



MICEB

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& Business



The 2nd Montenegrin International Conference on Economics & Business

SHAPING SUSTAINABLE ECONOMIES: THE ROAD TO **EU** MEMBERSHIP

BOOK OF ABSTRACTS

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The 2nd Montenegrin International Conference on Economics and Business (MICEB)
is proud to host

The **21st International Scientific Conference**
of the *Association of Economic Universities of South
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SHAPING SUSTAINABLE ECONOMIES





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FOREWORD

The mission of the 2nd Montenegrin International Conference on Economics and Business (MICEB 2025) is to open meaningful dialogue on the key economic and development challenges that stand before Montenegro on its path toward European Union membership. **This conference is conceived as a platform for critical discussion and evidence-based policymaking, aimed at identifying sustainable solutions for businesses and policy makers in times of structural transformation.**

MICEB 2025 aims to encourage and promote scientific research that explores and operationalizes Montenegro’s potential for implementing green economy principles and sustainable economic practices. By fostering academic inquiry into context-specific solutions, the conference supports the development of evidence-based strategies that align with the country’s ecological identity and European aspirations.

Calls for papers were disseminated through a wide network of academic and institutional partners, including the ASECU network and the Cross Reis project, a Horizon Europe initiative supported by the European Union, in which the Faculty of Economics at the University of Montenegro is an institutional partner.

Through this broad outreach, the conference has attracted nearly **80 abstracts submitted by over 160 authors from 19 countries**, whose contributions reflect the diversity and urgency of topics related to economic growth, regenerative tourism, business sustainability, and European alignment.

The organizers of the MICEB 2025 thank all the supporters of the conference, including strategic partners, sponsors, keynote speakers, authors, academic partners, media, and other institutions and individuals.

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The background features a light gray field with a pattern of stars and large, faint geometric shapes. The stars are arranged in a grid-like fashion, with some appearing as solid gray and others as outlines. The geometric shapes are large, irregular polygons in various shades of gray, some of which overlap the stars. A thin vertical line runs down the center of the image.

I SUSTAINABLE ECONOMY

**ECONOMIC BENEFITS OF PREVENTION IN THE GREEN TRANSITION:
A COST-BENEFIT PERSPECTIVE**

Sergej GRIČAR

University of Novo mesto, Faculty of Economics and Informatics, Slovenia
sergej.gricar@gmail.com ; sergej.gricar@uni-nm.si

Štefan BOJNEC

University of Primorska, Faculty of Management, Slovenia
stefan.bojnec@upr.si ; stefan.bojnec@fm-kp.si

Bojan PEJOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
bojan.p@ucg.ac.me

Vesna KARADŽIĆ

Faculty of Economics, University of Montenegro, Montenegro
vesnaka@ucg.ac.me

Abstract

The transition to a sustainable economy represents a critical global challenge requiring coordinated efforts across policy, business, and societal domains. This study critically examines the determinants of effective public awareness regarding the green transition, particularly emphasising sustainable policies’ economic, environmental, and societal ramifications. By employing a comprehensive methodological framework that integrates meta-analysis, cost-benefit analysis (CBA), and regression modelling, this research elucidates the key factors influencing behavioural shifts toward sustainability, alongside the impact on public expenditure, carbon emissions, and workforce productivity. The findings underscore that investments in public awareness campaigns markedly enhance the adoption of green practices, subsequently mitigating long-term opportunity costs associated with environmental degradation. The econometric analysis reveals a statistically significant correlation between informed decision-making processes and reduced carbon footprints, indicating that an increase in sustainable mobility and energy efficiency directly contributes to national decarbonisation objectives. Furthermore, the results suggest that proactive governmental policies—encompassing incentives for low-carbon technologies and enhancing infrastructure for sustainable transportation—lead to a discernible decline in healthcare costs attributable to improved air quality and reduced rates of workplace absenteeism. A salient financial insight derived from this study is the recognition that preventive measures in environmental sustainability yield substantial economic benefits when juxtaposed with reactive approaches. For instance, the annual costs of addressing extreme weather damages and pollution-related health issues within the European Union exceed €200 billion. In contrast, adopting a well-structured prevention strategy—characterised by investments in renewable energy, sustainable mobility, and public awareness initiatives—can potentially diminish these expenditures by at least 30%, translating to savings of over €60 billion annually. Similarly, enhanced air quality through emission reduction efforts could reduce healthcare expenditures by €20 billion per year, thereby underscoring the economic viability of proactive environmental policies. A significant contribution of this research is identifying public engagement as a pivotal determinant of policy efficacy. While national sustainability strategies have progressed, individual behavioural changes remain inconsistent, particularly regarding daily commuting patterns, where persistent reliance on personal vehicles obstruct progress towards climate objectives. Addressing this gap necessitates an integrated policy approach amalgamating financial incentives, regulatory frameworks, and educational campaigns to cultivate a societal shift toward sustainable consumption and mobility. This study underscores the imperative for multi-level governance in implementing effective green transition strategies, emphasising participatory decision-making and cross-sectoral collaboration. The findings provide policymakers with empirical evidence to refine sustainability policies, ensuring a balanced alignment between economic competitiveness and environmental stewardship. Future research endeavours should further investigate the role of behavioural economics in shaping sustainable practices and evaluate the effectiveness of digital tools in enhancing public awareness.

Keywords: green transition, sustainability policies, behavioural economics, cost-benefit analysis, economic impact.



**SCRUTINISING THE URBAN MOBILITY READINESS INDEX:
PAVING THE WAY FOR IMPARTIAL COMPOSITE INDEX MEASURE OF SUSTAINABLE MOBILITY**

Veljko USKOKOVIĆ

University of Belgrade, Faculty of Organizational Sciences, Serbia
veljko.uskokovic@fon.bg.ac.rs

Veljko JEREMIĆ

University of Belgrade, Faculty of Organizational Sciences, Serbia
veljko.jeremic@fon.bg.ac.rs

Abstract

The topics of sustainable mobility have captivated the attention of researchers and policymakers. From a policymaker's point of view, mapping the state of sustainable mobility with underlying challenges influences the stream of governmental actions and benefits it brings to the general public. On the other hand, researchers have dug into various issues surrounding the methodological framework, such as the choice of indicators depicting sustainable mobility, the weighting scheme forming the composite indexes of sustainable mobility, etc. It catalysed the research stream to reach a methodologically robust composite index that could be easily communicated to the general audience. The sixth edition of the Urban Mobility Readiness Index (UMRI) recently published key insights into 70 global cities and their readiness for mobility's next chapter. Besides the UMRI rank, founded upon five domains (Social Impact, Infrastructure, Market Attractiveness, System Efficiency and Innovation), an in-depth analysis of strengths and challenges is presented for each city. Contributing to the topic, we will utilize the multivariate I-distance to overcome some frequently cited weaknesses in composite index creation. The obtained results shed light on the inconsistencies in ranking and pave the way for a more impartial approach to evaluating sustainable mobility.

Keywords: sustainable mobility, composite indicators, multivariate statistical methods, I-distance.



**PERCEPTION OF SUSTAINABLE OUTSOURCING IN SOUTHEAST EUROPE
COMPARED TO EUROPEAN UNION**

Andrija RAŽNATOVIĆ

Faculty of Organizational Sciences, University of Belgrade, Serbia
ar20185039@student.fon.bg.ac.rs

Abstract

The purpose of the research is to contrast outsourcing view between the two neighboring geo-economic areas, one gaining popularity as the supplier and other as the originator of demand. Despite the literature trying to justify it and, more recently, trying to manage it adequately, outsourcing is still coping with negative connotations in European Union (EU) where it has become designated suspect for job loss, wage decrease and lack of growth opportunities. Inadvertently, Southeast Europe (SEE) has become a guilty party, since that is where a large portion of outsourced business is moving. For the most part, literature has tried to justify this trend in terms of its benefits. However, continued focus on how to reach outsourcing success only reiterates the same problem in management approach. Sustainable outsourcing relations can only come from understanding the perception of the participants, whether they are organizations, countries or regions. While outsourcing research in EU is substantial with more readily available statistics, this is not the case in SEE. Therefore, in order to obtain necessary data, outsourcing managers were surveyed in SEE non-EU countries. Hypotheses are construed regarding motivational factors, organizational biases and impact, and tested for significance using input from 209 participants from 5 countries (Albania, Bosnia-Herzegovina, Montenegro, North Macedonia and Serbia). Results show that security, technological advancement and inter-organizational relations are newly recognized motivational factors in SEE, along with more traditional factors like core competence and cost cutting, while traditional motives remain most important in EU. Additionally, information technology (IT) activities are more susceptible to outsourcing bias from the start of the process in SEE. Outsourcing bias toward IT is present in EU, too, but with a generally broader bias concerning all highly skilled sectors. Finally, in spite of outsourcing's negative reputation, it appears to have no adverse effects in both regions in connection to organizational consequences.

Keywords: outsourcing bias, motives, organizational consequences, insourcing.

THE IMPORTANCE OF IMPLEMENTING GREEN STRATEGIES FOR BRAND BUILDING – EXPLORING YOUTH PERCEPTIONS

Dragana ĆIROVIĆ

Faculty of Economics, University of Montenegro, Montenegro
dcirovic@ucg.ac.me

Milica VUKČEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milica.v@ucg.ac.me

Abstract

The growing level of environmental pollution imposes the need to find adequate solutions to the increasingly pronounced climate change, to which individual companies greatly contribute with their way of doing business. The negative effects of this problem have caused significant changes in the direction of the development of environmental awareness, especially among consumers, causing significant changes in their behavior and in the way they evaluate the market offer of individual companies. In such conditions, the implementation of green strategies, which focus on sustainability and reducing the environmental impact of the business, is becoming increasingly important for companies that want to build and maintain a strong brand. The implementation of sustainable practices is particularly important for attracting Generation Z consumers. This group of consumers is particularly recognizable for the high level of development of environmental awareness and the importance they attach to the implementation of sustainable practices. They are characterized by active participation in various social and environmental issues and initiatives, and require the same level of environmental responsibility from companies in various sectors, including banking. Through the implementation of sustainable practices, banks can improve their image and reputation, attract new customers and ensure the loyalty of existing ones. Also, such initiatives allow banks to focus on long-term sustainable development goals, thereby contributing to reducing their environmental footprint and meeting regulatory requirements that increasingly favor green investments.

Based on the above, this paper explores whether the application of green strategies and the implementation of sustainable practices contributes to the strengthening of the brand of banks in the Montenegrin market, analyzing the perception of members of Generation Z. The research was conducted through a questionnaire, and the collected data were analyzed using the SPSS software tool. The results showed that banks' commitment to aligning their operations with the principles of sustainability is an important factor in brand building and attracting clients belonging to this group. The results obtained are of particular importance to the marketing managers of banks on the Montenegrin market, emphasizing the importance of informing young people about the sustainable initiatives that these companies are implementing, with the aim of creating market recognition and building the loyalty of clients who are members of the Z generation.

Keywords: green strategies, sustainability, Z generation, brand, Montenegro.

DYNAMICS OF ECONOMIC GROWTH IN THE EUROZONE: IMPACTS OF RENEWABLE ENERGY AND GOVERNANCE

Thanassis KAZANAS

Aristotle University of Thessaloniki, Greece
tkazanas@econ.auth.gr

Effrosyni KOUFOUDAKI

Athens University of Economics and Business, Greece
koufoudaki.e@gmail.com

Abstract

The study examines the dynamics of economic growth in the 20 countries of the Eurozone over the period 2004-2022, analyzing the impact of renewable energy consumption, gross fixed capital formation, labor, and governance effectiveness on real GDP. The panel data analysis, using advanced econometric methods (FMOLS, DOLS, Granger causality tests, and cointegration tests such as Westerlund, Pedroni, and Kao), reveals a strong long-term relationship among the variables. It confirms the positive and statistically significant contribution of renewable energy consumption, capital investments, and labor to economic growth. Moreover, the effectiveness of governance enhances this dynamic, underscoring the importance of institutional quality. Renewable energy emerges as a critical factor for long-term economic growth, while institutions provide the foundation for sustainable green transition and economic stability in the Eurozone. Granger causality tests indicate significant short-term interactions, such as causality from real GDP to gross fixed capital formation and labor, validating the hypothesis that growth drives investments. Labor and gross fixed capital formation exhibit a bidirectional short-run relationship, highlighting the interdependence between human capital and investment. The findings have significant policy implications, emphasizing the need to enhance renewable energy, investment, productivity, and institutional governance for sustainable development. Long-term policies integrating energy, economic, and institutional goals, aligned with European commitments to climate neutrality by 2050, are proposed.

Keywords: Economic growth, renewable energy consumption, government effectiveness, panel unit-root, panel Granger causality, cointegration.

FORMAL AND INFORMAL INSTITUTIONS IN THE CIRCULAR ECONOMY

Katarzyna BENTKOWSKA
SGH Warsaw School of Economics, Poland
kbent@sgh.waw.pl

Abstract

The rapid escalation in volatility and uncertainty within the global economy, coupled with the impacts of climate change and the increasing signs of resource depletion, necessitates the development of innovative business models. In recent years, the Circular Economy (CE) concept has garnered significant attention. Empirical data illustrating the consequences of climate change and the inefficiencies in resource utilisation underscore the urgent need for systemic adjustments and the closure of resource cycles. The CE framework aligns well with the imperative to address climate change, as it promotes the efficient use of resources, waste reduction, and the adoption of renewable energy sources. Consequently, it mitigates the risk of irreversible environmental damage, preserves biodiversity, and reduces pollution across air, soil, and water. The progress required to meet fundamental climate objectives has been insufficient, and the transition towards a circular economy remains sluggish. Therefore, it is crucial to examine the drivers and barriers influencing this transition, with particular attention to the role of institutions. Regarding formal institutions, it is essential to consider the regulations and directives issued by the European Union and national authorities that govern the implementation of CE initiatives. These regulations can either facilitate or hinder the transition. Informal institutions, such as the attitudes of various stakeholders, also play a critical role in determining the pace of change. Key actors include regulators, who establish the regulatory framework; state organisations, which can lead by example and foster innovation; entrepreneurs, who may either embrace or resist CE initiatives; and consumers, whose demand for CE-compliant products and services can drive market transformation. It is important to note that formal and informal institutions interact, often in complex and complementary ways, which can either reinforce or undermine each other's effects. This interaction complicates the implementation of formal rules and the prediction of their outcomes. To assess the impact of institutional factors on the CE transition, a survey was conducted among 200 companies in Poland that have adopted CE initiatives. The findings indicate that both formal and informal institutions significantly influence the transition. While existing regulations (formal institutions) are crucial drivers of adjustment, their design and quality are often criticised. Additionally, certain formal instruments, such as financial support, may be inadequate. Significant changes are also required in the realm of informal institutions. Survey results reveal that entrepreneurs recognise the necessity of green initiatives and cite environmental concerns as primary motivators. However, they face insufficient market demand for green products and services, perceiving consumer attitudes as a barrier to transition. Furthermore, a lack of potential partners is problematic since the CE transition necessitates cooperation, broad societal support, and a shared commitment to common goals. The results confirm that society lacks a coherent vision for change, determination to achieve ambitious objectives, and willingness to participate in the economic system's transition.

Keywords: Formal and informal institutions in the Circular Economy, circular economy, formal institutions, informal institutions.

GREEN TRANSITION IN MONTENEGRO – ATTITUDES AND BEHAVIOR OF CITIZENS

Vjera JOVOVIĆ
BD Corporate Services
jovovic.vjera@gmail.com
Milorad JOVOVIĆ
Faculty of Economics, University of Montenegro, Montenegro
miskojovovic@gmail.com

Abstract

The transition to circular economy is undeniably one of the most crucial goals of modern society. This article seeks to examine the constraints, challenges, and opportunities Montenegro faces in its transition towards circular economy focusing on recycling. Additionally, it aims to provide practical examples of how to interact with Montenegrin citizens in order to accelerate this transition.

Both the relevant literature and empirical data will be analyzed in this paper. The paper opens with a literature review, followed by the presentation of the results of the research survey. The literature review concentrates on the research articles, policies and strategies related to circular economy and recycling in Montenegro. Then we present the analysis of the results of the survey that was conducted online, with the aim to investigate the attitudes, beliefs, and behaviors of Montenegrin citizens in relation to recycling. The analysis focuses on three key areas. Firstly, it examines the level of interest respondents have shown towards recycling. Secondly, it will analyze their behavior – whether they recycled or not. Finally, it will suggest ways to improve recycling practices in Montenegro. These findings provide a solid foundation for understanding how to engage citizens and encourage environmentally sustainable behavior to accelerate the green transition.

The goal is to understand the attitudes and behaviors of the individuals in Montenegro towards recycling as a very important part of circular economy. The further goal should be to utilize that knowledge in order to develop the strategy that is most suitable for such a society. Apart from that, the research results offer valuable insights not only to policymakers, but also to stakeholders, and businesspeople regarding potential business opportunities and efficient strategies that could contribute to sustainability and consequently yield profit either on the government level or in the private sector.

Keywords: green transition, circular economy, attitudes, Montenegro.

MITIGATING URBAN HEAT ISLAND EFFECTS WITH A REGENERATIVE BLUE-GREEN INFRASTRUCTURE APPROACH

Matjaž HRIBAR

Faculty of Civil and Geodetic Engineering, University of Ljubljana, Slovenia
matjaz.hribar@fgg.uni-lj.si

Žiga TURK

Faculty of Civil and Geodetic Engineering, University of Ljubljana, Slovenia
ziga.turk@fgg.uni-lj.si

Abstract

Urban Heat Islands (UHIs) pose significant challenges to urban resilience, intensifying heat stress, increasing energy consumption, and degrading environmental quality. This study explores a regenerative approach to UHI mitigation by integrating blue-green infrastructure (BGI) with the revitalization of functionally degraded urban areas (FDUAs). The research focuses on urban cooling points (UCPs)—strategically designed green spaces that enhance microclimatic conditions and provide equitable access to cooling solutions. A spatial analysis of the FDUA inventory revealed that 68% of larger sites are undergoing development, further exacerbating UHI effects. However, nine smaller FDUAs were identified within 300 meters of four densely populated areas lacking adequate green space access, presenting strategic opportunities for multifunctional BGI implementation. By revitalizing just 0.05% of the city's area, the study demonstrates how targeted BGI interventions in FDUAs can create UCPs, offering residents vital cooling refuges during extreme heat events. This research emphasizes two key objectives: (1) demonstrating the benefits of integrating BGI with FDUAs and (2) showcasing BGI as a versatile solution that supports not only water management (grey infrastructure) but also energy infrastructure. By addressing this gap, the study provides regenerative planning guidelines for leveraging BGI as climate-resilient infrastructure, fostering more adaptive and sustainable cities.

Keywords: Regenerative spatial planning, urban heat islands, green-blue infrastructure, functionally degraded areas, urban cooling points.

STRATEGIC ALLOCATION OF PUBLIC INVESTMENTS FOR SUSTAINABLE GROWTH: INSIGHTS FROM CEE

Nikola MARTINOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
nikola.m@ucg.ac.me

Nikola MILOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
nmilovic@ac.me

Mijat JOČOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
mijatj@ucg.ac.me

Abstract

The process of capital realization of budgetary funds at the national level is important not only in terms of volume but also in terms of their structural composition. This is closely linked to the overall efficiency of investments, that is, the selection of an adequate portfolio that will enable the highest rates of return on the invested funds. The question posed by both the scientific community and policymakers, especially in countries that were part of the former Eastern Bloc, is what the optimal approach is for allocating the capital budget in order to stimulate economic growth. The question becomes particularly relevant in the context of growing crises and challenges emerging at the global level. Identifying sources of economic growth by initiating an investment cycle at a time when increasing social pressures contribute to the rise of current budget expenditures presents a significant challenge.

