIC ADMINISTRATION EMPLOYEES' WELL-BEING AND THE QUALITY OF PUBLIC SERVICES IN EU MEMBER STATES: THE ROLE OF CIVIC AND ADMINISTRATIVE EDUCATION

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Abstract

Background: *Public administrations across EU countries are operating in an environment that changes almost constantly. Societies are putting forward new expectations, digital technologies continue to reshape how institutions work, and citizens are paying closer attention to how public bodies perform their duties. All of this affects the everyday work of civil servants and influences how they see their place within the organisation. It is therefore no surprise that their psychological well-being has attracted more attention from researchers in recent years. Civic and administrative education has also taken on a much larger role than it once had. What used to be a simple introduction for new employees has gradually become a continuous part of developing professionally. It no longer focuses only on practical skills but also encourages ethical awareness, a deeper understanding of democratic processes and a clearer sense of how public institutions fit into the wider social landscape. Even so, research still pays little attention to how this kind of education influences the well-being of public employees or how it might shape the quality of the services they deliver.*

Objectives: *The purpose of the article is to bring together and review research on the psychological factors that influence the well-being of public administration employees, and to examine how these factors relate to the quality of public services in EU member states. The authors pay particular attention to the role of education and professional preparation—ranging from civic literacy to administrative training and digital skills. The intention is not only to point out the gaps in existing scholarship but also to show why the connection between education and well-being may matter for the effectiveness, legitimacy and public value created by European public institutions.*

Methodology: *The article draws on a review of peer-reviewed publications from 2000 to 2024. The materials reviewed come from public administration studies, work psychology and civic education research. Helpful insights were found in studies based on the Job Demands–Resources model, public service motivation theory and organisational support theory, as well as in EU and OECD frameworks for assessing the quality of public administration. The review looks at how scholars define psychological well-being, how they approach educational processes and to what extent they analyse these two areas together. Consideration was also given to the research tools used, the clarity of measurement and the degree to which results can be compared across different*

countries.

Findings: Existing studies show that research on employee well-being and research on public service quality usually develop along separate tracks. Only a handful of studies suggest that civic or administrative training can shape how public employees perceive their work or how well they carry out their duties. In the research that does point to such links, a clear trend appears: employees who have regular opportunities to build their skills, and who understand ethical standards and how public institutions function, tend to feel more connected to their organisation's mission and show greater dedication in their everyday work.

What is still missing, however, are comparative studies and a coherent theoretical framework that would allow for a fuller understanding of these connections. The article points to a number of avenues that future studies could explore to better connect educational preparation, employees' psychological capacities and the actual performance of public administrations, all considered within the wider context of European governance.

Keywords: Employee Well-Being, Civic Learning, Inclusive Governance, Service Quality, European Administration

JEL classification: J45, H83, I25, M12, O52

BEING A WOMAN IN THE DATA SUPPLY CHAIN

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Abstract

Background: *The advancement of artificial intelligence depends on human data tasks—cleaning, verification, annotation, and labelling—that remain largely invisible, particularly in outsourced and weakly regulated environments. When these tasks are commissioned by European institutions and companies—especially Spanish public and private entities—and relocated to BPO firms in Colombia, a transnational data-production arrangement emerges in which women workers in the Global South sustain the technological needs of the Global North. This research examines how this outsourcing structure operates and how Colombian women providing data-work services to Spanish and European clients experience the conditions, inequalities, and power asymmetries embedded in these flows. These agreements uphold an international division of labour characterized by opacity, dependency, and extractivist logics, in which material and symbolic gains accrue in Europe while the daily labour supporting AI infrastructures is concealed. Women's vital but underappreciated contribution reveals how racialized, classed, and gendered disparities interact with outsourcing choices that dictate who does the work, under what circumstances, and for whom.*

