

EDITORIAL

The *South East European Journal of Economics and Business*, Volume 20, Issue 2, brings together eleven research papers that address a wide range of contemporary economic and business challenges across developed, emerging and transition economies. The contributions span diverse thematic areas, including digitalization and remittances, export competitiveness, monetary policy and financial stability, product diversification, artificial intelligence and leadership, higher education and employability, foreign direct investment, public debt sustainability, sustainable consumption and the role of agriculture in economic growth. Covering regions of South East Europe, the Western Balkans, the Eurozone and advanced economies, the research papers employ rich firm-level, country-level, survey and bibliometric data, alongside a broad set of empirical methodologies, including GMM, ARDL, threshold models, gravity frameworks, and mixed-method approaches. Collectively, the papers provide scientific contributions and policy-relevant evidence that enhance understanding of economic development, resilience and structural transformation in a rapidly evolving global context. A short review of these contributions follows.

The first paper is written by Van Bon Nguyen, titled "Digitalization's Effect on International Remittances: The Hindrance of Institutional Quality in Advanced Economies," examines how digitalization influences remittance inflows in developed countries. Using panel data from 34 advanced economies from 2002 to 2021 and GMM estimation, the study finds that digitalization and governance individually promote remittances, but their interaction reduces them. It also shows that trade openness increases remittances, while economic growth has a negative effect, offering important policy implications.

Focusing on the determinants of export performance, the paper by Filip Novinc and Lorena Škuflčić, titled "Is Cost Competitiveness a Sufficient Driving Force for Croatian Exports?", analyzes the role of cost competitiveness in shaping Croatian manufacturing exports. Using firm-level panel data from 2002 to 2022 and a first-differences OLS approach, the study finds that unit labor costs significantly influence export activity across firms, though with notable heterogeneity. The results show a non-linear relationship between costs and exports, weaker for low-export-intensity and high-tech firms, and indicate that more productive firms are less sensitive to cost changes, highlighting the growing importance of cost stability and productivity for export competitiveness.

Examining financial stability in a transition economy context, the paper by Rovena Troplini Vangjel, Skënder Uku and Xhevrije Mamaqi-Kapllani, titled "The Dynamic Interplay Between Credit Risk and Monetary Policy in Albania's Banking Sector: A Comprehensive Analysis," explores the relationship between credit risk and monetary policy in Albania's banking sector. Using ARDL modeling and data from 2015 to 2023, the study finds that higher central bank interest rates increase non-performing loans in both the short and long run, while post-crisis measures such as NPL write-offs and loan repayment postponements helped reduce credit risk. The results also show that inflation and managed declines in the loan-to-deposit ratio support credit stability, highlighting the effectiveness of monetary policy in safeguarding banking sector stability.

Addressing firm strategy in financial services, the contribution by Bojan Srbinoski, Klime Poposki and Jasmina Selimovic, titled "Product-Line

Diversification and Financial Performance: The Case of the Macedonian Non-Life Insurance Market" examines how product diversification affects insurer profitability in North Macedonia. Using firm-level data from 2013 to 2022 and IV-2SLS estimation, the study finds a nonlinear relationship between diversification and financial performance, where moderate diversification improves profitability but excessive diversification reduces returns. The results support the coexistence of specialized and diversified insurers and suggest that cautious market liberalization and close risk monitoring are important for sustainable performance.

Taking a meta-analytical perspective, the article by Enis Mulolli and Xhavit Islami, titled "Artificial Intelligence and Digital Leadership: Mapping Research Trends and Thematic Patterns" explores how artificial intelligence has shaped leadership research in the context of digital transformation. Using a bibliometric analysis of 60 articles from 2019 to 2025 the study identifies rapid growth in research output, key authors and sources, and six major thematic clusters, with AI, leadership, and digital transformation as the core theme. The findings also reveal expanding international collaboration and highlight emerging keywords, offering a structured overview of the field and directions for future research.