This paper explores the role of public investments in economic development, with a particular focus on the structure of public spending and its differentiated impact on economic growth in Central and Eastern European (CEE) countries. The analysis covers a sample of 13 CEE countries, utilizing annual macroeconomic data collected from relevant international institutions for the period 2000–2022. The analysis focuses on a group of countries that were part of the fifth or extended fifth enlargement for EU membership, as well as Montenegro and Serbia, which hold candidate status and are in the process of accession negotiations. The study employs the Generalized Method of Moments (GMM) as a methodological framework, allowing for robust modeling of dynamic relationships between variables while addressing endogeneity concerns.

A special emphasis is placed on public investments in transport infrastructure as a key driver of long-term economic growth. The findings reveal that transport infrastructure investments exert a stronger positive effect on economic growth in CEE countries compared to other types of public investments. These results highlight the importance of strategic planning in public expenditures, particularly in the transport sector, to maximize the positive effects on economic development and regional competitiveness.

Keywords: Public investments, transport infrastructure, economic growth, Central and Eastern Europe, GMM.

CHALLENGES AND OPPORTUNITIES IN IMPLEMENTING SUSTAINABILITY REPORTING IN PUBLIC SECTOR

Marija ULJAREVIĆ

Ministry of Finance and Social Welfare, Montenegro
maja52@t-com.me

Abstract

Long-term risks of climate change affect the increased interest of both the commercial and public sector in sustainability information that will enable better management of commercial and public resources and decision-making.

In the context of the public sector, it is necessary to take into account all the specificities of the public sector, which include different entities that operate at the central as well as the local level of the government. Also, the different form of organization of these entities, different activities, as well as their size must be taken into account, because it all significantly affects the structure and content of the reports they produce. That is why creating a request for a sustainability reports in the public sector is a particularly demanding and challenging activity.

Challenges in the implementation of sustainability reporting also include the specificities of non-exchange transactions, the link with the adopted budget, the long-term nature of public sector projects, as well as the challenges related to the link that is necessary with statistical reporting. However, the public sector should use the opportunity to be the driver of all activities in the field of sustainability reporting, as a policy maker and as the sector that draws the largest amount of resources and implements a demanding SDG agenda.

The development of sustainability reporting in the public sector will enable a better understanding of the impact of public spending, as a significant part of the global economy, on sustainable development. Through the targeting of certain forms of public spending and their impact on sustainable development, the reports contribute to the assessment of sustainability criteria. The sustainability reports also provide information to investors and other users of financial statements about climate and other environmental risks or opportunities that they may encounter and affect the country's long-term macroeconomic stability and investment profile. In addition to external users, sustainability reports provide information to internal users and decision makers in the process of resource allocation and budgeting. Additionally, sustainability reports promote public trust in institutions and public policies and their concern for a sustainable future.

Keywords: sustainability reporting, public sector, implementation, SDG.

ADVANCING SUSTAINABILITY THROUGH CONSUMER BEHAVIOR: POLICY INTEGRATION IN EU AND CANDIDATE COUNTRIES

Jelena IVANOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
jelenanivanovic@gmail.com

Abstract

The transition towards sustainable development is inherently linked to consumer behavior, as individual consumption patterns significantly impact environmental outcomes. Within the European Union, policies have been implemented to guide and transform consumer behavior towards sustainability. This paper examines the role of consumer behavior in addressing sustainability, focusing on EU policies in both member and candidate countries and assesses the challenges and opportunities faced by EU candidate countries in aligning with these policies.

Concern over the environmental and social implications of modern consumption patterns has emerged as a defining feature of debates about sustainable development. Sustainable consumer behavior involves making choices that minimize negative environmental impacts, such as opting for products with lower carbon footprints, supporting circular economy initiatives, and reducing waste.

The EU has implemented several policies to encourage sustainable consumer behavior: EU Ecolabel, Empowering Consumers for the Green Transition Directive, Circular Economy Action Plan. These policies have led to measurable progress in EU member states, including an increased availability of sustainable products, enhanced consumer awareness, and stronger promotion of circular economy practices. On the other hand, EU candidate countries face unique challenges and opportunities in aligning with these policies. The harmonization of national policies requires considerable regulatory adjustments, infrastructure investment, and consumer education initiatives. Despite these challenges, candidate countries have an opportunity to develop context-specific strategies that promote sustainable consumption while integrating into the EU's sustainability framework.

While regulatory frameworks provide a foundation for sustainable consumption, achieving lasting change in both EU countries and EU candidate countries requires active engagement from multiple stakeholders. Producers must be incentivized to create sustainable products and transparent supply chains, while policymakers should focus on behavioral steering mechanisms that go beyond traditional regulations. By bridging the gap between intention and action, sustainable consumption can transition from a policy objective to a societal norm, paving the way for a more sustainable future across both EU member and candidate countries.

Keywords: sustainable consumption, policy integration, consumer behavior.

THE IMPACT OF NFRD IMPLEMENTATION ON SUSTAINABILITY REPORTING IN MONTENEGRO: CHALLENGES AND RECOMMENDATIONS FOR IMPROVEMENT

Tanja LAKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
tanjavu@ucg.ac.me

Sanja NIKOLIĆ

Faculty for Culture and Tourism, University of Donja Gorica, Montenegro
sanja.nikolic@udg.edu.me

Tamara BACKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
tassabacc@ucg.ac.me

Abstract

As part of policy efforts to increase the transparency and accountability of corporations in terms of their sustainability performance, the Government of Montenegro, among the first in the Western Balkans region, adopted the Directive 2014/95/EU on non-financial reporting (NFRD) and incorporated it into national legislation through the Accounting Law of 2016. Montenegro followed a "copycat" approach, only transposing the minimum requirements set by NFRD.

The aim of the research is to assess the quality of mandatory sustainability reporting in large companies in Montenegro in the context of NFRD implementation. We used Analysis of Variance (ANOVA) to examine differences between 2017 and 2022. In addition to quantitative methods, qualitative content analysis was used to gain deeper insights into content categories (Environmental, Social and Employee, Human Rights, Anti-corruption and Bribery), using benchmarking techniques with pre-defined indicators related to environmental, social, and governance aspects from the Global Reporting Initiative (GRI) guidelines.

The results of the research showed that the extent of sustainability reporting significantly increased between 2017 and 2022, but many companies still fail to provide detailed and consistent information, often omitting key quantitative indicators and focusing on general narratives in their management reports. Furthermore, topics such as human rights, corruption, and bribery are insufficiently addressed while environmental protection, social issues, and employment matters have emerged as the most dominant. Our analysis highlights the need for a more systematic approach to sustainability reporting, where sustainability topics should be more strategically integrated into the business model, with greater emphasis on non-financial KPIs and clearer inclusion of sustainability-related risks.

These findings can contribute to the ongoing public discussion on including the Corporate Sustainability Reporting Directive (CSRD) in the new Accounting Law in Montenegro, providing insights into the quality of sustainability reporting and identifying areas for improvement.

Keywords: Montenegro, Directive 2014/95/EU, sustainability reporting, management report, disclosure quality.

REVIEW OF ENERGY TRANSITION RESEARCH IN DEVELOPING COUNTRIES

Zdenka DRAGAŠEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
zdenka@ucg.ac.me

Julija CEROVIĆ-SMOLOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
julija@ucg.ac.me

Abstract

The shift from fossil fuel-based energy systems like coal, oil, and natural gas to renewable energy systems is referred to as the "energy transition." Developing countries, as well as all countries, have had to reconsider their energy transition plans in light of the recent shockwaves caused by the Covid-19 pandemic and geo-political conflicts. There is an urgent need for extensive research on the expansion of greener energy sources. The substantial contributions made to the field of energy transition research over the last decades are highlighted in this review article, which also offers research roadmaps for the future. This study employs bibliometric software such as VOS-viewer and R-Biblioshiny to map the research findings of scholarly publications listed in Scopus and Web of Science between 1990 and 2020 in order to create a review of scholarly publications on energy transition in developing countries. According to our analysis, factors like emission reduction, governance strategy, alternative energy, and climate change are becoming more and more significant. Future research is also needed in the areas of creating policy frameworks, energy infrastructure and the ecosystem for renewable energy. Therefore, for a swift energy transition, cooperation between developed and developing countries and research institutions should be promoted with an emphasis on the development of clean technologies and knowledge transfer.

Keywords: energy transition, developing countries, emission reduction.

**PRO-ENVIRONMENTALISM AMONG SEE BUSINESS STUDENTS:
AN EXPLORATORY SOCIO-DEMOGRAPHIC AND VALUE PROFILE STUDY**

Nikša ALFIREVIĆ

University of Split, Faculty of Economics, Business and Tourism, Croatia
nalf@efst.hr

Ivan RADEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
radevic@ucg.ac.me

Jovana MILIĆ

University of Ljubljana, School of Economics and Business, Slovenia
jovanamilic.nk@gmail.com

Abstract

This study explores how business and economics university students from the Southeast European region differ in their environmental attitudes, concerns about climate change, and personal values, and how these are related to personal values and demographics. Data were collected from a sample of 372 business and economics students from Southeastern Europe, using validated scales to capture pro-environmental attitudes, climate change concerns, behavioral intentions, self-efficacy, and expectations of extreme climate events. All continuous variables were standardized via Z-scores, and k-means cluster analysis was then applied, with subsequent ANOVA tests conducted to confirm statistically significant group differences in both demographic and value-based characteristics. We identified two distinct groups. One group scored higher across all analyzed dimensions—showing greater environmental concern, stronger intentions to act, and higher confidence—while also tending to be older, achieving better academically, and having a higher proportion of female students. The other group consistently scored below average on these dimensions. These findings appear to be closely linked to their personal values and demographic characteristics. Notably, universalism, self-direction, and security emerged as key value dimensions distinguishing the more pro-environmentally engaged cluster, underscoring the importance of value-oriented educational interventions. Based on the empirical findings, we formulate practical implications and recommendations to business school administrators and educational policy-makers. Hence, policymakers and academic leaders may consider targeted strategies that both reflect these value profiles and account for demographic distinctions to more effectively foster pro-environmental behavior among students.

Keywords: Environmental attitudes, Climate change concerns, Pro-environmental behavior, Cluster analysis, Business and economics students, South East Europe.

**THE PRODUCTIVITY-SUSTAINABILITY NEXUS IN EU AGRICULTURE:
EVIDENCE FROM BIOECONOMY SECTOR PANEL DATA (2012-2021)**

Saša ČEGAR

University of Rijeka, Faculty of Economics and Business, Croatia
sasa.cegar@efri.uniri.hr

Nada DENONA-BOGOVIĆ

University of Rijeka, Faculty of Economics and Business, Croatia
nada.denona.bogovic@efri.uniri.hr

Nika STIPETIĆ-KALINIĆ

University of Rijeka, Faculty of Economics and Business, Croatia
nika.stipetic.kalinic@efri.uniri.hr

Abstract

This study explores the relationship between labour productivity growth in EU agriculture and its environmental outcomes, investigating whether improvements in productivity are linked to enhanced sustainability. Using panel data from 27 EU countries (2012–2021), the study analyzes how changes in labour productivity (gross value added per person employed) correlate with key environmental indicators, such as food waste intensity, organic farming area, GHG emissions intensity, and energy efficiency. The results show that higher labour productivity is significantly associated with improved environmental performance, particularly in terms of reduced emissions and food waste. However, no meaningful connection was found between productivity growth and the expansion of organic farming areas. These findings suggest that while productivity gains contribute to certain environmental benefits, achieving comprehensive sustainability in EU agriculture requires targeted policies that not only promote efficiency improvements but also actively foster agro ecological practices.

Keywords: agricultural productivity, bioeconomy sustainability, panel data analysis, EU-27 countries.

ECONOMIC BENEFITS ANALYSIS OF HEALTH TOURISM: A COMPARATION ANALYSIS WITH TURKEY

Aleksandra KOMATINA

Faculty of Economics Podgorica, University of Montenegro, Montenegro
saska.komatina@gmail.com

Abstract

This article examines the economic impact of health tourism, focusing on Turkey's rapid growth as a global health tourism hub and exploring why Montenegro, despite its potential, has not developed at the same pace. The aim is to identify the key factors behind Turkey's success and propose strategies for Montenegro to build a competitive health tourism sector. Turkey has become a leading destination for health tourism, attracting around 2 million international patients annually. This success is driven by affordable, high-quality care, advanced medical infrastructure, and internationally accredited hospitals in cities like Istanbul and Ankara. Turkey is particularly renowned for hair transplantation, cosmetic surgery, and dental care, offering world-class treatments at significantly lower costs than Western countries. Its strategic location, bridging Europe and Asia, enhances accessibility, while strong government support through financial incentives and global marketing campaigns has further strengthened the sector's growth. In contrast, Montenegro, despite its natural beauty, therapeutic resources, and institutions like the Institute Simo Milošević in Igalo, known for rehabilitation and spa treatments, has yet to fully leverage its potential. Limited health-care infrastructure, smaller capacity for specialized treatments, low international visibility, and fragmented public-private collaboration have hindered the sector's expansion. While Montenegro offers skilled medical personnel and competitive pricing, the lack of targeted policies and global outreach prevents it from attracting larger numbers of international patients. The comparison highlights key lessons for Montenegro. Turkey's success underscores the importance of continuous investment in healthcare infrastructure, fostering international partnerships, and implementing strategic government policies. Montenegro could position itself as a wellness and rehabilitation destination by modernizing existing facilities, promoting its natural therapeutic resources, and expanding niche markets like post-surgical recovery and chronic disease management. Strengthening international cooperation, enhancing workforce development, and integrating health tourism into broader tourism strategies could unlock significant economic benefits, driving sustainable growth for both tourism and healthcare sectors. By learning from Turkey's experience, Montenegro has the opportunity to transform itself into a regional health tourism player.

Keywords: health tourism, economic growth, healthcare infrastructure, Turkey, Montenegro, medical services.

GREEN ECONOMY AND REPORTING OBLIGATIONS OF STATE-OWNED ENTERPRISES IN MONTENEGRO

Željko VIDA KOVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
vjestak.vidakovic@gmail.com

Abstract

The green economy promotes sustainable economic development through environmentally responsible policies and practices, requiring businesses to ensure transparency in reporting their environmental impact. The European Union, through Directive (EU) 2022/2464 and Commission Delegated Regulation (EU) 2023/2772, has introduced sustainability reporting obligations in accordance with the European Sustainability Reporting Standards (ESRS). These regulations are based on the principle of double materiality, mandating disclosure of both the impact of business activities on sustainability and the effects of sustainability-related factors on a company's financial performance. Additionally, the IFRS S1 standard establishes a framework for disclosing sustainability-related risks and opportunities.

In Montenegro, the Accounting Law requires large legal entities with more than 500 employees to prepare non-financial reports. An analysis of management reports submitted by state-owned enterprises, which were required to provide non-financial reports for 2023, indicates that the majority have not fully implemented the provisions of Article 14 of the law, particularly in reporting on environmental policies, implemented measures, and key performance indicators.

This underscores the necessity of improving regulatory compliance and standardizing reporting practices to enhance transparency and alignment with European regulations. Furthermore, it highlights the urgent need for a fundamental reform of state-owned enterprises, particularly in the selection criteria for their governing bodies, emphasizing expertise and professional competencies.

Proposed amendments to the Accounting Law would significantly broaden sustainability reporting obligations in Montenegro. Large legal entities with more than 500 employees as of the balance sheet data (excluding micro-enterprises) that issue securities or other financial instruments traded on an organized market would be required to include a sustainability report as a distinct section of their annual management report.

Beyond expanding the scope of reporting, the proposed legislative changes would also define mandatory reporting elements in greater detail, encompassing sustainability strategies, ESG objectives, environmental impact assessments, and value chain considerations. Although state-owned enterprises have already been legally required to submit non-financial reports, the analysis of management reports suggests that they have not fully adhered to previous regulatory requirements.

The new regulatory framework introduces more stringent requirements and expectations, positioning ESG factors not merely as a compliance obligation but as an integral component of corporate strategy and market competitiveness. While the implementation of standardized ESG reporting presents challenges, it also offers an opportunity to enhance transparency, strengthen risk management, and align with European market expectations.

Keywords: Green economy, Sustainability reporting, State-owned enterprises, ESG (Environmental, Social, Governance), Non-financial reporting, European sustainability standards, Double materiality, Regulatory compliance, - IFRS S1, Transparency.

COMPARATIVE ANALYSIS OF SDG INDEX INDICATORS IN SELECTED WESTERN BALKANS COUNTRIES AND CROATIA AS AN EU MEMBER STATE: CHALLENGES AND OPPORTUNITIES ON THE PATH TO EUROPEAN INTEGRATION

Tanja MIROTIĆ

Faculty of Economics, University of Montenegro, Montenegro
tanja.m@ucg.ac.me

Milica DAMJANOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milicadamjanovic@ucg.ac.me

Jovana ČABARKAPA

Faculty of Economics, University of Montenegro, Montenegro
jovanacabarkapa@ucg.ac.me

Abstract

Achieving the Sustainable Development Goals (SDGs) is one of the key components of the European integration process, particularly for Western Balkans countries aspiring to EU membership. This study explores the progress of selected Western Balkans countries in achieving sustainable development by comparing key SDG Index indicators related to economic development, social inclusion, and environmental sustainability with Croatia as an EU member state. The research highlights differences in development trajectories and the extent to which EU accession influences sustainable growth and institutional reforms.

Despite notable efforts, Western Balkans countries face significant challenges in aligning with EU sustainability standards. Structural economic disparities, social inequalities, and environmental concerns remain key obstacles to meeting SDG targets. EU membership provides a framework for policy alignment, financial assistance, and institutional strengthening, which has played a crucial role in Croatia's progress. However, the path to sustainable development in the region requires more than regulatory alignment—it demands strategic investments, improved governance, and stronger cross-sectoral cooperation. The study emphasizes the importance of regional collaboration, knowledge exchange, and the adoption of best practices from EU member states to accelerate progress. Strengthening institutional capacity and fostering innovation in sustainable policies will be crucial for the Western Balkans in achieving long-term resilience and inclusive growth.

Keywords: Sustainable Development Goals, SDG Index, Western Balkans, EU Accession, Regional Development.

ENHANCING CLIMATE FINANCING TRANSPARENCY IN THE BUDGET OF MONTENEGRO

Gordana ĐUROVIĆ

Faculty of Economics, University of Montenegro, Montenegro
gordana@ucg.ac.me

Abstract

Montenegro submitted its revised nationally determined contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in February 2025. The updated NDC targets a reduction of 35% by 2030 compared to 1990 levels, excluding land use, land-use change, and forestry (LULUCF), and a more ambitious 55% reduction by 2030, including LULUCF. Additionally, the country aims for a 60% reduction by 2035. Achieving these targets is highly ambitious and will require significant investments in mitigation measures and the development of effective mechanisms and awareness-raising initiatives to ensure a just transition. Accelerating the implementation of the NDC requires a clear climate financing strategy that works to mobilise resources from both the public and private sectors. Strong oversight, transparency framework and public accountability are essential to ensuring the budget system manages climate-related investment effectively to build sustainable and resilient societies. The Climate Budget Tagging (CBT) framework, developed by UNDP, aims to tackle these challenges within the broader scope of SDG budgeting reforms in the Public Finance Management System. The CBT is a tool that identifies, classifies, weights and marks climate-relevant expenditures in a government's budget, enabling the estimation, monitoring and tracking of those expenditures, recognising funding gaps and under-resourced priorities in the national climate change policy. This paper deals with the climate-relevant expenditure analysis in the Budget of Montenegro in 2020-2023 using the CBT tool. Estimated climate-relevant expenditures in Montenegro's 2020-2023 budget represent an average of 4% of total annual budget expenditures, whereas comparative experiences suggest that this percentage ranges from 0.8% to 8%. The largest investments are in the energy sector (38%), agriculture, water management and local infrastructure (20%) and the environment sector (18%). Moreover, the majority of investments are sourced directly from the budget (55%), followed by loans (26%), EU pre-accession assistance (16%), and other donations (3%). However, with only 53% of planned climate-relevant investments being implemented in the capital budget for 2020-2023, there is considerable potential to increase climate-relevant expenditures in the medium term. The climate-relevant expenditures should be assigned a distinct budget code to facilitate more effective monitoring. Reporting on climate financing should be made public.