Objectives: *The study examines how women's experiences in the lower levels of the AI data supply chain are influenced by gendered disparities. It focuses on Colombian women who work for subcontracted digital service companies that provide data cleaning, verification, annotation, and labeling to clients in Europe, especially Spanish. It looks at how internal hierarchies limit access to stability and decision-making, how gender, class, and ethnicity shape their roles and opportunities, and how these workers create strategies of resistance and agency within a system shaped by Global North contracting structures.*

Methodology: *A qualitative, ethnographic approach grounded in feminist and intersectional perspectives underpins the research. Semi-structured interviews, participant observation in workplace and community settings, and analysis of internal equality policies in subcontracted firms make it possible to explore how gender, class, ethnicity, and other social markers shape women's experiences. By centering their narratives and strategies, the methodology highlights the situated nature of their labour and the everyday forms of exclusion, agency, and resistance that emerge in outsourced and precarious data-production environments.*

Findings: *The study shows that AI data work is structured by deep gendered, classed, and territorial inequalities. Women are concentrated in repetitive operational tasks, while men occupy technical and supervisory roles offering visibility, stability, and upward*

mobility. This reproduces a global value chain in which design and decision-making remain in Europe –including Spain– while execution is delegated to Colombia. Working conditions are defined by strict surveillance, productivity pressures, and limited protection. On-site BPO environments involve timed breaks, ergonomic control, security procedures, precarious contracts, and additional burdens such as long commutes, urban insecurity, and unpaid care responsibilities. Intersectional inequalities (linked to class, ethnicity, migration status, and territorial marginality) intensify precarity for groups such as Venezuelan migrant women, young workers from peripheral neighbourhoods, and mothers with substantial care duties. Despite meritocratic narratives, structural barriers limit women's access to leadership and to more stable roles. However, in a system that relies on their labor while keeping them largely invisible, women create unofficial support networks, peer mentoring, shared coping mechanisms, and collective care practices that lessen pressures, address institutional silences around harassment and health issues, and negotiate recognition and dignity.

Keywords: Gender Inequality, Data Workers, Digital Labour, Data Supply Chain, Global South & Europe

JEL classification: J16, P16, O17, F54

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We would like to express our deep gratitude to the women who generously shared their time, experiences, and trust throughout this research. Their voices, perspectives, and everyday forms of resilience made this study possible and are at the heart of its insights.

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During the preparation of this work, the authors used an AI tool (ChatGPT) solely to improve the quality and clarity of the English language. All content was subsequently reviewed and edited by the authors, who take full responsibility for the final version of the paper.

Organisational Performance, Culture and Competitiveness

DOES FINANCIAL DEEPENING FUEL INEQUALITY? EVIDENCE FROM EUROPEAN CREDIT CYCLES

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Background: This paper investigates the distributional consequences of financial deepening across a panel of 21 European economies from 2000 to 2023. To identify the causal effect of private credit on income inequality, we employ a two-stage least squares (2SLS) framework, instrumenting current credit levels with historical lags while controlling for macroeconomic fundamentals and trade openness.

Objectives: The objective of this research is to assess the causal impact of private credit expansion on income inequality in European economies and to evaluate whether financial deepening delivers distributional neutral or adverse outcomes.

Methodology: The study applies a two-stage least squares (2SLS) panel-data framework, using lagged credit measures as instruments for contemporaneous private credit while controlling for macroeconomic fundamentals, trade openness, and country fixed effects. Robustness is assessed through alternative error structures, outlier treatments, and leave-one-country-out tests.

Findings: We find that credit expansions significantly exacerbate inequality: a 10-percentage-point increase in the private credit-to-GDP ratio raises the Gini index by approximately 1.25 points. Notably, the instrumental-variable estimates are substantially larger than fixed-effects estimates, indicating that standard OLS approaches suffer from significant downward bias. The results are robust across multiple sensitivity checks and suggest that the benefits of financial deepening are not Pareto-improving, highlighting an important trade-off for macroprudential policy design in European financial cycles.