In the context of evolving labor markets, the paper by Anes Hrnjic, Amila Pilav-Velic, Lejla Dedovic and Nejra Hadžiahmetović-Milisic, titled "The Future of Work in Transition Economies: Integrating AI, Digital Skills, and Employability in Higher Education" examines how higher education can better prepare students for digitally transformed labor markets in transition economies. Using a mixed-methods approach based on survey data and qualitative input from industry professionals, the study finds that combining soft skills, digital competencies and AI tools significantly improves student employability. The results highlight the importance of student autonomy in translating AI use into academic and labor market success, offering practical recommendations for educators and policymakers.

Shifting attention to international investment behavior, the paper by Emre Bilgiç, Fevzi Ölmez, and Ines Kersan Skabic, titled "Is Cultural Distance Beneficial? Evidence from Outward FDI Flows in an Emerging Market Context" examines the role of cultural distance in shaping Türkiye's outward foreign direct investment. Using panel OLS, random effects

and quantile regression models on data covering 26 partner countries from 2001 to 2022, the study finds a positive and statistically significant effect of cultural distance on OFDI across all Hofstede cultural dimensions. The results contribute new evidence from an emerging market perspective and emphasize the importance of a contextual approach to understanding how cultural differences influence international investment decisions.

Addressing consumer behavior in the context of sustainability, the paper by Halida Sarajlić, Lordan Kondić and Ana Lincender, titled "Sustainable Consumption Behavior Among Generation Z in Croatia: Understanding Actions and Attitudes in the Context of Global Ecological Challenges," analyzes the determinants of environmentally sustainable behavior among Croatian Generation Z consumers. Based on survey data from 334 respondents and using confirmatory factor analysis and linear regression, the study finds that saving orientation and product reusability positively influence sustainable behavior, while unneeded consumption has no significant effect. The results indicate that Gen Z adopts sustainable practices mainly when they offer economic or practical benefits, providing valuable insights for promoting sustainability in post-transition EU economies.

Focusing on sectoral contributions to growth, the paper by Milka Grbić, Vladan Ivanovic, and Jasna Atanasijević, titled "Long-Run and Short-Run Relationship Between Agricultural Value Added and Economic Growth: Empirical Evidence from Serbia" examines the link between agriculture and economic growth in Serbia. Using the ARDL approach and data from 1995 to 2023, the study finds a positive and statistically significant relationship between agricultural value added and real GDP growth in both the long and short run, with stronger effects in the long term. The results confirm a stable long-run equilibrium and highlight the importance of agricultural development policies for supporting sustainable economic growth.

From a macro-fiscal perspective, the paper by Hajdar Korbi and Avdullah Hoti, titled "The Debt-Growth Relationship in the Western Balkans, Developing Europe, and the Eurozone Economies: Testing for the Existence of a Tipping Point" analyzes whether public debt hinders economic growth beyond certain thresholds. Using a threshold regression model, the study identifies region-specific

debt limits—22.2 percent for the Western Balkans, 37.4 percent for emerging European economies, and 82.6 percent for the Eurozone. The findings highlight that debt-growth dynamics vary across regions, emphasizing the need for tailored fiscal strategies rather than a uniform approach to debt management.

Concluding the issue's focus on international economic integration, the paper by Filip Selamovski, titled "Drivers of Foreign Direct Investment in Developing Countries: Evidence from North Macedonia Using a Gravity Model Approach" analyzes the determinants of foreign direct investment in North

Macedonia using a gravity model applied to panel data from 35 countries over the period 2010–2023. The findings indicate that economic size, geographic proximity, economic integration, historical and cultural ties, bilateral investment treaties and double taxation avoidance agreements have a positive impact on FDI stock, reflecting the effectiveness of the country's post-Yugoslav openness and investment zones. In contrast, inflation, political corruption, and innovation do not show a significant influence, highlighting the importance of diversifying FDI sources to enhance resilience and long-term economic stability.

On behalf of Editorial Board
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