Keywords: NDC, Climate relevant expenditures, Climate budget tagging, Montenegro, Transparency framework.



DETERMINANTS OF RAW MATERIAL CONSUMPTION IN THE CONTEXT OF THE CIRCULAR ECONOMY: EVIDENCE FROM EU-27 COUNTRIES

Saša ČEGAR

University of Rijeka, Faculty of Economics and Business, Croatia
sasa.cegar@efri.uniri.hr

Saša DREZGIĆ

University of Rijeka, Faculty of Economics and Business, Croatia
sasa.drezgic@efri.uniri.hr

Vesna BUTERIN

University of Rijeka, Faculty of Economics and Business, Croatia
vesna.buterin@efri.uniri.hr

Abstract

Given the increasing pressure on natural resources, the growing environmental burden of waste, and the urgency of transitioning toward a circular economy, reducing raw material consumption has become a strategic priority for the European Union. This study investigates the key determinants of raw material consumption across EU-27 member states, using indicators from the EU's circular economy monitoring framework. Applying multiple regression analysis, the study explore the relationship between per capita raw material consumption and selected circular economy performance indicators, including the circular material use rate, resource productivity, innovation activity in recycling and secondary raw materials, investment and gross value added per employee in circular economy sectors. The results indicate that higher resource productivity and greater innovation intensity are significantly associated with lower levels of raw material consumption. Additionally, the circular material use rate and economic performance indicators show statistically significant, though more nuanced, effects. These findings highlight the importance of promoting innovation and improving resource efficiency to advance the circular economy agenda in the European Union.

Keywords: Circular Economy, Raw Material Consumption, Resource Productivity, Innovation, EU-27 Countries.



RENEWABLE ENERGY COMMUNITIES: PUBLIC AND CORPORATE FINANCE PERSPECTIVES

Kristina KREGAR

University of Rijeka, Faculty of Economics and Business, Croatia
kristina.kregar@efri.uniri.hr

Abstract

This paper examines the financing mechanisms and strategies used by the public and corporate financial sectors to support the development and sustainability of renewable energy communities. By adopting a Public-Private Partnership (PPP) framework, the study seeks to explore the collaboration between government bodies and private enterprises, with a particular focus on the critical role played by public funding policies and corporate financial strategies in advancing economic growth and renewable energy initiatives at the local or community level. The research examines various key aspects, such as capital structure, cost of capital, investment evaluation methodologies, and ownership structures within PPPs, with the primary aim of answering the following question: How do public funding policies and corporate financial strategies affect the development and sustainability of renewable energy communities? To address this question, the study will employ a quantitative research approach, analyzing data sourced from industry reports, company financial statements, and statistical models. The aim is to identify which financial instruments and strategies are most effective in driving renewable energy projects and ensuring their sustainability. The findings are expected to offer insightful policy recommendations designed to enhance public funding mechanisms, provide strategic guidance for corporate investment in renewable energy, and propose new frameworks that facilitate better integration of public and private sector financing. Additionally, the research will examine the synergies and potential conflicts between the public and corporate sectors, offering a more nuanced understanding of their relationship and the impact of this dynamic on the broader renewable energy landscape. Ultimately, this study aims to provide actionable insights that will benefit policy makers, business leaders, and academics alike, helping to accelerate the transition towards sustainable energy systems. By closely investigating the financial dynamics that shape renewable energy communities, this research will contribute to the growing body of academic literature on the financing of renewable energy projects, with a specific focus on the intersection between public and corporate finance. In doing so, the study hopes to support the development of more effective financial strategies and public policies that can drive long-term sustainability in renewable energy initiatives at the community level.

Keywords: renewable energy communities, public - private partnership (PPP), financing mechanisms, corporate financial strategies, public funding policies.



THE ROLE OF STUDENTS IN SUSTAINABLE DEVELOPMENT AND THEIR LEVEL OF ENVIRONMENTAL AWARENESS: A SURVEY

Milica MUHADINOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milicamuhadinovic@ucg.ac.me

Višnja JOKSIMOVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Milica NOVAKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Milica JOVANČEVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Teodora MILINKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Monika KOJOVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Vasilije MARUNOVIĆ

Faculty of Economics, University of Montenegro, Montenegro

Abstract

In the face of growing global environmental challenges, the concept of sustainable development has become a central focus of contemporary development policies whose implementation largely depends on the level of knowledge and awareness among younger generations, particularly students, as future agents of social change. The aim of this paper was to examine the level of knowledge and awareness among undergraduate and graduate students regarding the concept of sustainable development, their familiarity with the United Nations Sustainable Development Goals (SDGs), as well as how they perceive environmental challenges, but also how they view their university's efforts to promote sustainable practices. For that purpose, a survey was designed, following the model of Eurobarometer surveys, and conducted among 184 students of academic studies of Economics at the Faculty of Economics, University of Montenegro. The results indicate a high level of awareness on the importance of sustainable development, but at the same time indicate room for further engagement. This survey represents a useful tool towards understanding students' views and improving strategies that encourage sustainable lifestyles. The gap identified between awareness and practice emphasizes the need for more active educational approaches that connect knowledge with concrete action, highlighting that universities have an important role in raising awareness and encouraging sustainable habits among students, which could contribute to the development of a more environmentally responsible society in the long run. Furthermore, being a developing country with a large youth population, it is a major challenge to help young people in Montenegro to recognize the social, economic and cultural dimensions of the environment in order to achieve a sustainable future. Universities, but also government and all other actors in a society need to take a more proactive role in empowering youth through educational programs, institutional support and the promotion of tangible sustainable actions.

Keywords: sustainable development, SDGs, university students, Montenegro, environmental awareness, sustainable actions.



GIS TECHNOLOGIES FOR SUSTAINABLE TOURISM DEVELOPMENT IN COASTAL AREAS

Jovo ATELJEVIĆ

Faculty of Economics, University of East Sarajevo, Bosnia and Herzegovina
jovo.ateljevic@ef.unibl.org

Dajana VUKOJEVIĆ-ATELJEVIĆ

University of East Sarajevo, Bosnia and Herzegovina

dajanavukojevic@gmail.com

Abstract

This paper investigates the role of Geographic Information Systems (GIS) in coastal tourism planning and urbanization management. GIS has proven to be an essential tool for promoting sustainable development in urbanized coastal zones by providing insights into shoreline dynamics, assessing tourism carrying capacity, and aiding in infrastructure planning amidst evolving tourism development trends. The study evaluates the effectiveness of GIS in addressing the complex challenges posed by urbanization across different types of coastal environments. The findings emphasize the significance of GIS in aligning tourism development with environmental conservation goals in coastal cities. Additionally, the paper highlights the need for more effective integration of real-time data and stronger community involvement in the planning process. To this end, a GIS-based framework tailored specifically for coastal regions is proposed, incorporating key factors such as sea-level rise projections, urban expansion trends, and the development of standardized indicators to guide policymaking in vulnerable coastal destinations.

Keywords: GIS, coastal tourism, sustainable development, urbanization, coastal management, tourism capacity, environmental conservation

The background features a light gray field with a pattern of stars and large, faint geometric shapes. The stars are arranged in a grid-like pattern, with some appearing as solid gray and others as outlines. The geometric shapes are large, irregular polygons in various shades of gray, some of which overlap the stars. A thin vertical line runs down the center of the image.

II ECONOMICS

**POLITICAL MACROECONOMY
AND DIGITAL CYCLES**

Miomir JAKŠIĆ

Faculty of Economics, University of Belgrade, Serbia
miomir.jaksic@ekof.bg.ac.rs

Abstract

The Within Political macroeconomy (PM) emerged three subdisciplines: PM mark 1 – monetary cycles; PM mark 2 – real cycles, and PM mark 3 – political cycles. Gathering and control of information, i.e. big data, based on artificial intelligence (AI) about citizens and consumers have enormous influence of democratic order and market economy and lead towards violation of privacy, illegal competition and manipulation of behavior of citizens and consumers in sphere of politics and economy. It is time to introduce new PM sub-discipline – PM mark 4 – digital cycles.

1. Extractive institutions (bad, predatory, do not promote investment and overall economic and social development);
2. Inclusive institutions (good, promote overall economic and social development);
3. Strong state: efficient, non-discriminatory, restrict elites, eliminate rent-seeking;
4. Weak state: inefficient, discriminatory, strengthen rule of elites, enable rent-seeking.

State capacity is decisive power that enables transition from extractive towards inclusive economic and political institutions, and primarily relates to capability to provide public services and regulate wide range of activities.

The deepest negative impact of AI on polarization and degradation of democratic order manifest through social media and online communication, based on echo chambers. Within echo chamber individuals communicate only with other individuals that share same opinion, and each is closed within their chamber with its own reality, which exacerbate rejection of different opinion and enhance biased approach, creating false illusion that all other individuals share his-her opinion, which is manifested in echoing and communication with individuals of identical values and opinion. In that sense it is important to make distinction between disinformations – false news aiming to produce damage, misinformations which are also false, but without intention to produce damage, and malinformations which, although based on true statements, produce damage.

Important effect of AI is revealed in relationship between innovations and political – autocratic – order. Innovations and autocracy mutually reinforce each other, as: (i) new technologies strengthen autocratic power, and (ii) autocratic demand for technologies that will strengthen and secure their power promote innovations and their application.

AI, as any other technology, has neutral, positive or negative consequences depending upon its usage or misuse. Regulation is essential and in social environment without AI regulatory bodies democratic orders will be jeopardized. D. Acemoglu believes that AI is a highly promising technological platform. AI harms are harms of unregulated AI.

Keywords: Political Macroeconomics, Democracy, AI.

THE RELATION(S) BETWEEN NON-FINANCIAL AND FINANCIAL SECTOR IN SHORT TO THE MIDDLE TERM IN G7 COUNTRIES: TWO CRISES TEST

Marko ĐOGO

University of East Sarajevo – Faculty of Economics
marko.djogo@ekofis.ues.rs.ba

Abstract

In the last fifteen years, we witnessed two major crises that harmed millions of people. Still, theoretical economists love it because it provides them the unique opportunity to empirically examine relations between variables that could not be analyzed in another way. One such relation is the dependence between the financial and non-financial sectors of the economy. We are talking about an old dilemma does the non-financial sector represent a “train” that pulls on the development of the financial sector or the financial sector is the one that enhances the development of the non-financial sector?

Two crises we are talking about are the financial crises from 2007/8 and the Covid crises from 2019/20.

Since we now have some time distance from the last crises we decided to use regression analysis to examine relations between those two sectors. For such analysis, we constructed two indexes (an index of non-financial sector health and an index of financial sector health). We conducted research for three groups of countries (G7, BRIKS, and Višegrad group), but in this paper, we presented results only for the first group (G7 countries). The observed period is twenty years (2004-2023). Results for G7 countries show that the financial sector has more impact on the non-financial sector than otherwise. This is more proof of the high level of financialization of the economies of G7 countries.

Keywords: Non-financial sector, financial sector, interdependence, spillover.

INTELLECTUAL CAPITAL AS INDICATOR OF REGIONAL DEVELOPMENT: EVIDENCE FROM THE REPUBLIC OF SERBIA

Bojan KRSTIĆ

Faculty of Economics, University of Niš, Serbia
bojan.krstic@ekonomski.rs

Tamara RAĐENOVIĆ

Faculty of Occupational Safety, University of Niš, Serbia
tamara.radjenovic@znrfak.ni.ac.rs

Milica JOVANOVIĆ-VUJATOVIĆ

Faculty of Economics, University of Niš, Serbia
milica.jovanovic@ekonomski.rs

Ljiljana BONIĆ

Faculty of Economics, University of Niš, Serbia
ljiljana.bonic@ekonomski.rs

Abstract

Global disparities between developed and undeveloped countries and regional inequalities within countries are significant obstacles to economic development. The growing gap between rich and poor, along with immense income inequality, highlights the urgent need for balanced regional development. To address these issues, it is crucial to focus on regional development strategies and policies that aim to reduce disparities, improve living conditions, and foster socio-economic welfare. Accordingly, the paper explores the importance of intellectual capital for sustainable regional development in the Republic of Serbia, recognizing that intellectual resources are key to long-term performance improvements. The aim of this paper is to introduce a methodological framework for measuring the intellectual performance of regions and present empirical research on regions within Serbia. The findings aim to inform policymakers in designing effective regional development strategies. The paper emphasizes the growing global issue of regional disparities, both between countries and within nations, and advocates for focused regional development policies to reduce inequalities and promote balanced socio-economic growth.

Keywords: intellectual capital, regional intellectual capital, measuring, regional development, regional disparities, Republic of Serbia.

ECONOMIC OUTLOOK FOR MONTENEGRO FROM 2025 TO 2028

Maja BAĆOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
majab@ucg.ac.me

Bojan PEJOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
bojan.p@ucg.ac.me

Abstract

The economic outlook for Montenegro from 2025 to 2028 was estimated by applying the production function model and the model of aggregate demand (equilibrium in goods markets).

Both models were estimated using Monstat's database and data from 2006 to 2024.

The growth projections for the Montenegrin economy are based on several scenarios. The differences are due to assumptions about the dynamics of exogenous variables (real growth in gross investment, exports, government consumption, and changes in inventories). Forecast values for the following indicators were presented: gross domestic product (total, per capita), GDP real growth rate, and labor productivity. In addition, the inflation rate was forecasted by applying the ARIMA model.

Analysis of the results obtained in all scenarios indicates the importance of investment growth and export growth, which, by their dynamics, strongly determine economic growth. Due to high import dependence (the estimated import dependence coefficient is 0.66), an increase in government and household consumption has a significantly smaller impact on the economic growth rate, so economic growth in the long term cannot be based on these components. Key recommendations for decision-makers include fostering a favorable investment climate, supporting private sector development, and implementing active policies to increase export-oriented production.

Keywords: Production function, Aggregate demand, GDP growth.

EVALUATING FISCAL REFORM EFFECT ON INFLATION: DIFFERENCE IN DIFFERENCES INSIGHTS FROM 'EUROPE NOW' IN MONTENEGRO

Stevan ĐURIĆ

Faculty of Economics, University of Montenegro, Montenegro
Stevan.dj@ucg.ac.me

Nemanja POPOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
nemanja.p@ucg.ac.me

Vera GOJČAJ

Central Bank of Montenegro, Montenegro
vera.nuculovic@yahoo.com

Milivoje RADOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
rmico@ucg.ac.me

Abstract

This paper examines the economic impact of Montenegro's fiscal program, Europe Now, implemented in 2022, using a Difference-in-Difference (DiD) approach. The program, aimed at increasing wages and stimulating economic growth, is evaluated for its contribution to inflation dynamics between Montenegro and the Euro Area. Leveraging monthly inflation rate data from 2011 to 2025, the study estimates that Europe Now caused an additional 2.6 percentage point increase in inflation in Montenegro during the post-intervention period, compared to the Euro Area. While Montenegro's inflation remained persistently high the program's relative contribution to inflation was modest, especially when compared with the substantial increase in average wages. Robustness checks and model diagnostics affirm the validity of these findings. Heteroscedasticity was addressed using robust standard errors, ensuring unbiased statistical inference. Additionally, a nonparametric bootstrap methodology provided reliable confidence intervals for the DiD coefficient, yielding a 95% interval of (0.609, 4.430). This further substantiated the statistical significance of the program's inflationary impact while accounting for non-normal residual distributions. A placebo test, employing a fictitious pre-treatment year (2015), confirmed that the observed effects were specific to the intervention in 2022 and not driven by spurious patterns or pre-existing trends. The study highlights the trade-off inherent in fiscal reforms, demonstrating that the Europe Now program successfully boosted wages substantially while contributing a relatively small, manageable rise in inflation. These findings underscore the importance of robust econometric techniques in evaluating policy impacts and provide a framework for analyzing similar fiscal interventions in other contexts.

Keywords: Europe Now, Difference-in-Difference, Montenegro, Inflation, Wage.

THE IMPACT OF THE UKRAINE WAR ON THE WESTERN BALKANS: GEOPOLITICS AND GEOECONOMICS

Ritsa PANAGIOTOU

Centre of Planning and Economic Research Amerikis Athens, Greece
ritsa.panagiotou@gmail.com

Abstract

Russia's invasion of Ukraine in February 2022 and the ongoing war in the region have provoked deep-reaching and enduring global repercussions. From the very beginning it was clear that this was not going to be a "local" conflict between two states but would spill over to encompass several actors and regions. Moreover, there was a justified concern that while the Western Balkans are not frontline states in the Russia-Ukraine conflict, they would acutely feel the reverberations and risk becoming a "proxy hybrid battlefield" in the antagonism between Russia and the West; this, in turn, could lead to further fragmentation and deterioration of regional cooperation and stability.

The Western Balkans, still balancing between their desire to join the European Union, their frustration at the drawn-out accession process, and the ever-increasing presence of third actors in the region vying for their attention – such as Russia, China, and Turkey – have been called upon to declare their allegiance in this conflict. Not surprisingly, their responses have been consistent with their hitherto stand and could be indicative of future geopolitical actions and alignments. On an economic level, the war in Ukraine has significantly impacted the economies of the Western Balkans, exacerbating existing challenges and introducing new pressures. Key effects include declining GDP, inflation and rising costs, energy dependence and supply challenges, and increasing balance of payment deficits.

This paper will address the impact of the war in Ukraine on the Western Balkan region by analysing its repercussions on three core parameters: impact on domestic economies; impact on the Western Balkans' relations with the European Union and potentially their EU accession prospects; and the evolving role of third actors in the region, including the possibility of a more active Russian role in the Balkans. In light of President Trump's unprecedented stand vis-à-vis Europe and the future of the Western Alliance, the future is even more uncertain for the Western Balkans.

Keywords: Western Balkans; Russian policy; EU enlargement; Ukraine war.

THE IMPACT OF PATENTS AND ICT PATENTS ON ECONOMIC GROWTH IN OECD COUNTRIES

Gunter MERDZAN

Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje, North Macedonia
gjunter.merdzan@eccf.ukim.edu.mk

Predrag TRPESKI

Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje, North Macedonia
predrag.trpeski@eccf.ukim.edu.mk

Mijalche SANTA

Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje, North Macedonia
mijalche.santa@eccf.ukim.edu.mk

Abstract

This article investigates the relationship between patent activity and economic growth in OECD countries from 1997 to 2021. The aim is to understand how patents, particularly ICT patents, impact GDP per capita growth. In our analysis, the partial correlations indicate that patent activity is linked to higher economic growth rates when controlling for other growth determinants, such as physical capital, human capital, and population growth. This means that countries with a greater number of patents, particularly in ICT, tend to experience higher growth rates. Using the ordinary least squares method with fixed effects in cross-sections and periods, the analysis reveals that both patents and ICT patents positively and significantly impact economic growth. The regression results show that the coefficients for patents and ICT patents are 0.28 and 0.24, respectively. This indicates that at the significance level of 5%, a 1% increase in the number of patents or ICT patents is associated with an average increase of 0.28 and 0.24 percentage points in GDP per capita, respectively. In other words, increased patent activity contributes to higher economic growth rates. Additionally, other determinants such as gross fixed capital formation and population growth are found to significantly affect economic growth. The R-squared values of 0.72 and 0.73 indicate a strong explanatory power of the models. The findings underscore the importance of fostering innovation through patent activity to drive economic growth in OECD countries. The significant and positive effects of both total patents and ICT patents highlight the critical role of technological progress—particularly digital innovation—in shaping long-term economic performance. The results suggest that economies with stronger innovation systems and more intensive patent activity are better positioned to achieve sustained growth. In this context, policymakers should prioritise patent-related strategies, especially in the ICT sector, by strengthening intellectual property rights, supporting research and development, and encouraging private sector innovation. Such measures can enhance competitiveness, boost productivity, and secure future growth.