Keywords: Gini, Private Credit, Instrumental Variables, Panel Data, Clustered Inference

JEL classification: E44, D31, C26, O16

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STRATEGIC SCOPE AND ADMINISTRATIVE EFFICIENCY IN INTERNATIONAL DEVELOPMENT ORGANIZATIONS: EVIDENCE FROM UNICEF AND UNDP

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Abstract

Background: To achieve Sustainable Development Goals (SDGs), two large and significant United Nations international development agencies, UNDP and UNICEF, seek to secure funding and become more cost efficient. UNDP's and UNICEF's contrasting goals and business models are assessed. UNICEF, is child-focused on mainly 7 SDGs, and UNDP as a broad focused and addresses and covers activities in all 17 SDGs.

Objectives: This research analyzed the relationship between organizational scope and administrative costs in UNICEF and UNDP from 2022 to 2024. We tested the relationship between strategic scope and administrative efficiency within the framework of Porter's trade-offs and examined administrative efficiency in intergovernmental organizations and the advantages of focused strategies versus broad spectrum strategic mandates in UN development organizations.

Methodology: Comparative quantitative analysis of secondary, verified data was applied, with purposive sampling of critical cases, where annual reports and accompanying documents of two leading UN agencies, UNDP and UNICEF, were analyzed for 2022 until 2024. Administrative efficiency was measured with the Management Expense Ratio (MER). Both UNDP and UNICEF use the harmonized integrated budget methodology, enabling a direct comparison of program and management costs.

Findings: The data indicates that Porter's framework of strategic trade-offs applies to UN development organizations, where a focused strategic scope correlates with lower management costs. UNICEF, which has focused on a lower number of SDGs, maintained a nearly constant MER of 4,7% during the analyzed time period, while UNDP, which has a broader scope, had a significantly higher Management Expense Ratio of 9,3%. UNDP's revenue structure affects these results, where its average 89,8% government funding requires higher management and compliance costs. In contrast, while UNICEF's hybrid model incorporates additional fundraising and marketing expenses, its total support costs for 2024 (8,0%) remain lower than UNDP's management only results for the same year (9,9%). Digital transformation in UNDP through Oracle Quantum ERP did not immediately reduce the MER, which increased by 0,5 percentage points from 2023 to

2024, reflecting implementation costs and the period of operational adjustment needed.

Keywords: Administrative Efficiency, Management Expense Ratio, Strategic Scope, Sustainable Development Goals, Digital Transformation

JEL classification: L25, F53, M10, M15, D23

INNOVATIVE SOLUTIONS FROM LOGISTICS SERVICE PROVIDERS (3PL, 4PL) IN SUPPLY CHAIN LOGISTICS – SELECTED RESEARCH FINDINGS

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Abstract

Background: The dynamic changes in the market environment as well as the growing expectations of the customers are forcing the Logistics Services Providers (3PLs, 4PLs) to apply various IT solutions in the implemented logistics services of the supply chains. Currently, SCM refers to the management of the supply chain, which extends from the supplier or suppliers to the end user and vice versa, and its main objective is to satisfy customers in an effective and efficient manner. This requires the implementation of the necessary solutions, including, of course, technological solutions, as SCM is seen as a tool for optimising the supply chain. According to the literature, the efficiency and effectiveness of logistics services provided by 3PL/4PL in today's SCM increasingly depend on technological support, in particular digital tools that enable real-time data exchange, process optimisation and improved decision-making. As a result, IT solutions implemented by LSPs have become essential for achieving competitive advantage, operational efficiency and customer satisfaction.

Objectives: The aim of the research was to identify technological innovations implemented by LSPs (3PLs, 4PLs) and the challenges they face when introducing such solutions.

