

EXPLORING DIVERSE FRONTIERS IN ECONOMICS AND BUSINESS – EDITORIAL SEEJ 19 (2)

Adnan Efendic, Ljiljan Veselinovic

The second 2024 issue of the *South East European Journal of Economics and Business* features nine articles, offering diverse empirical insights into various topics within economics and business. While the studies predominantly focus on Southeastern Europe and its neighboring regions, they also provide globally relevant implications. To assist readers in navigating this rich collection, we have grouped the contributions into six thematic categories: Financial Dynamics and Governance in Central and Eastern Europe, Labor Market Policies and Workplace Innovations, Regional Economic Dynamics and Business Performance, Sustainability, and Consumer

Behavior. Each theme brings together related studies that explore different aspects of economics, finance, and business performance in the context of Central and Eastern Europe and the Western Balkans.

We provide a summary table with basic information on the papers published in this issue, while a more detailed overview of each manuscript is below. Each of these contributions adds depth to the discourse on contemporary economic and business challenges. The studies enhance our theoretical understanding but also offer practical recommendations for policymakers, business leaders, and researchers.

Authors	Title	Data Period	Methodology	Sample/Context
Jusufi and Skenderi (2024)	Beyond linear models: factors driving environmental action and circular economy transition in Western Balkan businesses	2022	Probability model	Approximately 200 businesses per Western Balkan country
Bethlendi, Mérő and Orlovits (2024)	Shadow banking in Central and Eastern Europe: Specificities and drivers	2004-2019	Panel model	Central and Eastern European, EU member states
Bezeredi (2024)	Impact of in-work benefits on work incentives in Croatia: A microsimulation analysis	2019	EUROMOD, a microsimulation model of taxes and social benefits	Croatian non-employed persons
Zahirović, Marić and Husić-Mehmedović (2024)	The role of consumer knowledge in the privacy paradox of personalized advertising	2022	A quasi-experimental research, structural equation modelling	300 Millennials
Güngör and Güngör (2024)	The nexus between economic policy uncertainty and stock market volatility in the CEE-3 countries.	2006-2020	Dynamic regression	CEE-3 countries
Qerimi, Balaj and Krasniqi (2024).	The capital structure dynamics of SMEs in Kosovo: evidence using panel data.	2013-2018	A panel data methodology	90 SMEs
Lukić Nikolić and Labus (2024)	The relationship between workplace robots, employee exhaustion, and turnover intentions in the age of industry 5.0: research from four Southeastern European countries	2024	Structural equation modeling	582 respondents from four Southeastern European countries
Guillamón, Ríos and Prijaković (2024)	The impact of budget transparency on budget credibility: evidence from Croatian cities	2016-2021	System GMM	Croatian local governments
Erkul and Kirankabeş (2024)	Porter-type regional agglomerations, export performance, and inclusive regional policy: an empirical assessment of Turkish manufacturing sector	2008-2019	Fixed effects panel model	Turkish manufacturing sectors

Financial dynamics and governance in Central and Eastern Europe

Three papers explore the financial dynamics and governance in Central and Eastern Europe. *Bethlendi, Mérő, and Orlovits (2024)* investigate the structural drivers of shadow banking in Central and Eastern European (CEE) EU member states for the period 2004-2019, shedding light on the sector's unique characteristics and vulnerabilities. Unique characteristics of the CEE financial system include bank dominance, underdeveloped capital markets, foreign ownership, and earlier reliance on foreign interbank funding. Panel regression results highlight these regional traits as relevant for understanding shadow banking development. Meanwhile, *Güngör and Güngör (2024)* examine the relationship between economic policy uncertainty in Germany and the US and stock market volatility in the CEE-3 countries, emphasizing the implications of uncertainty on financial stability and investment decisions. In terms of economic stability, the study results show a one-period lagged impact of economic policy uncertainty on long-run stock market volatility. Finally, *Guillamón, Ríos, and Prijaković (2024)* investigate the link between budget transparency and budget credibility in Croatian cities, revealing systematic biases in revenue and expenditure estimations. Their study provides valuable lessons for improving public financial management systems and enhancing accountability at the local government level. The results show that cities with higher budget transparency tend to underestimate revenues and overestimate expenses, while less transparent cities overestimate revenues, underestimate expenses, and overspend.

Labor market policies and workplace innovations

By employing tax-benefit microsimulation model EUROMOD, *Bezeredi (2024)* evaluates the impact of in-work benefits on work incentives of non-employed persons and the poverty rate in Croatia. The findings indicate that the features and structure of in-work benefits play an important role, with the selection of the suitable type of benefit being determined by the specific policy goals. On the other hand, *Lukić Nikolić and Labus (2024)* provide insights into the interplay between workplace robots, employee emotional exhaustion, and turnover intentions, underscoring the potential of Industry 5.0 technologies to enhance employee retention. The study shows workplace robots reduce emotional exhaustion and turnover intentions, offering leaders and HR tools to improve employee retention.

Regional economic dynamics and business performance

Erkul and Kirankabeş (2024) analyze regional agglomerations in Turkey's manufacturing sector, uncovering the limited advantages of Porter-type agglomerations in export performance and stressing the need for inclusive technology policies. Furthermore, labor-intensive low-tech manufacturing sectors does not have agglomeration advantages in export performance compared to mid-tech sectors. *Qerimi, Balaj, and Krasniqi (2024)* explores the applicability of capital structure theories in the unique context of SMEs in Kosovo. Using dynamic panel data analysis, it examines how factors such as profitability, liquidity, size, and asset structure influence financial decisions. The findings align with the pecking order theory, showing that profitable SMEs rely more on internal funds than on debt financing.

Sustainability

Jusufi and Skenderi (2024) examine environmental sustainability and circular economy, they focus on the factors influencing businesses in the Western Balkans to adopt sustainable practices and transition to circular business models. Their findings emphasize the role of exporting, foreign ownership, innovation, and access to financing in driving environmental actions. The study highlights that being an exporting and loan-receiving company influence the belief that a shift to a circular business model is attainable.

Consumer behavior

Zahirović, Marić, and Husić-Mehmedović (2024) focus on personalized advertising, exploring how consumer knowledge of data types moderates the relationship between perceived invasiveness and purchase intentions. The study findings on the sample from millennials show that privacy concerns increase perceived invasiveness, but its effect on purchase intentions depends on consumers' data knowledge. For those aware of search history use, intrusiveness reduces purchase intentions, highlighting the context-specific nature of privacy calculus and offering insights for advertisers.

On behalf of Editorial Board

Adnan Efendic, Editor-in-chief
Ljiljan Veselinovic, Production Editor

University of Sarajevo,
School of Economics and Business

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