Key words: Patents, ICT patents, economic growth, OECD countries.



CHALLENGES AND REFORMS IN THE ENERGY SECTOR OF THE SOUTHEASTERN EUROPEAN COUNTRIES THAT ARE CANDIDATES FOR MEMBERSHIP IN THE EUROPEAN UNION

Aleksandra PRAŠČEVIĆ

Faculty of Economics and Business, University of Belgrade, Serbia
aleksandra.prascevic@ekof.bg.ac.rs

Abstract

The paper focuses on the reforms undertaken in the energy sector in the countries of the South- Eastern Europe region, candidates for entry into the European Union (Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia and Albania), the results achieved and what remains to be done in this domain. The paper focuses on the challenges that the creators of economic and energy policy in this region have faced in the past five years, which included the effects of significant shocks that were reflected precisely in the energy sector. These shocks were the COVID-19 pandemic, and even more significantly the war conflict in Ukraine and the energy crisis that followed, along with a form of energy war between Europe and Russia. The energy sector is one of the most critical factors in the functioning of economies and people's everyday lives. The conditions for sustainable economic growth, macroeconomic stability, and environmentally satisfactory living standards depend primarily on this sector. The European Union was aware of this, designating this region as strategic in the field of energy even before the countries of this region began to join the EU. This resulted in the Energy Community Agreement for South-Eastern Europe, signed by the countries of South-Eastern Europe in 2005, which created a single regulatory framework for cross-border energy trade, while the countries of the region accepted the applicable general rules in the field of energy, which also relate to environmental protection and competition. In the energy field, the region's countries have committed to following the EU's energy policy in decarbonization and building a "greener" economy. However, the shocks that have operated in the past five years have postponed mainly these reforms in the energy sector, as energy security has been put at the forefront, displacing the decarbonization goal. To this should be added the significant costs that the transition to renewable energy sources imposes on the economy. The paper will provide a comparative analysis of the reforms achieved in individual countries in the region, and a comparison will also be made with countries in the region that are already EU members.

Keywords: energy sector, energy security, sustainable economic growth.



THE ECONOMIC IMPACT OF GROWING PROTECTIONISM BETWEEN THE USA AND CHINA

Milica JOVANČEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milicaj.gpmb@gmail.com

Abstract

The tightening of trade relations with China that began in 2018 represents a significant shift in the United States' trade policy, especially when it contrasts with the traditional leading role that it has historically played in initiating the process of tariff reduction through numerous rounds of negotiations within the WTO. Protectionist measures, which began with the introduction of a 25% ad valorem tariff by the USA and then Chinese countermeasures, continued selectively during the term of Joe Biden, and their importance increased further with the return to power of Trump. This paper analyzes the decisions of these two largest global players in the field of trade and their economic consequences. The effects of this approach are significant, not only for direct, but also for indirect participants, and are amplified through global supply chains.

The economic effects of protectionist measures are examined through a quantitative analysis of changes in GDP, exports, imports, trade deficit, as well as comparative method used on the example of these two countries. The key areas studied are exchange of high-tech products - electric vehicles, semiconductors, solar panels, as well as the exchange of steel and aluminum. The strategies used by these countries to maintain leading positions in the global market are also explored. The aim of the paper is to explain the impact of protectionism on the economic growth of China and the USA and the redirection of trade flows. The results show that protectionist measures have a greater negative impact on the Chinese economy, through reduced exports, especially technology, which has affected the diversification of trading partners. However, there is no tangible evidence that these measures have had a positive impact on manufacturers in the USA. The return to power of Trump also means the introduction of new strict trade policy measures, not only towards China but also towards Mexico and Canada, which are key trading partners, and their effects are still to be expected and for now remain an open question for future research.

Keywords: USA, China, protectionism, economic growth, trade.

A PROFILE OF THE INDIVIDUAL INVESTOR IN THE WESTERN BALKANS

Miloš GRUJIĆ

Grant Thornton, Banja Luka, Bosnia and Herzegovina
milos.grujic@ba.gt.com

Aleksandar DŽOMBIĆ

Grant Thornton, Banja Luka, Bosnia and Herzegovina
aleksandar.dzombic@ba.gt.com

Isidora DŽOMBIĆ

Grant Thornton, Banja Luka, Bosnia and Herzegovina
isidora.dzombic@ba.gt.com

Abstract

This research investigates how education, experience, and socioeconomic characteristics influence the behavior of individual investors in the Western Balkans, particularly focusing on their attitudes toward different financial asset classes. This study employs survey methodology and literature analysis to reveal that educational attainment and investment experience significantly impact risk perception and confidence in financial market knowledge. The analysis demonstrates a notable correlation between education levels and risk tolerance, with higher education linked to an increased risk appetite. Moreover, investor experience greatly shapes perceptions of market knowledge. Socioeconomic factors, such as age, gender, and educational background, play a crucial role in shaping investment strategies. These findings underscore the need for customized educational resources and programs to enhance individual investor decision-making and mitigate investment risks. Additionally, the results indicate the necessity for further research involving larger sample sizes, greater female representation, and the examination of diverse macroeconomic influences. Applying these research findings can provide a foundation for developing strategies to improve investment behavior in the region. Future research should also include the psychological profiles of investors and explore the impact of the digital financial market on investor behavior in the Western Balkans.

Keywords: Individual investors, investment behavior, Western Balkans, education, experience, socioeconomic characteristics, risk tolerance, financial literacy.

MARKET ASYMMETRIES AND EDUCATIONAL STRUCTURE OF THE UNEMPLOYED POPULATION IN BOSNIA AND HERZEGOVINA AND MONTENEGRO

Eldar KOMAR

Faculty of Economics Podgorica, University of Montenegro, Montenegro
eldar.komar.dl@gmail.com

Hatidža JAHIĆ

School of Economics and Business, University of Sarajevo, Bosnia and Herzegovina
hatidza.jahic@efsa.unsa.ba

Andrijana KALUĐEROVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
anakalu@yahoo.com

Sofija SEKULIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
sofija.s@ucg.ac.me

Abstract

The article is focused on analyzing the labor market structure in Bosnia and Herzegovina and Montenegro, with a particular emphasis on the structure of the unemployed population. By examining the time series data from 2017 to 2023, the study explores the various internal and external factors that have influenced the social and economic development of given countries, according to historical and administrative context. The findings, accompanied by theoretical analysis, shed light on the key problems faced by the labor markets in Bosnia and Herzegovina and Montenegro, including high youth unemployment rate. The article also addresses the mismatch between the educational sector and the labor market, considering its complex nature and asymmetry. The study reveals that the youth unemployment rate began rising rapidly during the COVID-19 pandemic, further reducing employment opportunities for young people. To address this, it is recommended to provide greater legal certainty for young workers by limiting the prevalence of fixed-term contracts. Additionally, enhancing career guidance and counseling programs, improving staff competence, and ensuring consistent access to relevant labor market data are crucial policy elements for a smooth transition from education to employment. The brain drain phenomenon, along with high youth unemployment, contributes to a significant reduction in the available labor force. To ensure sustainability and future investments, policy reforms should focus on revamping labor market regulations and education systems to meet the economy's demands and leverage the potential of emigrated residents through investments, capital, and knowledge exchange.

Keywords: unemployment, youth unemployment, education, labor migration, Bosnia and Herzegovina, Montenegro.

MEASURING THE ECONOMIC IMPACT OF A TEMPORARY BRIDGE CLOSURE IN WEST MACEDONIA

Prodromos PRODROMIDIS

Centre for Planning & Economic Research, Athens, Greece
pjprodr@kepe.gr

Abstract

The paper studies the economic consequences of traffic restrictions enforced in order to carry out urgent repair work in mid-March to early June 2023 on the lake Polyfytyos bridge (Greece's second-longest bridge: 1.372 km) situated between Kozani and Servia in West Macedonia. To that end it: (a) Econometrically analyzes zip-code level business profits and household income statistics dating to the time prior-, during- and after the said closure, and finds statistically significant lower values along localities on the bridge's route in 2023. (b) Designs a multi-wave survey to collect and analyze past, current and future micro data in anticipation of a possible second phase of repairs in 2026.

Keywords: bridge closure, impact, business profits, household incomes, time-use.

GEOPOLITICAL RIVALRIES IN MONTENEGRO: NAVIGATING COMPLEXITY

Danijela JAĆIMOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
danijelaj@ucg.ac.me

Dženana ĐURKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
dzenana.dj@ucg.ac.me

Abstract

This paper examines the strategies employed by the U.S. and Europe to counter Chinese and Russian influence in Montenegro—an area of strategic significance for European and transatlantic security due to its historical volatility and geopolitical position as a gateway to Europe. The rise of China and the evolving dynamics of a multipolar world present significant challenges to transatlantic cohesion, with notable divergences in how the U.S. and Europe engage with Beijing. Recently, there has been a more evident divergence in the approach to Russia. The paper aims to identify ways to enhance the effectiveness of the transatlantic alliance in mitigating external influence in Montenegro amidst intensifying geopolitical competition. Key questions addressed include: How can transatlantic allies collaborate more effectively to reduce the region's vulnerability to external powers while fostering long-term stability aligned with Western interests? How can they navigate China's economic investments and Russia's political manoeuvres to ensure sustainable geopolitical stability in the region? Employing a mixed-methods approach, the paper would first provide a historical analysis of U.S., EU, and NATO involvement in Montenegro, followed by an assessment of Chinese investments and Russian political interference. It evaluates the impact of NATO expansion and EU economic partnerships while analyzing the successes and challenges transatlantic allies face in countering external influence. Finally, the study will explore areas of convergence and divergence in U.S. and European responses to China and Russia, offering recommendations for a more coordinated and effective approach to safeguarding stability in Montenegro. This will be illustrated based on the MACTOR method, a set of mathematical and computer tools supported by interviews of experts. The results indicate that the current position of Montenegro is subordinated to a significant divergence of objectives of strategic actors. It is followed by geopolitical instability, substantially caused by changes in the world order, especially considering the economic paradoxes of the second administration of Donald Trump.

Keywords: Montenegro, EU, NATO, Russia, China, U.S.

INTERNATIONAL SPILLOVER EFFECT OF UNCERTAINTY: SOME NEW ECONOMETRIC EVIDENCE

Zorica MLADENović

Faculty of Economics and Business, University of Belgrade, Serbia
zorica.mladenovic@ekof.bg.ac.rs

Abstract

Cross-national movements of uncertainty have attracted considerable interest in recent macroeconometric analysis due to the substantial impact of economic uncertainty on the overall economic performance of a country and the world. The extremely high interest in empirical modelling of uncertainty is fueled by the availability of the economic policy uncertainty (EPU) index designed by Baker et al. (2016). In our paper we examined the linkage between the EPU index of the US, Europe and China, given the importance of their economic relations in international economic affairs. The period: January 2000 – February 2025 is covered. Various econometric techniques were used. The dynamic properties of each EPU index were investigated by considering the possibility of long memory under an unstable conditional variability model. The pairwise dynamic relationship between these three EPU indices was analyzed using the spectral Granger causality test which allows the identification of causality in the short and long run. Finally, the dynamic conditional correlation (DCC) model, which takes into account long memory of the uncertainty level, is applied to evaluate the pairwise time-varying correlation and assess the spillover effects. A high degree of persistence is found in the uncertainty indices, but also in the volatility model for China. Our results also suggest a long-term causality leading from uncertainty in the US to that in China and Europe, as well as a short-term causality running from Chinese uncertainty to that in the US and Europe. The conditional correlation of uncertainty between Europe and China is estimated to be marginally significant. The conditional correlation of uncertainty between the US and China is estimated to be between 0.08 and 0.21 with an average value of 0.14. The conditional correlation between the US and Europe is much higher (0.47) and shows several large spikes due to known real events. These results indicate positive spillover effects of uncertainty with time-varying magnitude.

Keywords: economic policy uncertainty, long-memory, spillover effect, DCC model.

ECONOMIC ANALYSIS OF THE CONSTRUCTION OF THE SMOKOVAC-BOŽAJ EXPRESSWAY

Jasmina ĆETKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
cetkovicjasmina2@gmail.com

Biljana IVANOVIĆ

Faculty of Civil Engineering, University of Montenegro, Montenegro
biljanai@ucg.ac.me

Abstract

Investing in the construction of the Smokovac-Božaj expressway is a strategically significant project that ensures the connection of key national and international corridors. The expressway will significantly reduce travel time between Podgorica and the Božaj border crossing, facilitate access to tourist destinations in Montenegro, and stimulate an increase in tourist arrivals from Albania and other regional countries. The conceptual design includes three variants. Variant 1 represents the optimization of the route that was part of the 2008 Adriatic-Ionian Highway General Project, while Variants 2 and 3 are proposals from the designer. After considering the advantages and disadvantages, Variant 3 combines the benefits of the first and second variants, which was further analyzed in the previous feasibility study. As typical financial analysis is not decisive for determining the feasibility of projects of this type, the final assessment is based on an economic feasibility analysis. This analysis not only considers direct financial benefits but also takes into account broader societal effects—such as reduced travel time, increased traffic safety, reduced harmful gas emissions, and other benefits for society as a whole. All indicators from the economic feasibility analysis confirm the project's justification. The Economic Net Present Value (ENPV) of this project is positive, amounting to 206,345,416 EUR, meaning that if the company expects a return rate of 5%, it will be profitable by the amount of the net present value. The Economic Internal Rate of Return (EIRR) of this project is 8.70%, which can be considered a favorable internal rate, given that the project is acceptable if the IRR is at least 5%. The Economic Benefit-Cost Ratio (EBCR) of this project is 1.69, meaning that the value of the total discounted revenues is greater than the value of the total discounted costs. The results of the project's sensitivity analysis showed that changes in key input parameters do not significantly affect the key economic indicators, meaning that the economic justification of the project remains intact even under less favorable scenarios, such as increased investment costs or reduced traffic volumes.

Keywords: traffic infrastructure, expressway, economic feasibility analysis



DETERMINANT FACTORS OF WOMEN'S LABOR MARKET PARTICIPATION IN ALBANIA: CHALLENGES AND POLICY IMPLICATIONS

Sonila XHEMALI

University of Tirana, Faculty of Economics, Tirana, Albania
sonila.xhemali@gmail.com

Abstract

The participation of women in the labor market is a crucial determinant of economic development and social progress. Despite notable advancements in gender equality, Albania continues to face challenges in ensuring equal employment opportunities for women. This study aims to analyze the key determinants influencing women's labor market participation in Albania, focusing on socio-economic, educational, institutional, and cultural factors. Through a comparative approach, the paper examines labor market trends in Albania and the broader Balkan region, drawing on secondary data from institutions such as INSTAT, OECD, ILO, and Eurostat.

The study explores how factors such as educational attainment, access to childcare, wage disparities, legal frameworks, and social norms impact female employment rates. A particular focus is placed on the role of government policies in either facilitating or hindering women's workforce integration. Additionally, the research examines structural barriers such as work-life balance constraints, limited career advancement opportunities, and gender biases in hiring practices.

By conducting a theoretical and comparative analysis, this research identifies persistent challenges that limit women's access to employment and offers recommendations for targeted policy interventions aimed at fostering an inclusive labor market. Findings suggest that while Albania has made progress in closing the gender gap in education, structural barriers continue to restrict women's full participation in the workforce, requiring a more integrated and multi-sectoral approach.

This paper contributes to the ongoing discourse on gender equality in labor markets by providing insights relevant to policymakers, researchers, and labor market stakeholders across the region.

Keywords: Women's employment, labor market participation, gender equality, socio-economic factors, Albania.



ROOTS OF LEFT-WING AND RIGHT-WING POPULISM: THE ROLE OF ECONOMIC HARDSHIP AND GLOBALIZATION

Danijela LAZOVIĆ-VUKOVIĆ

Central Bank of Montenegro, Montenegro
danijela.lazovic@hotmail.com

Jože P. DAMIJAN

School of Economics and Business, University of Ljubljana, Slovenia
joze.damijan@ef.uni-lj.si

Abstract

Populist parties in Europe on both sides of the ideological spectrum have achieved growing electoral success over the past decade. As populism fuels nationalism and social divide and undermines the foundations of EU integration, it is of utmost importance to gain a deeper understanding of the roots of voter discontent. This study builds on the argument that the form of populist backlash depends on the form of globalization-related shocks, demonstrating that far-left populism highlights socio-economic cleavage and is driven by domestic economic conditions, while parties on the far-right are more associated with cultural and identity-based issues related to external forces, particularly immigration. To this end, we empirically examine the extent to which these forces have influenced the growing electoral support for left-wing and right-wing populist parties across EU member states.

Our empirical results confirm that income disparities and economic hardship, specifically rising income inequality and long-term unemployment, are more likely to be channeled through populist parties on the left but that they are less likely to drive support for the far-right. Moreover, we find that the impact of rising disposable inequality is larger than that of market inequality, highlighting the importance of policies. The results also reveal that globalization has contributed to political polarization, but that the right has benefited more from dissatisfaction with the costs of trade and financial openness. The popular dissatisfaction with increased immigration has significantly served right-wing parties, while it is associated with a declining vote share for left-wing politics.

Additionally, higher voter turnout is consistently linked to lower extremist support, while to our surprise, a better-educated electorate leads to higher political polarization. Corruption, and the resulting distrust in institutions, has an asymmetric effect. It erodes the vote share of left-wing populist, but it increases the power of their right counterpart.

Finally, we find that welfare regimes can moderate the relationship between populism and its key drivers. In Nordic and former socialist countries strong welfare states cushion the consequences of trade and financial globalization, limiting opportunities for extremists to exploit on. Consequently, in these countries the far-left mobilizes around income inequality, whereas right-wing leverage immigration issues.

Keywords: income inequality, political populism, globalization.



EMPIRICAL STUDY ON EURO CURRENCY CONFIDENCE UNDER GLOBAL CHALLENGES

Ana – Maria GIURGI

Doctoral School of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Romania
anny.giurgi@yahoo.com

Abstract

The link between the euro currency and globalisation is an essential component of economic integration, enabling smoother trade and investment among member states of the European Union since its beginning. The integration has not only increased commerce inside Europe but also had a substantial influence on the global economy. The euro's impact reaches into worldwide banking, commerce, and political dynamics, highlighting the interdependence of global economies and the significance of public perception in maintaining the stability of the euro. The paper will use data mining methods, namely decision trees and neural networks, to examine the factors that influence the perception of the euro among citizens of Eurozone member states in 2019 and 2022. The selected years were intentionally chosen to compare the attitudes before the pandemic with the changes caused by the COVID-19 epidemic. In 2019, the perceptions were observed in a stable economic and social context, whereas in 2022, the effects of the pandemic, such as economic shocks and recovery attempts, were analysed. This study is essential for detecting changes in public opinion resulting from the epidemic, assisting policymakers and the European Central Bank in formulating ways to strengthen support for the euro. Gaining insight into these perspectives may result in the development of policy-making that is more inclusive, by resolving inequities among member states or demographic groups and guaranteeing the long-term stability of the currency.