Methodology: A multi-stage approach was used in the methodology. First, a systematic literature review was conducted, which revealed a limited number of empirical studies on innovation among logistics service providers. This was followed by empirical research using quantitative research, the Delphi method and case studies. In the empirical phase, a quantitative CATI survey was conducted among 201 Polish companies from the transport, freight forwarding and logistics sector. A target sample of 35 of 3PL providers and 31 of 4PL providers was selected based on the adopted criteria. Interviews with experts and case studies of global companies enriched the research results.

Findings: The research findings identified a large group of process innovations in IT technological innovations. This means that logistics service providers are part of the observed trend of progressive technological development. Companies are focusing on process and technological innovations with a particular emphasis on the desired digitization and automation in the logistics service of SC. This type of innovation is a trend that allows the implementation of product innovations, opening up the possibility

of modifying existing services or introducing a new service (e.g., streamlining the logistics of warehouse processes using smart gloves). Product and organizational innovations made up a slightly smaller list of innovations. Implemented organizational and market (marketing) innovations, ranging from compliance with the guidelines of adopted ISO certified systems, Kaizen and Lean Management principles to "green management." Furthermore, according to the study, logistics service providers (3PL/4PL) face a number of new challenges that span many areas of their business. Continuous technological progress, political changes and shifting market trends are key drivers for logistics service providers to implement innovations in response to changes in the market environment. The use of appropriate IT solutions and technologies in the activities of logistics operators and integrators is not only a necessary requirement for their existence on the market, but also – depending on the level of tools used – a source of their competitive advantage. It should also be noted that because of the research findings, the limitations of the research conducted and directions for further research exploration were also identified.

Keywords: Technological Innovation, IT Solutions, Logistics Service Providers (LSPs), Supply Chains

JEL classification: O31, L90, L87

WESTERN BALKANS' UNIVERSITIES BEYOND TEACHING AND RESEARCH ACTIVITIES: NATIONAL POLICY FRAMEWORKS AND PERSPECTIVES FOR REGIONAL COOPERATION

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Abstract

Background: Education system in Western Balkans (WB) countries is undergoing under dynamic and profound transformation driven by the EU integration process. EU integration requires alignment of teaching, research and third mission activities with European Higher Education Area (EHEA) and ERA (European Research Area). The third mission of universities is the universities' engagement on economic and social activity through fostering knowledge and technology transfer, lifelong learning, social responsibility and community impact. Despite of the continuous commitment of WB Universities in teaching and research activities reform, the third mission activity remains not fully addressed due to missing linkages with industry and other stakeholders that enable the development of the Quadruple Helix model and create a competitive advantage. Regional cooperation is crucial for achieving and creating this competitive advantage.

Objectives: The aim of this paper is to map the national legal and policy frameworks that support third mission activities in the WB countries. Western Balkan Universities beyond teaching and research activities: national policy frameworks and perspectives for regional cooperation

Methodology: This study uses comparative policy analysis through analysing national legal and policy frameworks.

Findings: All WB countries have dedicated law on scientific research and higher education, and they have laws on innovation aligned with EU standards. In Bosnia and Herzegovina, legal framework is fragmented. In terms of national policies, countries have made a lot of progress with dedicated policies on research, higher education and smart specialisation where the highest alignment with EU standards is in Albania, Montenegro

and Serbia. The third mission of universities is not addressed explicitly in national legal and policy frameworks but rather embedded through aspects of technology transfer, societal impact and lifelong learning. Only in Montenegro is recognised the importance of regional cooperation.

Keywords: Third Mission, Regional Cooperation, Knowledge & Technology Transfer, Societal Impact

JEL classification: I23, O19, O33, O35

THE ROLE OF THE ACADEMIC INTEGRITY IN ENHANCING PROFESSIONAL STATUS OF LAWYERS

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Abstract

Background: Contemporary societies are nowadays in some extent divided, and subordinated to a plurality of factors which strengthen the individuals' persuasion that it needs professionals in all fields of activity. The same is true in academia, where the public interest is more prone to observe if certain unlawful behaviour, abuses, or any kind of unethical standards are present in the academic field, taking into account that all these issues of the academia affect the future status of the law students. In this context, it is obvious that, despite the specific legal framework which characterises the academic areas of both education and research, a new item of setting up concrete actions on respecting rules of ethics and academic integrity should be emphasized. These imperatives are also called by the society, especially in the matter of legal sciences, knowing the importance the lawyers' status is featured with. In this regard, it is compulsory to analyse the involvement of the academic integrity in the process of enhancing professional status of the lawyers, as well as its impact on society.