Keywords: Euro, economic perceptions, CART algorithm, neural networks, Eurobarometer, European Union.



AI-DRIVEN TRANSFORMATION FOR SUSTAINABLE DEVELOPMENT: NORTH MACEDONIA'S PATH TO EU MEMBERSHIP

Leonid NAKOV

Ss. Cyril and Methodius University in Skopje (UKIM), North Macedonia
leonid.nakov@eccf.ukim.edu.mk

Monika SPASOVSKA

Ph.D. Candidate, Ss. Cyril and Methodius University in Skopje, North Macedonia

Abstract

In an era defined by ecological fragility and geopolitical volatility, the quest for sustainability is no longer aspirational – it is existential. As the global community grapples with the paradox of progress, artificial intelligence (AI) emerges as a defining technology of our time: one that not only augments human capabilities, but fundamentally reconfigures the architecture of economies, governance and planetary stewardship. This paper investigates the ambivalent role of AI in catalyzing sustainable development, illuminating its profound potential to accelerate transformation while cautioning against unmanaged disruption. Situated at the intersection of technological innovation and European integration, North Macedonia provides a compelling case study of a transitional economy striving to align national development with EU accession imperatives. The analysis underscores AI's capacity to recalibrate traditional economic paradigms by optimizing resource allocation, enhancing productivity, and fostering innovation across critical sectors. However, despite commendable advances in digital infrastructure and the steady maturation of its ICT sector, the country remains constrained by structural deficiencies – underinvestment in R&D, critical skills gap, and the absence of a comprehensive regulatory and ethical framework for AI deployment – hindering its capacity to harness AI for meaningful, inclusive progress. Through a synthesis of international frameworks, national policy analysis, and sectoral insights, the study maps out the enabling conditions required for a successful AI-driven transition. These include agile change management models, adaptive education and re-skilling strategies. Furthermore, the paper underscores the necessity of robust stakeholder coalitions encompassing public institutions, private enterprises, academia, and civil society, facilitating a coordinated knowledge transfer and technological diffusion, as well as intensified regional and international collaboration through EU-funded programs, such as Horizon Europe, to accelerate intelligent transformation. Ultimately, the findings assert that AI – when anchored in human-centric design and sustainable intent – can serve not merely as a technological tool, but as a force multiplier for resilience, prosperity, and democratic modernization. For North Macedonia, and the Western Balkans at large, the intelligent deployment of AI is not a distant luxury but a geopolitical necessity – one that holds the promise of closing the gap between ambition and action on the road to full EU membership.

Keywords: artificial intelligence (AI), sustainable development, SDGs, North Macedonia, ICT industry, EU.



AI READINESS IN CENTRAL BANKS OF THE WESTERN BALKANS

Milo IVANČEVIĆ

Faculty of Economics and Business, University of Belgrade, Serbia
miloivancevic@gmail.com

Dragana RADOJIČIĆ

Faculty of Economics and Business, University of Belgrade, Serbia
gagaradojicic@gmail.com

Abstract

This research investigates the readiness for adoption of Artificial Intelligence (AI) by central banks in the Western Balkans, with a focus on its potential to enhance financial stability, resilience, and regulatory efficiency. While leading central banks have already begun integrating AI into their core operations, the progress and preparedness of central banks in the Western Balkans remains largely underexplored. This study addresses this knowledge gap by examining five key dimensions of institutional readiness: strategic alignment, resources, knowledge, organizational culture, and data infrastructure. Interviews serve as the primary data collection method, aiming to provide evidence-based recommendations to guide AI adoption and promote best practice approaches across the region. While AI is a powerful tool in operations such as risk forecasting, fraud detection, and overall operational efficiency, it also appears to challenge the traditional scope of central banking by introducing new responsibilities into their remit—particularly in the ethical, social, and governance domains. More precisely, central banks may be required to extend their mandate beyond the conventional focus on financial security and stability, to include values such as transparency, accountability, and the protection of democratic processes in the age of digital finance. This study explores three key hypotheses: (i) Central banks with stronger leadership support and digital capacity demonstrate higher AI readiness; (ii) Readiness levels are positively associated with a culture of innovation and the ability to attract skilled personnel; and (iii) AI initiatives that are closely aligned with the core mandates of central banks are more likely to gain institutional traction.

Keywords: artificial intelligence, central banking, digital transformation, financial stability, institutional readiness.



THE IMPACT OF THE USE OF ARTIFICIAL INTELLIGENCE SYSTEMS IN FINANCIAL TRANSACTIONS: LEGAL AND ECONOMIC ASPECTS

Kalliopi KALAMPOUKA

Dept. of Economic Sciences, Aristotle University of Thessaloniki, Greece
pkalab@ihu.gr

Dimitra GIANNOPOULOU

Dept. of Economic Sciences, Aristotle University of Thessaloniki, Greece
dgiannopou@gmail.com

Abstract

Artificial intelligence (AI) has emerged as a key factor shaping the future of the financial sector, offering significant opportunities as well as challenges. The integration of machine learning algorithms and advanced data analysis techniques has already transformed key functions of the industry, such as fraud detection, transaction automation and the provision of personalized financial advice. The use of AI enhances operational efficiency, but at the same time raises legal issues regarding regulatory compliance, transparency and explainability of algorithms. In the context of the digital revolution, AI has become an integral part of banks, insurance companies and investment firms. The use of big data and predictive analytics allows the development of more accurate credit rating models, the identification of patterns in customer behavior and the provision of services tailored to their needs. Robo-advisors, as a form of AI, now offer automated and personalized investment recommendations, while reducing operational costs. However, technological developments are accompanied by significant concerns. The use of algorithms can increase market volatility, causing phenomena such as flash crashes. Also, forecasting models are based on historical data, which may incorporate biases or fail to predict crises. The opacity of deep learning systems creates problems with accountability and their integration into legal and regulatory frameworks, as well as difficulties in proving and establishing liability. A central issue is the need for a balance between innovation and regulation. Regulators are trying to shape a framework that ensures impartiality, accountability, transparency and consumer protection. In the EU, Regulation 2024/1689 on Artificial Intelligence proposes the classification of AI systems based on risk and imposes strict rules for their application in the financial sector. The aim is to ensure transparent and trustworthy use of AI, while respecting fundamental rights. The paper thoroughly analyzes the impact of AI in the financial sector through the general overview and the basic principles of protection of individuals and consumers, the applications of AI in financial services, the regulatory framework and especially Regulation 2024/1689. Overall, the need for a responsible and balanced integration of AI is highlighted, taking into account the social, ethical and legal dimensions of technological progress.

Keywords: European Union, artificial intelligence, legislation, jurisprudence, Company Law, Banking Law, Competition, Enterprises.



THE REGIONAL DEVELOPMENT OF SERBIA: GATEWAY OR BARRIER TO EU ACCESSION?

Vladislav MARJANOVIĆ

University of Niš, Faculty of Economics, Serbia
vladislav.marjanovic@eknfak.ni.ac.rs

Aleksandar MANASIJEVIĆ

University of Niš, Faculty of Economics, Serbia
aleksandar.manasijevic.eknfak@gmail.com

Kristina PETROVIĆ

PhD student, University of Niš, Faculty of Economics, Serbia
kristina.petrovic.eknfak@gmail.com

Abstract

Uneven regional development is one of the key structural problems and challenges faced by the Republic of Serbia, both on its path to European Union membership and within the broader socio-economic context. Therefore, balanced regional development is not only a prerequisite for Serbia's economic convergence with the European Union and its standards but also for increasing productivity and competitiveness at the local, regional, national, and international levels. Although certain progress has been made in the past period through various strategic documents and support programs, regional disparities in Serbia remain significant, and processes of intensive polarization, urban center development, and the degradation of less developed areas remain an ongoing issue. These disparities are reflected in infrastructure availability, investment levels, employment, innovation capacities, quality of life, and more. In this context, this paper analyzes the extent to which regional inequalities may represent an obstacle to Serbia's further European integration, taking into account the relevant standards and criteria of the European Union's regional policy. It also examines potential opportunities arising from strategic management of regional development in Serbia. Finally, the paper highlights the need for a systematic and comprehensive reform of the approach to regional development, as well as strengthening institutional capacities, so that regional development can truly become an opportunity rather than a barrier on Serbia's path to the European Union.

Keywords: Regional development, EU accession, structural changes, Republic of Serbia.

III BUSINESS

NEW BARGAINING APPROACH IN THE WAKE OF DIGITAL TRANSFORMATION IN PUBLISHING SECTOR

Galjina OGNJANOV

Faculty of Economics and Business, University of Belgrade, Serbia
galjina.ognjanov@ekof.bg.ac.rs

Mihail ARANDARENKO

Faculty of Economics and Business, University of Belgrade, Serbia
mihail.arandarenko@ekof.bg.ac.rs

Dragan ALEKSIĆ

Faculty of Economics and Business, University of Belgrade, Serbia
dragan.aleksic@ekof.bg.ac.rs

Abstract

In the light of the current state of collective bargaining in the publishing sector in Serbia the paper focuses on the new challenges related with digitalization and implementation of AI, particularly in the sphere of media publishing and its effects on employment, working conditions and workers rights. Publishing in Serbia represents a rather small sub-sector in services, taking into consideration both the number of employees and registered businesses. It is dominantly private, except two big public book publishing companies as well as two public service providers of media content. Collective bargaining in publishing is fully decentralized and bargaining coverage is rather low. While a few companies have signed CBAs at company levels, there is no sectoral CBA neither for publishing sector as a whole nor in regard to media. Currently, the coverage is estimated at around 10%, owing primarily to the two big public book publishers as well as a few media companies (including public service but also a few private TV stations and print media companies). The paper addresses specific challenges to collective bargaining in publishing sector, focusing on media in particular, which are primarily related with low membership, weak position of trade unions as well as rather negative employers' attitudes, and lack of interest to associate to start bargaining on sectoral level. It builds upon the idea of introducing a new smart collective bargaining model applicable for facing the new challenges stemming from digital transformation as well as implementation of AI in media content producing and publishing. In brief, the new smart collective bargaining model assumes taking actions toward creation of new actors, i.e. establishment of trade unions at company level, establishment of new employers' associations as well as creation of better trust between the actors. Further, it should lead to bargaining over new issues, such as digitalization and use of AI and its effects on working conditions, to assure current positions and open space for training and education as well as career development.

Keywords: collective bargaining, publishing, media, digitalization, AI, services sector.



WHAT DRIVES INVESTMENTS IN GREEN TECHNOLOGIES IN SLOVENIAN SMES?

Nevenka HROVATIN

School of Economics and Business, University of Ljubljana, Slovenia
nevenka.hrovatin@ef.uni-lj.si

Janez DOLŠAK

School of Economics and Business, University of Ljubljana, Slovenia
janez.dolsak@ef.uni-lj.si

Jelena ZORIĆ

School of Economics and Business, University of Ljubljana, Slovenia
jelena.zoric@ef.uni-lj.si

Abstract

While investments in technologies and measures that improve the energy efficiency (EE) of firms have received significant attention from both practitioners and researchers, in particular with a focus on barriers and drivers, investments in renewable energy sources (RES) have lagged behind in this regard. The study by Segarra-Blasco and Jové-Llopis (2019) is one of the rare studies that explored the determinants of both, EE and RES investments. However, given the ambitious EU goals in both domains, a thorough examination of both types of investments is necessary. Our study captures both types of investments (EE and RES) under the broader term of green technologies. Conducted on a sample of 270 Slovenian SMEs that responded to our survey in 2020 within the LIFE IP CARE4CLIMATE EU project, our research aims to identify the key factors driving the adoption of green technologies. Specifically, we investigate how firm characteristics, energy-related practices, external factors, and perceptions of barriers and drivers influence investment decisions. We employ a probit model to analyze the factors affecting each type of investment separately, where the dependent variable takes the value of 1 if a firm has invested in EE or RES, respectively. Additionally, we estimate a model that includes both types of investments (green technologies) to further explore the decisive factors influencing these investment decisions. Among firm characteristics, we assess the possible role of various energy-related practices, including whether a firm employs a dedicated energy manager, has conducted an energy audit or received energy-related advice, raises employees' awareness of EE, its energy intensity, and its energy-saving potential. Regarding other firm characteristics, we examine ownership structure (foreign/domestic and ownership of premises), profitability, indebtedness, innovativeness, competitive pressure (both domestic and foreign), risk aversion, and industry type (manufacturing vs. other). Furthermore, we investigate the possible impact of firms' perceptions about regulatory barriers to green technologies deployment. Our results indicate that how firms manage energy-related matters is crucial in driving investments in green technologies. Specifically, assigning energy responsibilities to a designated employee, conducting energy audits, or seeking external energy advice—alongside operating within their own premises—are key factors in fostering green technology investments.

Keywords: energy efficiency investments, investments in renewable energy sources, green technology investments, probit model, drivers, small and medium sized firms (SMEs).



THE ROLE AND IMPORTANCE OF LEADERSHIP IN THE POST-PANDEMIC ENVIRONMENT

Andrijana KALUĐEROVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
anakalu@yahoo.com

Sofija SEKULIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
sofija.s@ucg.ac.me

Eldar KOMAR

Faculty of Economics Podgorica, University of Montenegro, Montenegro
eldar.komar.dl@gmail.com

Abstract

Leadership in the post-pandemic environment has become a key topic in recent research, due to the significant changes in the way organizations are led, caused by a global crisis such as the COVID-19 pandemic. The study analyzes leadership in the post-pandemic business environment, with a particular focus on crisis management and digital transformation. The COVID-19 pandemic has caused profound changes in the global economy, forcing organizations to adapt to new market conditions while simultaneously accelerating the process of digitalization. The study focuses on four specific companies – Amazon, Google, J.C. Penney, and Carnival Cruise Lines – and their strategies in response to the crisis. Through the analysis of specific examples, the focus is placed on how leaders reacted to the global crisis, what strategies they implemented, how they adapted to new market conditions, and what key decisions shaped their business success or failure. Using a case study methodology, the factors that enabled the success of some organizations and the failure of others are analyzed. Digitalization and innovation play a crucial role in this process, as they allow organizations to quickly adapt to new markets and business models. Leaders in the post-pandemic world must be ready for change, possess emotional intelligence, and have crisis management skills to ensure the long-term success of the organization. The results of the research show that companies that quickly implemented digital technologies and developed crisis strategies were better prepared for post-pandemic recovery. In contrast, organizations that failed to timely adjust their business models suffered significant losses. The article will provide insights into key aspects of leadership and management and offer recommendations for future challenges in the business environment.

Keywords: leadership, crisis management, digital transformation, post-pandemic business environment.

ADVANCING PUBLIC PARTICIPATION THROUGH DIGITAL MAPPING: INSIGHTS FROM PPGIS STUDIES

Claudia ROMELLI

Poliedra – Politecnico di Milano, Milano, Italy
claudia.romelli@polimi.it

Carl C. ANDERSON

Institute for Environmental Planning, Leibniz Universität Hannover, Hannover, Germany
andersonumwelt.uni-hannover.de

Carolyn KLONNER

Department of Geography and Geology, University of Turku, Turku, Finland
carolin.klonner@utu.fi

Nora FAGERHOLM

Department of Geography and Geology, University of Turku, Turku, Finland
ncfage@utu.fi

Christian ALBERT

Institute for Environmental Planning, Leibniz Universität Hannover, Hannover, Germany
albertumwelt.uni-hannover.de

Abstract

Public green spaces (PGS) are essential for enhancing urban dwellers' well-being. However, urban planners and PGS managers often lack detailed, spatially disaggregated data on their usage and users. Digital participatory mapping tools offer a powerful means to capture user preferences and profiles, fostering more inclusive decision-making and strengthening engagement between citizens, researchers, and policymakers. This contribution examines the role of participatory mapping technologies in assessing public perceptions and uses of PGS, with a particular focus on digital mapping interfaces. By integrating spatial analysis and user experience evaluation, we explore how different digital tools facilitate citizen input and assess the effectiveness of various mapping interfaces in capturing spatial preferences and behaviors. The research was conducted in Bochum, Germany and involved two phases. First, an online public participation GIS (PPGIS) survey was conducted in 2022, gathering data from 807 participants to assess spatial patterns of PGS use and avoidance. Results revealed distinct spatial clusters of PGS usage, shaped by societal, physical, and demographic factors. By analyzing the reasons for both visitation and avoidance, the study highlights how participatory mapping can help urban planners improve the accessibility, quality, and inclusivity of urban green spaces. In the second phase, the survey was repeated with a smaller sample, incorporating a 3D model to evaluate the effectiveness of alternative mapping interfaces in capturing user preferences. Findings suggest that 3D visualization offers advantages for small-scale, localized planning, while 2D mapping remains effective for city-wide assessments. Overall, our findings underscore the potential of digital tools to enhance public engagement in urban planning. The findings emphasize the need for further refinement of PPGIS and 3D participatory mapping technologies to optimize their role in gathering citizen input and supporting sustainable, community-driven urban development.

Keywords: urban planning, PPGIS, green and blue infrastructure, digitalization.

THE FUTURE OF ESG REPORTING AFTER THE EU OMNIBUS REGULATION: A LEAP FORWARD OR A STEP BACKWARD?

Sofija SEKULIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
sofija.s@ucg.ac.me

Abstract

The EU Omnibus Regulation came into force with the aim of enhancing transparency and consistency in ESG reporting, as a proposal for amendments intended to ease the requirements of the CSRD, CBAM, CSDDD, and the EU Taxonomy. These changes should be understood as providing companies with additional space to truly focus on implementing changes beyond reporting, which is also the main message from the European Commission. While its goal is to improve the uniformity of ESG data, the question now arises as to how these changes will affect the quality of reporting. Through an analysis of the new reporting requirements introduced by the EU Omnibus Regulation, this paper aims to explore whether the regulation contributes to greater transparency and relevance of data, or it increases regulatory complexity.

This paper provides a deeper understanding of the practical challenges faced by companies in implementing new requirements of ESG reporting in the EU. As a part of the study, surveys and interviews will be conducted with auditors and ESG consultants, in order to gather insights into the practical challenges posed by the new regulation. Information gathered from ESG experts and professionals who already prepare reports could offer valuable recommendations for a more efficient approach to compliance with the new regulations, while simultaneously improving the quality of reports.

The findings of this research will help determine whether the Omnibus Regulation raises the standards of ESG reporting or creates administrative barriers that could hinder the implementation of sustainable business practices. Understanding previously mentioned challenges is crucial, as one of the key objectives of this research is to identify the current obstacles in ESG reporting. This could help companies in less developed countries, such as Montenegro, better prepare the evolving ESG reporting landscape.

Keywords: ESG, EU, Omnibus Regulation, auditors, ESG reporting.

THE IMPLEMENTATION IMPACT OF THE ESG CONCEPT ON THE INTERNAL AUDIT FUNCTION

Denis KOVAČEVIĆ

Chamber of Assessors and Forensic Experts of Montenegro, Montenegro
deniskovacevic1979@gmail.com

Abstract

The IIA's Three Lines Model is recognized globally as a critical resource in successful governance. It helps organizations identify structures and processes to best manage risks and achieve objectives, including an organization's ESG-related risks. The model establishes the three essential roles that define governance at its most basic: accountability, actions and assurance. It also identifies the three essential players in governance: the governing body, management and internal audit. First-line responsibilities include providing products and services to clients or customers in compliance with the requirements and expectations set by the second-line, who provide oversight, advice and assess and perform risk management activities, challenging the first line where required. Third line as independent, objective assurance and advice is fundamental to the role and mission of internal auditing, which makes its involvement in ESG reporting critical. These roles and responsibilities are the fundamental components of governance supported by a governing body that is truly accountable for the actions it has asked management to perform.

What to report is a key question in managing ESG reporting risks. Internal audit can provide insights into the kind of data (quantitative and qualitative) that accurately reflect relevant sustainability efforts within the organization.

Competent internal audit functions are familiar with the building blocks of effective control environments. They can recommend the frameworks (e.g., COSO's Internal Control – Integrated Framework) to manage ESG risks and build an ESG control environment.

Internal audit can provide advice and guidance on ESG governance because of its holistic understanding of risk across the organization. It can use its unique perspective to help identify roles and responsibilities, as well as provide training on internal controls.

The conclusion is that internal audit functions that operate in conformance with The IIA's globally recognized standards are well-positioned to help their organizations apply established, credible internal control frameworks to their ESG efforts. And as with financial reporting, the independent and objective assurance only internal audit can provide must be an integral part of that response.

Keywords: IIA's Three Lines Model, COSO, risk.

EXPORT MARKETING STRATEGIES OF ALBANIAN SMES CHALLENGES AND OPPORTUNITIES

Sandra VOGLI

Faculty of Economy, University of Tirana, Albania
sandra.vogli@unitir.edu.al

Abstract

Globalization is driving increasing integration in the global economy, allowing small and medium enterprises (SMEs) to internationalize quickly and efficiently. This research investigates effective export marketing strategies tailored for emerging markets, highlighting the unique challenges and opportunities these environments present. While internationalization has traditionally been associated with large corporations, SMEs have become more active in international markets in recent years. This study explores the internationalization process for SMEs, their motivations for going global, and the models they adopt. The research adopts quantitative surveys to gather data on export-oriented firms' marketing practices. The sample includes businesses from various sectors, offering a comprehensive view of export marketing strategies. Some key findings can be related to: 1. Market Research: Companies that invest in thorough market research tend to perform better in identifying potential customers and understanding local consumer behavior. Customizing products to meet local preferences is crucial. 2. Adaptation vs. Standardization: A hybrid approach to the marketing mix is often the most effective. While some elements can be standardized (e.g., brand name), others, such as pricing and promotional strategies, must be adapted to local contexts. 3. Digital Marketing: The rise of digital platforms has transformed export marketing. Companies utilizing social media and e-commerce are more likely to reach new customers and establish brand awareness in foreign markets. 4. Partnerships and Networks: Building relationships with local partners, distributors, and trade associations significantly enhances market entry success. These networks provide valuable insights and facilitate smoother operations. 5. Government Support: Exporting firms benefit from government initiatives aimed at promoting international trade, including financial incentives, training programs, and trade missions. These findings suggest that export marketing in emerging markets requires a nuanced approach that balances global marketing strategies with local market realities. Companies should prioritize market research, embrace digital tools, and foster partnerships to navigate the complexities of foreign markets effectively.

As emerging markets continue to grow, understanding and implementing effective export marketing strategies will be vital for firms aiming to succeed internationally. This study contributes to the existing literature by providing actionable insights for entrepreneurs and policymakers in Albania in the realm of export marketing.

Keywords: Albanian SMEs, market entry strategies, digital transformation, consumer behavior, internationalization.



AI-PROOF FUTURE EMPLOYEES: INVESTIGATING PERCEPTIONS ON ARTIFICIAL INTELLIGENCE SKILLS AND COMPETENCIES

Ljupcho EFTIMOV

Ss. Cyril and Methodius University in Skopje, Faculty of Economics, North Macedonia
ljupco.eftimov@eccf.ukim.edu.mk

Violeta CVETKOSKA

Ss. Cyril and Methodius University in Skopje, Faculty of Economics, North Macedonia
vcvetkoska@eccf.ukim.edu.mk

Bojan KITANOVIKJ

Ss. Cyril and Methodius University in Skopje, Faculty of Economics, North Macedonia
bojan.kitanovikj@eccf.ukim.edu.mk

Abstract

In the era of digital transformation and AI, effective leadership requires a unique skillset that goes beyond mere technical expertise. The success of organizations in navigating complex and rapidly-changing technological environments hinges on the abilities of their leaders. Effective leaders prioritize the development of their “soft skills” in order to adapt to the evolving needs of their organizations and thrive in the era of digital disruption. As organizations strive to stay competitive in an increasingly disruptive landscape, it is imperative that leaders prioritize the development of these skills to effectively manage change, drive innovation, and achieve sustainable growth. Using surveys, interviews, and an extensive review of literature, we have confirmed hypothesis that the development of “soft skills” is crucial for leaders in the digitalization and AI era. These skills include, but are not limited to, emotional intelligence, communication, creativity, critical thinking, and problem-solving. We have found that leaders who prioritize the cultivation of these skills are better equipped to navigate the challenges of digital disruption, build and maintain high-performing teams, foster innovation, create a culture of continuous learning and improvement, and inspire their teams to achieve greater success. Furthermore, our research indicates a strong link between leadership and capability of a company to generate disruptive innovations. Effective leaders, in this context, are not only capable of managing change, but also initiating it and driving it forward. Their unique combination of hard and soft skills allows them to anticipate and capitalize on emerging trends, identify opportunities for innovation, and create new value for their organizations.

Keywords: Digital transformation, leadership, “soft skills”, „disruptive innovation”, sustainable growth.



NATIONAL INSTITUTIONS AND AI-AUGMENTED DECISION-MAKING: GOVERNMENT ENDORSEMENT AND CULTURAL TIGHTNESS INFLUENCES

Jelena CERAR

WU Vienna, Austria
jelena.cerar@wu.ac.at

Dana MINBAEVA

King’s College London and Copenhagen Business School, United Kingdom
dana.minbaeva@kcl.ac.uk

Phillip C. NELL

WU Vienna, Austria
phillip.nell@wu.ac.at

Abstract

In an era driven by ground-breaking technological advancements, organizations worldwide are embracing the potential of artificial intelligence (AI). While AI tools are globally accessible, individuals’ willingness to rely on them is likely to vary depending on the institutional environments in which they operate. This poses a particular challenge for multinational enterprises (MNEs) whose operations span multiple institutional contexts and employ individuals from diverse backgrounds. However, despite existing research on cross-cultural decision-making, it has yet to adequately address how institutional contexts shape the extent to which individual decision-makers rely on AI in augmented decision-making. Furthermore, the existing general management literatures on “AI appreciation” and “algorithm aversion” also overlook the macro-level/institutional context, focusing predominantly on algorithm-, task-, individual- and some organizational-level factors. These shortcomings present a significant challenge, as failing to account for institutional factors that shape individual decision-making limits the generalizability of research on AI augmentation. In this paper, we examine how reliance on AI in individual decision-making is shaped by collective norms influenced by two institutions: (1) the national government and (2) national culture. Following the theory of cultural tightness and looseness, we hypothesize that, ceteris paribus, government AI endorsement fosters collective norms that promote more positive attitudes toward AI and facilitate reliance on it, as individuals align their behavior with prevailing social norms. This reliance is likely to be even stronger in tighter cultures, where individuals are accustomed to strict regulation, strongly internalize hierarchically defined norms and rules, and, in uncertain situations, tend to conform to collective preferences to minimize uncertainty and avoid mistakes. To test our theoretical framework, we conducted a vignette study with 172 managers from seven countries (Australia, India, Pakistan, Singapore, New Zealand, the U.K., and the U.S.). Our results show that government AI endorsement positively influences AI reliance, and this effect is positively moderated by cultural tightness. We contribute to the general management literature on AI augmentation and the literature on cross-cultural decision-making, while also bringing important implications for MNEs and governments seeking to leverage AI for competitive advantage.

Keywords: AI Reliance, Augmented Decision-Making, AI-Endorsement, National Institutions, Government, Cultural Tightness-Looseness.

E-COMMERCE IN TRANSITION: FROM CASH ON DELIVERY TO DIGITAL PAYMENTS

Sunčica VUKOVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
suncica@ucg.ac.me

Chahna GONSALVES

King's Business School, King's College London, United Kingdom
chahna.gonsalves@kcl.ac.uk

Ljiljana KAŠČELAN

Faculty of Economics Podgorica, University of Montenegro, Montenegro
ljiljak@ucg.ac.me

Ivan BOŠKOVIĆ

Montenegrin E-Commerce Association
ivan.boskovic@itas.ai

Abstract

Technological advancements have accelerated online shopping adoption and introduced diverse payment methods from cash on delivery (COD) to fully electronic payment (e-payment) systems. While COD remains prevalent in emerging markets due to perceived security and convenience, electronic payments offer transparency, speed, and operational efficiency (Hamed & El-Deeb, 2020). This study serves as preliminary research on the factors affecting payment method choice, particularly the persistence of COD versus the adoption of e-payments in developing versus developed countries. The systematic overview of these factors will provide a foundation for future comprehensive research on COD prevalence in Montenegro, examining regulatory, institutional, demographic, and individual influences. Consumer perceptions of payment methods are shaped by factors such as ease of use, trust, security, and value (Mathew et al., 2014; Tandon & Kiran, 2018; Nguyen & Nguyen, 2020; Halaweh, 2017, 2018). In developed markets, strong banking infrastructure and digital literacy drive electronic payment adoption, while, in contrast, emerging economies rely heavily on COD due to distrust in digital transactions and privacy issues, among other factors. COD provides security against fraud and greater control over purchases, positively impacting online shopping decisions and acting as a mediator for shopping intentions in developing markets (Anjum & Chai, 2020; Ikhsan & Hajati, 2022; Tandon & Kiran, 2018). Montenegro presents an interesting case as a transitional economy - despite being an EU candidate, its e-commerce sector exhibits characteristics of emerging markets. Similarly, COD remains the dominant payment method in the other Western Balkan countries, with usage rates of 71% in Serbia, 74% in Bosnia and Herzegovina, and 75% in Albania (MEA, 2024). Montenegro follows this regional trend, reflecting broader trust and infrastructure challenges. Findings from this study will provide a thorough understanding of the factors influencing payment method choices - by analyzing regulatory, institutional, demographic, and individual factors, this study will help identify key obstacles and opportunities for digital payment adoption in Montenegro, contributing to a more structured and data-driven approach to financial modernization. Furthermore, encouraging e-payment adoption will support Montenegro's efforts to align with EU financial regulations, enhance cross-border trade and create a more competitive digital economy.

Keywords: E-commerce payment methods, Cash on delivery (COD), Digital payment adoption, Consumer behavior.

EARLY SPARKS: FOSTERING ENTREPRENEURSHIP COMPETENCES IN BALKAN COUNTRIES

Athanasia LOUKIDOU

University of Macedonia, Thessaloniki, Greece
aloukidou@uom.edu.gr

Sofia BOUTSIOUKI

University of Macedonia, Thessaloniki, Greece
sofiab@uom.edu.gr

Katerina SARRI

University of Macedonia, Thessaloniki, Greece
ksarri@uom.edu.gr

Abstract

In the rapidly changing global environment, entrepreneurial competences are essential for equipping young individuals to innovate, start businesses, and create job opportunities, (United Nations, 2015). Recognizing the importance of entrepreneurial competences, Sarri et al. (2022) argue that entrepreneurship education should focus on cultivating an entrepreneurial mindset from an early age. This emphasis is crucial because entrepreneurial competences, which encompass a blend of skills, knowledge, and attitudes, can significantly benefit from early development, leading to substantial long-term effects (Huber et al., 2014).

The European Union has identified entrepreneurship as a cornerstone of personal and professional development, marking it as one of the eight competencies essential for lifelong learning (European Commission, 2019). With this recognition, the European Union has actively developed and implemented a range of supportive policies and innovative tools designed to integrate entrepreneurship seamlessly into the educational landscape (Seikkula-Leino et al., 2021), while at the same time backing financial initiatives for this aim. Within this study, the aim is to map the national strategies selected Balkan countries have implemented for embedding entrepreneurship within primary and secondary education frameworks. To demonstrate the significance of this effort, the paper highlights good practices from other European countries. By weaving these insights into a comprehensive analysis, this paper endeavors to deepen the discourse on nurturing entrepreneurial competences, thereby paving the way for an environment that nurtures innovation, drives economic growth and fosters societal advancement.

Keywords: Entrepreneurship education, Primary and Secondary education, Public policies, Balkan countries.

DEVELOPMENT OF KNOWLEDGE AND SKILLS OF EMPLOYEES AS A FACTOR OF ORGANIZATIONAL SUCCESS

Svetlana KOJOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
svetlana.kojovic@live.com

Jasmina ĆETKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
cetkovicjasmina2@gmail.com

Abstract

In the modern business environment, characterized by rapid technological changes and increasing competition, the continuous development of employees' knowledge and skills has become an indispensable factor for organizational success. This paper examines the impact of employee training, as a key determinant of professional development, on organizational performance and the achievement of strategic goals. The focus is on aligning training programs with the strategic goals of organizations in Montenegro and integrating training into the human resource management system. Through the analysis of employees' perceptions, the study explores how training and education programs affect their motivation and job satisfaction, as well as the role of leaders in promoting a culture of learning and professional development. The research provides theoretical insights and empirical evidence that can help managers better understand the importance of investing in professional development as a strategy for achieving long-term organizational success. Based on the conclusions, the paper offers recommendations for improving training programs to achieve better results and competitive advantage.

Keywords: human resources, training programs, motivation, organizational performance, strategic goals.

CONCENTRATION, COMPETITION AND EFFICIENCY OF COMPANIES IN THE MILK AND DAIRY PRODUCTS MARKET IN BOSNIA AND HERZEGOVINA

Tamara DRAGIĆ

Directorate for European Integration, Sarajevo, Bosnia and Herzegovina
tamaradragic@yahoo.de

Mladen REBIĆ

Faculty of Economics Pale, University of East Sarajevo, Bosnia and Herzegovina
rebicmladen@yahoo.co.uk

Milica BOJAT

Faculty of Economics Pale, University of East Sarajevo, Bosnia and Herzegovina
milicabojat@yahoo.com

Abstract

This paper analyzes the milk and dairy products market in Bosnia and Herzegovina. It provides an overview of the current state of the market from the aspect of processing, production and foreign trade of Bosnia and Herzegovina with its important partners. The aim and subject of the paper is to determine the degree of concentration, as well as the impact of the degree of concentration on the efficiency and competition of companies in the milk and dairy products market in Bosnia and Herzegovina. The CRn index and the Herfindahl – Hirschman index were used to calculate the level of concentration in this market. The basic hypothesis in this research is that a low degree of concentration in the milk and dairy products market has a positive effect on the efficiency of the operations of companies in the milk and dairy products market in BiH. In order to more easily confirm or reject the main hypothesis, a subsidiary hypothesis was set: A low degree of concentration has a positive effect on the growth of competitive activities of companies and product differentiation. After conducting an analysis and measuring the level of concentration, it was determined that there has been a moderate level of concentration in recent years and that this contributes to greater competitiveness and efficiency of business operations of companies in the milk and dairy products market in BiH.

Keywords: production, efficiency, competition, concentration, milk market.



TREE -BASED ALGORITHMS APPROACH ON PREDICTING EMPLOYEE TURNOVER

Damir ALEXANDRA-DANIELA

Alexandru Ioan Cuza University of Iași, Doctoral School of Economics and Business Administration, Romania
alexandra.damir@student.uaic.ro

Abstract

Employee turnover is a critical challenge that organizations face because of the negative impact on employee productivity, morale and general performance. Understanding the factors that affect employee turnover is a crucial part in developing efficient employee retention strategies. The objective of this paper is identifying the best classification model for predicting employee turnover and identifying the key factors that affect employee churn. To achieve the research objective, we conducted a comparative analysis between decision trees and random forest algorithms. The results of the analysis show that workplace satisfaction, workload, review score, average number of working hours per month, and tenure are the main factors of employee turnover. Among the two algorithms employed, random forest exhibited superior performance across all evaluation metrics utilized. This study contributes to the existing work by providing empirical proof regarding factors that affect employee turnover and by comparing different machine learning algorithms. The findings underline the value of machine learning techniques in understanding the complexities of the workforce in general and provide empirical proofs for building human resources strategies.

Keywords: Predictive analysis, employee turnover, classification, random forest, decision trees.

IV REGENERATIVE TOURISM

**LEVERAGING REGENERATIVE TOURISM DEVELOPMENT:
A CONCEPTUAL FRAMEWORK**

Carlo SESSA

Euro Mediterranean Economist Association, Spain
mc7920@mclink.it

Rym AYADI

Euro Mediterranean Economist Association, Spain
rym.ayadi@city.ac.uk

Abstract

The goal of sustainability has been to meet the needs of present generations without compromising the ability of future generations to meet their own needs (WCED, 1987). But the prevalence of a linear and degenerative economy has weakened the planet's regenerative capacity, making it harder and harder to achieve this ambition. Sustainability has become a necessary but insufficient condition for long-term human welfare. Next to sustaining, there is a growing need to regenerate our and the planet's ability to meet present and future needs. This has given rise to the field and idea of "regeneration". The term essentially refers to the ability of a system to remake or renew itself continuously, and it has its origins in biology and natural sciences, relating to the ability of cells, organisms and ecosystems to renew themselves. Regenerative tourism, at its simplest, seeks to ensure travel and tourism reinvest in people, places and nature and that it supports the long-term renewal and flourishing of our socio-ecological systems.

The paper will review key principles of regenerative tourism and present a conceptual framework to enable the transition from exploitative to regenerative forms of tourism, using system thinking as theoretical foundation. On more practical grounds, to implement regenerative transitions, the paper will suggest a multi-stakeholders' living lab management approach and canvas tool, to engage all actors in a "regenerative tourism innovation ecosystem" for leveraging change towards better quality of life experience - for guests, hosts and resident population alike - and ecological flourishing of all forms of life in tourist destinations.

Keywords: Regenerative tourism; quality of life, ecological flourishing, living lab management approach.

**THE ROLE OF ARTIFICIAL INTELLIGENCE
IN PROMOTING EV USE FOR LOW-CARBON TOURISM**

Patricija TOPIĆ

University of Dubrovnik & University of Zagreb, Croatia
ptopic@net.efzg.hr

Abstract

Artificial intelligence (AI) is increasingly shaping sustainable tourism by enhancing the accessibility and efficiency of electric vehicles (EVs). This study explores AI's role in promoting low-carbon mobility in Croatia, a leading tourist destination facing the challenge of integrating EV infrastructure into its transportation network. Through spatial analysis of EV charging station distribution in key tourist regions, such as the Adriatic coast and major urban hubs, combined with survey data on traveler experiences with AI-powered navigation and route planning, this research evaluates how digital tools influence EV adoption among tourists. Findings indicate that AI-driven travel recommendations, including optimized charging routes, real-time station availability, and tailored eco-friendly travel suggestions, significantly impact tourist mobility choices. By integrating spatial mapping with user insights, this study provides actionable recommendations for policymakers and tourism stakeholders seeking to enhance EV accessibility and promote sustainable mobility solutions in Croatia's tourism sector.

Keywords: Artificial intelligence, electric vehicles, spatial analysis, sustainable tourism, Croatia, smart mobility, geospatial optimization, low-carbon travel.

**SUSTAINABLE TOURISM:
YOUTH PERSPECTIVES AND PRACTICES**

Barbara GRAH

University of Ljubljana, School of Business and Economics, Slovenia
barbara.grah@ef.uni-lj.si

Sandra PENDER

University of Ljubljana, School of Business and Economics, Slovenia
sandra.pender@ef.uni-lj.si

Katja DEBELAK

University of Ljubljana, Faculty of Public Administration, Slovenia
katja.debelak@fu.uni-lj.si

Abstract

The paper explores sustainable tourism through the lens of youth experiences, comprehensively analyzing perceptions, practices, and future directions in responsible travel. Drawing on a qualitative approach, data were collected from 287 participants, with a balanced representation of gender, who shared their best tourism experiences, criteria for choosing travel destinations, and insights into sustainable practices. The research employed a detailed open-question questionnaire covering multiple dimensions of tourism—from natural beauty and cultural engagement to the importance of eco-friendly accommodations and community-based tourism initiatives.