Objectives: To understand the academia's involvement in this context, a research activity was conducted on the role of the academic integrity in enhancing professional status of lawyers. The main purposes of the research have been directed to identifying specific factors, both legislative and casuistic, which contribute to enhancing professional status of lawyers, understanding importance of the involvement of academia in particular cases, and deepening relationship between academia and legal sciences.

Methodology: In purpose to achieve results on the current topic, the research activity was based on a conceptual analysis of the most important elements which configure the academic integrity and its interest in the profession of lawyers. The literature in the field of higher education system has had a significant character in strengthening capacity of analysis and synthesis of both legislative and casuistic factors discussed.

Findings: The research results have provided certain conclusive remarks, namely that the legislative factors primarily contribute to enhancing professional status of law students, as aspirants for the status of lawyer. Moreover, the casuistic factors have also a particular role in analysing coordinates the legal sciences have to implement in order for the academia to finalize its significant aim in the matter of enhancing professional status of law students. Finally, it could be concluded that, in every society, the academic integrity should play a significant role in enhancing professional status of lawyers.

Keywords: Academic Integrity, Professional Status of Lawyers, Legislative Factors, Casuistic Factors, Legal Sciences

JEL classification: I20, I23, K30, K40, K42

A MODEL PROPOSAL FOR THE SUSTAINABILITY OF TOTAL QUALITY IN SERVICE ENTERPRISES

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Background: In today's business world, where information technology and technological tools are advancing rapidly, competition is also escalating at a similar pace. The increase in competition leads businesses to be customer-oriented and quality-oriented. Service businesses, in particular, have unique characteristics. These characteristics are generally: human-centeredness, simultaneity, difficulty in standardization, and demand flexibility. Considering all these features, ensuring total quality management in businesses is critical. While product standards can be ensured for businesses that produce goods, it is not easy to ensure standards for businesses that produce services. The lack of standardization for service businesses is the most important factor that makes production difficult. Because the "service product" is consumed the moment it is produced. Therefore, it is impossible to correct possible errors. For this reason, "doing it right the first time principle" in the production of the service is very important in terms of customer satisfaction. Enterprises can only achieve success in competition with a focus on quality. As it is known, "quality" can be achieved by focusing on customer needs and expectations. For this reason, institutionalizing total quality management and sustainability in the business is very important.

Objectives: The primary purpose of our study is to explain the basic principles required to institutionalize total quality management in enterprises. Some principles are necessary for the institutionalization of total quality management in enterprises. These principles are: continuous improvement, supporting individual and organizational creativity, enhancing leadership, ensuring effective organizational communication, prioritizing customer focus, optimizing business processes, institutionalizing training, measuring quality, promoting personnel participation in business processes, and achieving zero defect production.

Methodology: This study has a qualitative feature. A literature review on the subject is carried out in the study.

Findings: The proposed model is presented to ensure the institutionalization of total quality management in service enterprises. The main elements in the model consist of ten main headings. The sub-elements of the presented model do not play a complementary role to each other. Applying the principles presented in this model will provide a competitive advantage, efficiency, effectiveness, and sustainability in the business.

Keywords: Sustainability, Total Quality Management, Service Enterprises

JEL classification: M10, M19

BRIDGING THE INNOVATION GAP: CAN EUROPE STRENGTHEN ITS GLOBAL COMPETITIVENESS?