The methodological framework integrated thematic analysis to identify recurring patterns and codes from the qualitative responses. Key themes emerged around environmental responsibility, cultural preservation, and the economic implications of tourism. Findings indicate that while many young travellers prioritize affordability and personal experience, there is a growing awareness of the need for sustainability and regeneration. Respondents emphasized the role of eco-certifications, renewable energy use, and public transportation in reducing tourism's environmental footprint. Furthermore, the research highlighted the importance of local engagement and ethical tourism practices, suggesting that sustainable tourism can simultaneously support local economies and promote cultural heritage.

In addition to capturing personal travel narratives, the research outlined specific good practices recommended for local providers, such as reducing plastic waste, enhancing recycling programs, and developing community-led tourism initiatives. The conceptual model developed in this study positions sustainable tourism as an interconnected framework where community-based, ethical, regenerative, and eco-conscious travel mutually reinforce each other. This model offers a valuable perspective for policymakers and industry stakeholders aiming to balance economic growth with environmental and cultural stewardship. Overall, the findings contribute to the evolving discourse on sustainable tourism, emphasizing that responsible travel is not only feasible but essential for the long-term preservation of global tourism resources.

Keywords: Sustainable tourism, youth, eco-conscious travel, community engagement, ethical tourism, regenerative tourism.

**REGENERATIVE TOURISM AS A RESPONSE TO THE CHALLENGES
OF SUSTAINABLE DEVELOPMENT IN THE NORTH OF MONTENEGRO****Ana LALEVIĆ-FILIPOVIĆ**Faculty of Economics, University of Montenegro, Montenegro
*analf@ucg.ac.me***Milijana NOVOVIĆ-BURIĆ**Faculty of Economics, University of Montenegro, Montenegro
*mnovovic@ucg.ac.me***Abstract**

In many economies, especially those still facing challenges in their transition processes, natural resources are progressively endangered due to uncontrolled exploitation. The primary causes of these negative tendencies stem from inadequate public policies, lack of effective regulatory mechanisms, weak institutional capacity to implement protection measures, and the failure to successfully integrate sustainable development principles into key development strategies. In modern ecologically conscious economies, regenerative tourism is increasingly asserting itself as a model that not only reduces the negative consequences of mass tourism, but actively contributes to the restoration and revitalization of the ecosystem, thus ensuring the long-term sustainability of the tourism sector.

Thanks to its favorable geographical position and exceptional natural potential, Montenegro has significant potential for the implementation of regenerative tourism. Although tourism is recognized as a strategic economic branch in key national development documents, its development is predominantly oriented towards the southern coastal regions. This imbalance, in addition to socio-economic implications, has also generated serious environmental problems, including uncontrolled urbanization, degradation of coastal landscapes and increased pollution. Numerous studies confirm that northern Montenegro has significant potential for the development of regenerative tourism, especially through the concept of integrating the local population into the tourist offer. Sustainable models for the utilization of natural resources, especially national parks and preserved ecosystems, can reduce the excessive exploitation of resources, which would contribute to both the ecological and economic resilience of the northern region. More precisely, with adequate educational initiatives, stimulating policies and targeted development support measures, the return of the local population to rural areas can be encouraged and thereby contribute to the revitalization of abandoned rural communities.

The aim of this paper is to point out the importance of regenerative tourism as a key instrument for the long-term development of the north of Montenegro, with a special emphasis on its role in protecting natural resources, improving the socio-economic stability of local communities and establishing sustainable development policies. In other words, the goal of the paper is to demonstrate that a more balanced regional development approach is imperative for long-term economic stability, and to emphasize the necessity of redefining tourism policy with the aim of focusing on the northern parts of the country, where regenerative tourism could play a key role in preserving natural and cultural values.

Keywords: Regenerative tourism, Sustainable development, Northern Montenegro, Natural resources, Tourism policy.

**SUSTAINABLE BRANDING OF TOURIST DESTINATIONS – INTEGRATION OF LOCAL RESOURCES
INTO MARKETING STRATEGIES IN THE PROCESS OF EUROPEAN INTEGRATION****Boban MELOVIĆ**Faculty of Economics, University of Montenegro, Montenegro
*bobanm@ucg.ac.me***Jurica PAVIČIĆ**Faculty of Economics and Business Zagreb, University of Zagreb, Croatia
*jpavicic@efzg.hr***Zoran KRUPKA**Faculty of Economics and Business Zagreb, University of Zagreb, Croatia
*zkrupka@net.efzg.hr***Abstract**

Sustainable development is one of the key issues in the process of European integration, with destination branding playing a significant role in the economic and tourism progress of candidate countries. This research analyzes sustainable branding strategies for tourist destinations through the integration of local resources - natural, cultural, and agricultural - into marketing campaigns, aiming to enhance the competitive position of tourist destinations in line with EU standards. The primary objective of this study is to examine the impact of integrating local resources on the perception of a destination brand and its long-term development, taking into account EU requirements for sustainable development and the preservation of the authenticity of tourism offerings. The originality of the research lies in its multidisciplinary approach, which combines concepts of sustainable development, destination branding, and European policies, as well as in the analysis of best practices from countries that have undergone the European integration process. Methodology involves a combination of qualitative and quantitative techniques, including the analysis of primary and secondary sources, surveys conducted with tourists and local stakeholders, and case studies of successful examples of sustainable branding in EU member states. Research findings indicate that the integration of authentic local resources into marketing strategies not only strengthens the destination's recognition but also contributes to sustainable development by supporting the local economy and preserving natural and cultural values. Additionally, the results highlight the need for strategic coordination between tourism operators, the public sector, and local communities to ensure the long-term sustainability of the destination brand. Key recommendations include developing policies that support local producers within tourism offerings, creating marketing campaigns based on sustainability and authenticity, and implementing measures aligned with EU standards for sustainable tourism.

Keywords: sustainable branding, tourist destination, local resources, marketing strategy, European integration, EU standards.

THE IMPACT OF ENVIRONMENTALLY SUSTAINABLE PRACTICES ON HOTEL GUEST SATISFACTION IN THE REPUBLIC OF SERBIA

Bojana NOVIĆEVIĆ-ČEČEVIĆ

Faculty of Economics - University of Niš, Serbia
bojana.novicevic@eknfak.ni.ac.rs

Sonja JOVANOVIĆ

Faculty of Economics - University of Niš, Serbia
sonja.jovanovic@eknfak.ni.ac.rs

Marina STANOJEVIĆ

Faculty of Economics - University of Niš, Serbia
marina.stanojevic@eknfak.ni.ac.rs

Abstract

Customer satisfaction in hotel services represents one of the key prerequisites for achieving and maintaining a hotel's competitive advantage. In this context, hotel managers and owners strive to offer modern and appealing services to their guests. In recent years, special attention has been given to environmental protection and the implementation of various activities and strategies to improve hotel offerings in line with contemporary ecological standards. The hotel industry is a significant consumer of energy, water, and other resources, making essential the introduction of sustainable solutions such as energy-efficient systems, recycling, use of biodegradable products, and promotion of local and organic food products. Additionally, hotels are known as generators of large amounts of waste, which is a segment that requires special attention. The adoption and implementation of numerous ecological practices ultimately lead to an enhanced hotel reputation and reduced operating costs in long term, through more efficient resource use. The social aspect of environmental sustainability in hotels further strengthens cooperation with the local community and contributes to the development of sustainability awareness among both employees and guests, ultimately fostering a positive organizational culture. The general aim of this paper is to examine the potential impact of applying environmentally sustainable practices on guest satisfaction and their willingness to return to a hotel, using appropriate statistical methods to analyze the relationship between selected variables based on a survey questionnaire, with a focus on regions in the Republic of Serbia

Keywords: environmental practices, guest satisfaction, sustainable practices, hotel.

FINANCIAL HEALTH AND CORPORATE SOCIAL RESPONSIBILITY OF FIVE-STAR HOTELS IN MONTENEGRO: ARE THEY CONNECTED?

Milica VUKČEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milica.v@ucg.ac.me

Milan LAKIĆEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
milanl@ucg.ac.me

Saša VUJOŠEVIĆ

Faculty of Economics, University of Montenegro, Montenegro
vsasa@ucg.ac.me

Abstract

The tourism sector, as one of the key drivers of the economy in many countries, including Montenegro, is facing increasing pressure to align with sustainable practices that not only improve business outcomes but also minimize negative environmental and social impacts. Given that tourists are becoming more inclined to choose destinations and services that promote ecological, social, and ethical values, hotels that integrate sustainability into their operations can gain a competitive edge. Furthermore, transparent sustainability reporting has become an important factor in maintaining reputation and building trust with guests, investors, and local communities, which further contributes to long-term success in the industry. Based on previously mentioned, the financial health and sustainability reporting of businesses have become critical areas of focus, so this study aims to investigate the connection between the financial health and sustainability reporting practices of five-star hotels in Montenegro. The research explores whether hotels that exhibit strong financial performance also report more comprehensively on sustainability issues, and whether the level of sustainability reporting influences the financial outcomes of these businesses. The study will involve a sample of the ten highest-rated five-star hotels according to TripAdvisor, a widely recognized customer review platform. Montenegro, a small but growing tourism destination, has witnessed rapid expansion in its luxury hospitality sector, with five-star hotels playing a significant role in the country's economic development. To assess the financial health of the selected hotels, bankruptcy prediction models, such as the Springate and Zmijewski models, will be applied. Also, the study will investigate the sustainability practices of these hotels. Preliminary findings suggest that there is a positive correlation between sustainable practices and financial performance. The study contributes to the growing body of literature on the intersection of financial health and sustainability in the hospitality sector and provides practical recommendations for hotel managers, policymakers, and other stakeholders in Montenegro. It emphasizes the importance of integrating Corporate Social Responsibility practices into the broader strategic framework of hotels to foster long-term financial success and positive environmental and social outcomes.

Keywords: Financial health, Corporate Social Responsibility, Five star hotels, Montenegro.

GREEN HEALTH TOURISM: A PATHWAY TO SUSTAINABLE ECONOMIC GROWTH IN MONTENEGRO

Sandra BOJANIĆ

Ministry of Tourism, Montenegro
sandra.bojanic@mt.gov.me

Milena LIPOVINA-BOŽOVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
milena@ucg.ac.me

Milan RAIČEVIĆ

Faculty of Economics Podgorica, University of Montenegro, Montenegro
milan.raicevic@ucg.ac.me

Abstract

The unique geographical and climatic characteristics of Montenegro provide a strong basis for the development of green health tourism, a sector that is experiencing the fastest growth in the world, especially in the “post-covid” period, and that aligns with the main goals of the Tourism Development Strategy of Montenegro 2022-2025, The National Strategy for Sustainable Development until 2030 (NSOR), the Health Tourism Development Program of Montenegro, and especially the Smart Specialization Strategy (S3) within the strategic goal “Healthy Montenegro”. This paper explores how Montenegro can leverage its natural resources, wellness traditions and medical tourism potential to create an eco-friendly and innovation-driven health tourism sector, fostering a higher quality of life, thus the nation’s prosperity and long-term economic growth.

The study examines the socio-economic benefits of green health tourism, including job creation, extended tourist stays and diversification of the tourism product in order to overcome marked seasonality. Special emphasis is placed on sustainable infrastructure, including the integration of renewable energy in wellness resorts, zero-waste spa facilities and eco-conscious medical retreats. Furthermore, the paper discusses the role of digitalization and innovation, as prioritized by the S3 strategy, in improving service quality, efficiency and Montenegro’s global positioning on the health tourism market.

Key challenges, such as the need for enhanced regulatory frameworks, skilled workforce development, and investment in sustainable infrastructure, are critically analyzed. The paper also provides policy recommendations to align Montenegro’s health tourism sector with the EU Green Deal and global sustainability standards, ensuring long-term resilience and economic impact.

By positioning Montenegro as a regional hub for sustainable health tourism, the country can enhance its economic diversification, promote responsible tourism practices and strengthen its brand as a high-value, eco-conscious destination.

Keywords: Sustainable tourism, green health tourism, Smart Specialization Strategy, economic growth, digitalization, Montenegro.

TOURISM-DRIVEN HOUSING MARKET DYNAMICS: IMPLICATIONS FOR REGENERATIVE URBAN DEVELOPMENT

Srdan MARINKOVIĆ

Faculty of Economics, University of Niš, Serbia
srdjan.marinkovic@eknfak.ni.ac.rs

Marija DŽUNIĆ

Faculty of Economics, University of Niš, Serbia
marija.dzunic@eknfak.ni.ac.rs

Jelena J. STANKOVIĆ

Faculty of Economics, University of Niš, Serbia
Jelena.stankovic@eknfak.ni.rs

Ivana MARJANOVIĆ

Faculty of Economics, University of Niš, Serbia
Ivana.veselinovic@eknfak.ni.ac.rs

Abstract

Tourism activity is increasingly recognized as a key driver of urban economic dynamics, influencing housing markets in diverse ways. While tourism expansion can generate economic benefits and enhance urban infrastructure, it can also exert upward pressure on housing prices, affecting affordability and accessibility for local residents. This study examines the relationship between tourism development and housing prices in Serbian cities, focusing on the impact of overnight tourist stays on residential property values. Using a dataset covering 24 cities, we employ an econometric model to assess how tourism-driven demand pressures interact with local housing market conditions. The analysis controls for key economic and urban infrastructure indicators, including average wages, employment levels, the population-to-housing stock ratio, new housing construction, and road infrastructure quality. These variables capture both demand-side and supply-side factors influencing property values. Our findings suggest that tourism expansion contributes to rising housing prices, likely driven by increased demand for short-term rentals and investment-driven real estate transactions. These results highlight the importance of sustainable urban planning and regulatory measures to balance tourism growth with housing affordability. By aligning with the broader principles of regenerative tourism, this research provides valuable insights into how cities can harness tourism as a driver of sustainable urban development while safeguarding the interests of local communities.

Keywords: regenerative tourism, housing prices, urban economics, real estate investment, sustainable urban planning.

REIMAGINING TOURISM IN MONTENEGRO: THE UNTAPPED POTENTIAL OF GREEN AND DIGITAL INNOVATIONS

Jelena JOVOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
jelena.j@ucg.ac.me

Sunčica VUKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
suncica.rogic@hotmail.com

Milena KONATAR

Faculty of Economics, University of Montenegro, Montenegro
milena.ra@ucg.ac.me

Vladimir ĐURIŠIĆ

Faculty of Economics, University of Montenegro, Montenegro
vladimirdj@ucg.ac.me

Nikola MIŠNIĆ

Faculty of Economics, University of Montenegro, Montenegro
n.misnic@gmail.com

Abstract

The integration of green and digital transformations is increasingly recognized as a fundamental driver of sustainable tourism development, enhancing environmental, economic and socio-cultural resilience, while improving visitor experience. Recent research examining digital and green transformation in tourism reveals a significant shift toward integrated approaches for achieving sustainable and regenerative industry practices. A state-of-the-art analysis in this field has identified Internet of Things (IoT) and Augmented/Virtual Reality (AR/VR) as key enabling technologies (Olim et al., 2025; Loureiro & Nascimento, 2021). These digital tools demonstrate the potential for enhancing operational efficiency and customer experiences while supporting sustainability initiatives in the tourism sector (Jones, 2023; Jha, 2024; Siddik et al., 2025). The integration of digital and green practices encompasses various initiatives, from eco-friendly accommodations to sustainable resource management systems (Saseanu et al., 2020; Schönherr et al., 2023). The main success factors that have been identified include stakeholder collaboration and clearly established sustainability goals (Rodrigues et al., 2022), emphasizing the importance of aligning these transformations with global and national policy frameworks to ensure long-term success. Montenegro's commitment to sustainable development is reflected in the National Strategy for Sustainable Development until 2030, which integrates United Nations Sustainable Development Goals (SDGs) into national policies, emphasizing green growth, resource efficiency, and socio-economic inclusivity (Government of Montenegro, 2016). Additionally, the Montenegro Tourism Development Strategy 2022-2025 underscores the role of digital innovation and environmental sustainability in building a competitive, responsible tourism industry, positioning Montenegro as a "green, smart, and sustainable" destination (Government of Montenegro, 2022). By leveraging smart technologies and sustainable practices, Montenegro can enhance its competitive advantage, and position itself as a global leader in responsible tourism. This study employs a mixed-methods approach combining qualitative and quantitative research to assess the integration of green and digital transformations in Montenegro's tourism sector. The research follows an exploratory-descriptive design, aimed at identifying key enablers, challenges, and policy recommendations for sustainable tourism development. Furthermore, by analysing the best practices in digital and green solutions for tourism sector (Marchi et al., 2023; Zeqiri et al., 2024), this study will offer insights to support Montenegro's sustainable tourism progress on its path toward EU accession.

Keywords: Green transformation, Digital transformation, Regenerative tourism, Sustainable tourism, Smart tourism, Tourism innovation.

FROM SUSTAINABLE TO REGENERATIVE TOURISM: A THEORETICAL AND CONCEPTUAL ANALYSIS

Otto REGALADO-PEZÚA

Universidad ESAN, Lima, Peru
oregalado@esan.edu.pe

Sylvie CHRISTOFLE

Université Côte d'Azur, Nice, France
sylvie.christofle@univ-cotedazur.fr

Abstract

The transition from sustainable to regenerative tourism represents a crucial advancement in environmental protection. While sustainable tourism focuses on reducing negative impacts on society, the environment, and the economy, regenerative tourism aims to go further by regenerating ecosystems and communities affected by tourism activities. This approach promotes co-creation and reinvestment in local communities, natural environments, and ecological systems, fostering socio-ecological structures' sustained revitalization and flourishing. To adopt a regenerative mindset, it is necessary to recognize the need for systemic changes, shifts in mindsets, and transformations in tourism practices. Sustainable tourism balances economic, ecological, and social benefits, minimizing negative impacts and supporting local economies and cultural heritage. However, its limited and mechanistic vision has been criticized for its inability to address contemporary socio-ecological challenges.

In contrast, regenerative tourism redefines tourism as an intervention mechanism that operates harmoniously with social and ecological systems, promoting positive effects in tourist destinations. This emerging paradigm integrates indigenous and Western ecological paradigms, restoring ecosystems, strengthening community resilience, and prioritizing the interdependence between humans and nature. Thus, regenerative tourism positions itself as a transformative tool for ecological and social regeneration, addressing the dynamic challenges of global tourism and promoting the active renewal of ecosystems and communities.

Keywords: Sustainable tourism, Regenerative tourism, Environmental restoration, Community resilience, Socio-ecological systems.

**FROM LUXURY TO SUSTAINABLE LUXURY:
ESG INITIATIVES AT LUSTICA BAY AND THE CHEDI HOTEL**

Vladan MARTIĆ

Faculty of Business Studies, Mediterranean University, Montenegro
vladan.martic@unimediterranean.net

Veselin POPOVIĆ

Lustica Development AD, Tivat, Montenegro
vpop80@gmail.com

Abstract

Due to the increasing urgency of climate change and resource depletion, sustainable solutions have become imperative for businesses worldwide, particularly in the rapidly evolving hospitality sector.

Sustainability is now essential in luxury tourism, ensuring long-term success, environmental stewardship, and enhanced guest experiences. The aim of this paper is to examine how ESG principles enhance the competitive positioning and operational performance of luxury tourism, illustrated by the case of Luštica Bay and The Chedi Hotel. In addition, this paper explores the integration of Environmental, Social, and Governance (ESG) principles in luxury tourism, focusing on the Lustica Bay project and The Chedi Hotel as a case study. By analysing data from international research and industry best practices, we highlight how sustainable initiatives, such as energy efficiency, waste management, local community engagement, and ethical governance, contribute to the growth and appeal of high-end tourism destinations.

The Lustica Bay development serves as an example of a holistic approach to sustainability, combining eco-friendly infrastructure, responsible resource management, and community-driven economic growth. The Chedi Hotel, a flagship property within Lustica Bay, has successfully implemented ESG strategies that enhance guest satisfaction, operational efficiency, and brand value. Through innovative sustainability efforts, including carbon footprint reduction, locally sourced gastronomy, and employee well-being programs, The Chedi has positioned itself as a leader in responsible luxury tourism.

The findings indicate that sustainable luxury tourism not only reduces environmental impact but also enhances customer loyalty, operational resilience, and long-term profitability. This paper provides insights into the benefits of ESG integration, showcasing how sustainability can be a competitive advantage in the evolving landscape of luxury travel, and contributes to the existing literature by providing concrete evidence and best-practice insights into effective ESG implementation within the luxury hospitality sector.

Keywords: Sustainability, Luxury Tourism, ESG Principles, Lustica Bay, The Chedi Hotel, Responsible Travel, Environmental Impact, Sustainable Development.

**EMPLOYEE PERCEPTIONS OF SUSTAINABLE PRACTICES
IN MONTENEGRO'S HOTEL INDUSTRY**

Nikola DRAŠKOVIĆ

Faculty of Economics, University of Montenegro, Montenegro
nikola.d@ucg.ac.me

Stevan ĐURIĆ

Faculty of Economics, University of Montenegro, Montenegro
stevan.dj@ucg.ac.me

Abstract

Processes such as globalization and accession to the EU affect the almost daily redesign of business models and concepts in Montenegro. Traditional business models are being replaced by new ones, such as the concept of a circular economy, an economy based on knowledge and competences, sustainable organizations and the like. During the implementation of such radical changes, the organizational climate often appears as a limiting factor, that is, the perception of the organization's members regarding modern business practices, such as those related, among other things, to sustainable development. This factor is extremely important because the employees themselves, as members of the organization, are the bearers of the transformation process, with the guidance and support of management. Therefore, this work aims to determine the attitudes of employees and managers regarding the impact of modern trends (such as the implementation of sustainable development practices and the application of artificial intelligence tools) on the business of companies and the redesign of traditional business models. Since tourism is one of the key branches of the Montenegrin economy, the target group of this research is hotel companies in Montenegro. The results of the analysis can be useful primarily to hotel managers through obtaining guidelines and choosing an approach to employees, all with the aim of facilitating the process of transition to new business practices. In addition, analyses like this could be useful to economic policy makers in order to improve state measures that should support managers in these processes of modern transition.

Keywords: organizational climate, sustainable business, artificial intelligence, hotel industry.

**SUSTAINABLE TOURISM IN THE SMART VILLAGES
FRAMEWORK RATIONALE AND BEST PRACTICES****Gianluca LENTINI**Poliedra – Politecnico di Milano, Milano, Italy
*gianluca.lentini@studenti.unimi.it***Claudia ROMELLI**Poliedra – Politecnico di Milano, Milano, Italy
*claudia.romelli@polimi.it***Abstract**

Since 2015, the smart villages rationale has become increasingly popular as a conceptual and planning framework to direct and determine the future of Europe's mountain and rural areas. Within its 'smart economy' dimension, sustainable tourism has been widely regarded as one of the main areas of interest for Europe's mountain and rural areas aiming at countering depopulation and increasing attractiveness for people, jobs and services. The digital transition of rural and mountain areas implies the sustainable transition of the key economic sectors of the areas: several EU-cofunded projects have developed pilot actions with the local tourism value chains to embrace the digital and sustainable transition. Best practices will be discussed from projects AS SmartVillages, AS SmartCommUnity, IE INSPIRE, HE Smart ERA and CE More than a Village, spanning from smart mobility in and to rural areas, digitisation of tourism facilities and services, creation of co-working spaces in rural areas, innovation in the local agri-food value chains. In 2019, Visvizi and co-workers, in their "Smart Villages in the EU and beyond", asked themselves what would make a village "smart": "Is it life, water, energy, community or food? Is it technology, the ways and means, or the status? What do villages, or rural areas in the concept, actually stand for?" Sustainable tourism has helped to provide an effective answer to this question.

Keywords: smart villages, digital transition, sustainable tourism, rural areas.

**TOURISM ON THE MOVE: REVITALISING DUTCH CITIES
WITH SUSTAINABLE URBAN TOURIST MOBILITY****Freek PIJPERS**Breda University of Applied Sciences, Breda, Netherlands
*freekpijpers17@gmail.com***Abstract**

Travel is on the move. This thesis seeks to guide Dutch policymakers in developing efficient, data-driven strategies for sustainable urban tourism mobility by incorporating tourism mobility into urban planning. The growing demand for urban mobility is driven by the tourism sector, yet traditional urban transport planning frequently ignores the special requirements of visitors, missing out on chances for long-term growth.

The following main research question forms the common thread in this thesis: How can urban policymakers effectively integrate strategies aimed at sustainable tourism mobility into urban mobility planning and policy to mitigate the negative impacts of increased tourism mobility?

The report assesses current policies for strengths and possibilities, finds obstacles to incorporating tourism mobility into urban transport planning, and suggests workable policy interventions. Data was collected through interviews with urban policymakers and tourism mobility experts using a qualitative methodology. Results point to serious gaps in the way that present urban mobility plans address the requirements of tourists. The absence of sufficient data is a significant barrier to efficient, data-driven policymaking. Strong stakeholder cooperation is necessary for effective integration, yet it frequently fails to materialise. Urban mobility networks, which mostly cater to commuters, mainly depend on fossil fuel transportation.

Within the scope of urban mobility, the research suggests that cities create targeted policies for visitor mobility. It is essential to establish a multi-stakeholder framework for consistent communication and collaboration. Policymakers ought to pursue sophisticated data collecting in order to properly comprehend the evolving expectations of tourism. Lawmakers should also support environmentally friendly transportation infrastructure. Enhancing visitor experiences and encouraging sustainable urban settings require incorporating tourism mobility into urban design. More egalitarian, sustainable, and hospitable urban mobility systems can result from addressing bottlenecks and putting the recommended methods into practice.

Keywords: Urban mobility, tourism mobility, policy development, sustainable mobility.

COMPARATIVE ANALYSES OF TOURISM IN REPUBLIC OF NORTH MACEDONIA AND REPUBLIC OF ALBANIA REPRESENTED THROUGH BUSINESS ANALYTICS' PHASES, DATA MINING AND VISUALIZATION TECHNIQUES, INFLUENCED BY INSTITUTIONS AND ECONOMIC DEVELOPMENT**Damjan STOJKOVSKI**

Ss. Cyril and Methodius University in Skopje, Faculty of Economics, Skopje, North Macedonia
stojkovski.damjan@outlook.com

Jasna JOANIDIS

Ss. Cyril and Methodius University in Skopje, Faculty of Economics, Skopje, North Macedonia
jasnajoanidis02@gmail.com

Abstract

The unbreakable relationship and the abnormally large connection of the two developing countries and the mutual war they are waging on the road to European integration make the Republic of North Macedonia and the Republic of Albania an excellent opportunity for our research. This study offers a comparative analysis of tourism development in the Republic of North Macedonia and the Republic of Albania, concentrating on the influence of institutional quality and economic variables on international visitor inflows from 2000 to 2021. The study finds statistically significant determinants of tourism growth using the three fundamental stages of business analytics—descriptive, diagnostic, and predictive—as well as data visualization tools (Excel, Power BI), including single and multiple linear regression modeling. The results of the three-independent model for Albania, which is made up of CO₂, population growth, and renewable energy, show a multiple regression analysis with a high variability of 90%. On the opposite side, North Macedonia's highest-performing model includes GDP per capita, forest area, and renewable energy usage, explaining 67% of tourism variability. The contrast in model strength between the two countries suggests that Albania's strategic alignment of economic growth and urban development has had a measurable impact on its tourism sector. In comparison, North Macedonia's fragmented policy outcomes may be limiting the potential benefits of its natural and institutional resources. The implementation of policies and the strength of institutions have a major impact on the growth of tourism in both nations. The study concludes that institutional effectiveness, infrastructural development, and the need for improved data collection practices are essential for sustainable tourism growth in both countries.

Keywords: tourism, developmental policy, business analytics, regression analysis, economic indicators.

THE CONTRIBUTION OF TOURISM TO MITIGATING CLIMATE CHANGE IN THE WESTERN BALKAN COUNTRIES: MYTH OR REALITY?**Snežana RADUKIĆ**

Faculty of Economics, University of Niš, Serbia
snezana.radukic@eknfak.ni.ac.rs

Žarko POPOVIĆ

Faculty of Economics, University of Niš, Serbia
zarko.popovic@eknfak.ni.ac.rs

Abstract

It is known that tourism development has a significant positive effect on the development of the overall economy, but also a negative effect on environmental degradation, especially on emissions. On the other hand, the Western Balkans countries, as candidates for EU membership and signatories of the Paris Agreement, have committed to reduce emissions for 50% by 2030. The results of this research will show whether this is a myth or a reality. Since the countries in this region belong to upper-middle-income economies, policy makers pay more attention to economic growth and less to sustainability. The empirical results of the study should support the Environmental Kuznets Curve (EKC) hypothesis that a country's economic development causes environmental degradation to a level when society matures enough to emphasize sustainability. Demonstrating a positive relationship between economic growth and renewable energy in the Western Balkans region demonstrates the ability of this group of countries to invest in a green transition as their income levels progress. Different results by country point to the variability of energy transition paths in different institutional and economic environments. The aim of the paper is to examine the relationship between energy sustainability in tourism measured by pillar 15 of the TTDI (Travel & Tourism Development Index 2024 by World Economic Forum) and GHG emissions. Based on the nature of this link in the Western Balkan countries, and taking into account the contribution of tourism to the GDP of each country, the Green Growth Index and the degree of fulfillment of the sustainable development goal (SDG 13–Climate change), it can be estimated how far each country of the Western Balkans has individually advanced on the path of green transition. The average of EU countries in the field of energy sustainability in terms of energy intensity, use of renewable energy and energy efficiency will be used as a benchmark for the assessment. The paper will emphasize the specificities of each country in terms of the contribution of tourism to economic growth, policy makers should optimize the policy mix to accelerate the transition to cleaner energy, which will have favorable effects on climate change.

Keywords: sustainable development, green growth, energy, GHG emissions, climate change, Environmental Kuznec curve.



LIST OF AUTHORS

ALBANIA

Sandra VOGLI

Faculty of Economics, University of Tirana

Sonila XHEMALI

Faculty of Economics, University of Tirana

AUSTRIA

Phillip C. NELL

WU Vienna

Jelena CERAR

WU Vienna

BOSNIA & HERZEGOVINA

Jovo ATELJEVIĆ

University of Banja Luka

Mladen REBIĆ

University of East Sarajevo

Milica BOJAT

University of East Sarajevo

Marko ĐOGO

University of East Sarajevo

Tamara DRAGIĆ

University of East Sarajevo

Dajana VUKOJEVIĆ-ATELJEVIĆ

University of East Sarajevo

Miloš GRUJIĆ

Grant Thornton, Banja Luka

Aleksandar DŽOMBIĆ

Grant Thornton, Banja Luka

Isidora DŽOMBIĆ

Grant Thornton, Banja Luka

Hatidža JAHIC

School of Economics and Business, University of Sarajevo

CROATIA

Nikša ALFIREVIĆ

University of Split

Ana Marija ALFIREVIĆ

Polytechnic "Marko Marulić", Knin

Vesna BUTERIN

University of Rijeka

Zoran KRUPKA

University of Zagreb

Saša DREZGIĆ

University of Rijeka

Saša ČEGAR

University of Rijeka

Nada DENONA-BOGOVIĆ

University of Rijeka

Nika STIPETIĆ-KALINIĆ

University of Rijeka

Jurica PAVIČIĆ

University of Zagreb

Patricija TOPIĆ

University of Zagreb

Kristina KREGAR

University of Rijeka

FINLAND

Nora FAGERHOLM

University of Turku

Carolín KLONNER

University of Turku

FRANCE

Sylvie CHRISTOFLE

Université Côte d'Azur, Nice

GERMANY

Carl C. ANDERSON

Leibniz Universität Hannover

Christian ALBERT

Leibniz Universität Hannover

GREECE

Thanassis KAZANAS
Effrosyni KOUFOUDAKI
Kalliopi KALAMPOUKA
Ritsa PANAGIOTOU
Prodromos PRODRAMIDIS
Dimitra GIANNOPOULOU
Athanasia LOUKIDOU
Sofia BOUTSIOUKI
Katerina SARRI

Aristotle University of Thessaloniki
Athens University of Economics and Business
Aristotle University of Thessaloniki
Centre of Planning & Economic Research, Athens
Centre for Planning & Economic Research, Athens
Aristotle University of Thessaloniki
University of Macedonia, Thessaloniki
University of Macedonia, Thessaloniki
University of Macedonia, Thessaloniki

ITALY

Gianluca LENTINI
Claudia ROMELLI

Poliedra – Politecnico di Milano
Poliedra – Politecnico di Milano

MONTENEGRO

Tamara BACKOVIĆ
Maja BAĆOVIĆ
Sandra BOJANIĆ
Ivan BOŠKOVIĆ
Julija CEROVIĆ SMOLOVIĆ
Jasmina ĆETKOVIĆ
Dragana ĆIROVIĆ
Zdenka DRAGAŠEVIĆ
Nikola DRAŠKOVIĆ
Stevan ĐURIĆ
Vladimir ĐURIŠIĆ
Dženana ĐURKOVIĆ
Gordana ĐUROVIĆ
Vera GOJČAJ
Danijela JAĆIMOVIĆ
Mijat JOCOVIĆ
Jelena JOVOVIĆ
Milorad JOVOVIĆ
Vjera JOVOVIĆ
Vesna KARADŽIĆ
Ljiljana KAŠĆELAN
Milena KONATAR
Milan LAKIĆEVIĆ
Denis KOVAČEVIĆ
Tanja LAKOVIĆ

University of Montenegro
University of Montenegro
Ministry of Tourism
Montenegrin E-Commerce Association
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
Central bank of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
Chamber of Assessors and Forensic Experts of Montenegro
University of Montenegro

Danijela LAZOVIĆ-VUKOVIĆ
Ana LALEVIĆ-FILIPOVIĆ
Milena LIPOVINA-BOŽOVIĆ
Nikola MARTINOVIĆ
Boban MELOVIĆ
Nikola MILOVIĆ
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Milijana NOVOVIĆ-BURIĆ
Sanja NIKOLIĆ
Bojan PEJOVIĆ
Nemanja POPOVIĆ
Ivan RADEVIĆ
Milivoje RADOVIĆ
Sunčica VUKOVIĆ
Sofija SEKULIĆ
Saša VUJOŠEVIĆ
Milica VUKČEVIĆ
Željko VIDAKOVIĆ
Marija ULJAREVIĆ
Biljana IVANOVIĆ
Jelena IVANOVIĆ
Aleksandra KOMATINA
Milica DAMJANOVIĆ
Jovana ČABARKAPA
Vladan MARTIĆ
Veselin POPOVIĆ
Višnja JOKSIMOVIĆ
Milan RAIČEVIĆ
Milica NOVAKOVIĆ
Milica JOVANČEVIĆ
Teodora MILINKOVIĆ
Monika KOJOVIĆ
Vasilije MARUNOVIĆ
Eldar KOMAR
Andrijana KALUĐEROVIĆ
Svetlana KOJOVIĆ

Central Bank of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Donja Gorica
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
Ministry of Finance and Social Welfare
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
Mediterranean University
Lustica Development AD
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro
University of Montenegro

NETHERLANDS

Freek PIJPERS

Breda University of Applied Sciences

NORTH MACEDONIA

Gunter MERDZAN

Ss. Cyril and Methodius University, Skopje

Predrag TRPESKI

Ss. Cyril and Methodius University, Skopje

Mijalche SANTA

Ss. Cyril and Methodius University, Skopje

Leonid NAKOV

Ss. Cyril and Methodius University, Skopje

Monika SPASOVSKA

Ss. Cyril and Methodius University, Skopje

Ljupcho EFTIMOV

Ss. Cyril and Methodius University, Skopje

Violeta CVETKOSKA

Ss. Cyril and Methodius University, Skopje

Bojan KITANOVIKJ

Ss. Cyril and Methodius University, Skopje

Damjan STOJKOVSKI

Ss. Cyril and Methodius University, Skopje

Jasna JOANIDIS

Ss. Cyril and Methodius University, Skopje

PERU

Otto REGALADO-PEZÚA

Universidad ESAN

POLAND

Katarzyna BENTKOWSKA

SGH Warsaw School of Economics

ROMANIA

Damir ALEXANDRA-DANIELA

Alexandru Ioan Cuza University of Iasi

Ana – Maria GIURGI

Alexandru Ioan Cuza University of Iasi

SERBIA

Veljko USKOKOVIĆ

University of Belgrade

Veljko JEREMIĆ

University of Belgrade

Andrija RAŽNATOVIĆ

University of Belgrade

Bojana NOVIĆEVIĆ-ČEČEVIĆ

University of Niš

Sonja JOVANOVIĆ

University of Niš

Marina STANOJEVIĆ

University of Niš

Snežana RADUKIĆ

University of Niš

Žarko POPOVIĆ

University of Niš

Miomir JAKŠIĆ

University of Belgrade

Bojan KRSTIĆ

University of Niš

Tamara RAĐENOVIĆ

University of Niš

Milica JOVANOVIĆ-VUJATOVIĆ

University of Niš

Ljiljana BONIĆ

University of Niš

Aleksandra PRAŠČEVIĆ

University of Belgrade

Zorica MLADENOVIĆ

University of Belgrade

Milo IVANČEVIĆ

University of Belgrade

Dragana RADOJIČIĆ

University of Belgrade

Vladislav MARJANOVIĆ

University of Niš

Aleksandar MANASIJEVIĆ

University of Niš

Kristina PETROVIĆ

University of Niš

Galjina OGNJANOV

University of Belgrade

Mihail ARANDARENKO

University of Belgrade

Dragan ALEKSIĆ

University of Belgrade

Srđan MARINKOVIĆ

University of Niš

Marija DŽUNIĆ

University of Niš

Jelena J. STANKOVIĆ

University of Niš

Ivana MARJANOVIĆ

University of Niš

SLOVENIA

Štefan BOJNEC

University of Primorska

Sergej GRIČAR

University of Novo mesto

Barbara GRAH

University of Ljubljana

Sandra PENDER

University of Ljubljana

Katja DEBELAK

University of Ljubljana

Matjaž HRIBAR

University of Ljubljana

Žiga TURK

University of Ljubljana

Jovana MILIĆ

University of Ljubljana

Jože P. DAMIJAN

University of Ljubljana

Nevenka HROVATIN

University of Ljubljana

Janez DOLŠAK

University of Ljubljana

Jelena ZORIĆ

University of Ljubljana

SPAIN

Carlo SESSA

Euro Mediterranean Economist Association

Rym AYADI

Euro Mediterranean Economist Association

UNITED KINGDOM

Chahna GONSALVES

King's College London

Dana MINBAEVA

King's College London

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www.ucg.ac.me/ef
E-mail: ekonomija@ac.me

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Dr Jovan ĐURAŠKOVIĆ

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