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Abstract

Background: Europe has historically been one of the world's leading sources of technological innovation, generating inventions that fundamentally reshaped global industries and supported long-term economic growth. However, in recent decades concerns have emerged regarding the declining global competitiveness of the European economy. Compared with other major economic powers, particularly the United States, Europe has experienced slower productivity growth, weaker performance in high-technology sectors, and a limited number of globally dominant technology companies. These trends point to the existence of a widening innovation gap that could affect Europe's future economic prosperity and strategic autonomy.

Objectives: The main objective of this paper is to examine whether Europe can strengthen its global competitiveness by addressing key structural factors that influence innovation performance. The study aims to identify the main drivers behind the emerging innovation gap and to explore policy and institutional mechanisms that could help Europe better translate its existing economic and institutional strengths into sustainable innovation-driven growth.

Methodology: The paper adopts a qualitative analytical approach based on the review of recent economic reports, policy analyses, and empirical indicators related to innovation performance, productivity, and investment trends in Europe. The analysis focuses on three key dimensions that significantly influence innovation capacity: human capital development, financial capital availability, and technological capability. Special attention is given to the role of education systems, investment in research and development, and the functioning of entrepreneurial and start-up ecosystems.

Findings: The analysis suggests that Europe possesses strong institutional foundations, including a large integrated market, high levels of human development, and relatively inclusive socio-economic systems. Nevertheless, structural barriers related to investment levels, innovation commercialization, and entrepreneurial scaling continue to limit Europe's ability to compete with global innovation leaders. Strengthening innovation ecosystems, improving the transition from research to market applications, and fostering a more dynamic entrepreneurial environment emerge as key priorities for closing the innovation gap and enhancing Europe's long-term competitiveness.

Keywords: European Competitiveness, Human Capital, Technological Development, Start-Ups, Economic Growth

JEL classification: O31, O38, I25, G24, F63

DETERMINANTS OF CAREER PROGRESSION AMONG EARLY-CAREER RESEARCHERS: CASE OF CROATIA

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Abstract

Background: Scholarly interest in early career researchers (ECR) has burgeoned in recent years, as their numbers have been increasing throughout Europe. ECRs occupy an important role within higher education institutions as they have the potential to bring transformative change in universities (Renn, 2019), which makes inclusion of ECRs an important academic topic. ECRs are responsible for teaching, writing, editing and implementing research projects, bringing new ideas related to internationalization, digitalization and research management (Taylor & Keeter, 2010). In addition, ECRs are often reviewers, authors and supervisors of bachelor and master theses. University support is a strong predictor of ECRs scientific results (Signoret et al., 2019), where higher education institution leaders and managers can shape the institutional environment and take initiatives to better support ECR (Hemmings et al., 2013). Yet, many examinations concluded that ECRs have insecure career path within academia and suffer from inadequate job security, lack of funding, lack of positions available, time constraints, lack of mentorship. Compared to their mentors, many ECR today suffer from decreasing level of job security and increasing competition (Fisher & James, 2022).

Objectives: This paper will focus on the role of ECRs in Croatia. More specifically, the paper explores factors contributing and inhibiting career progression of early-career researchers (ECRs) in Croatia.

Methodology: Paper is based on qualitative research, including ten interviews with ECRs from various scientific disciplines, mostly with temporary work contracts, to identify the key factors shaping their career development.

Findings: The findings offer insight into the current position of ECRs in Croatia and highlight policy measures that could better support their professional growth. Findings indicate that ECR career progression is shaped by a mix of personal motivation, ambition, and the ability to balance work with personal circumstances. Strong mentorship, collegial support, and access to adequate funding—both for research and professional development—are crucial for building a successful research profile. Stable institutional conditions, clear advancement pathways, and opportunities for international experience further enable ECRs to develop and advance their careers.

Keywords: Early Career Academics, Inclusiveness, Career Progression

JEL classification: I23, M50