

EDITORIAL

After conducting the double-blind peer review process, Issue 3 Volume 27 Year 2025 of the scientific journal *Economic Horizons* contains three original scientific papers, three review papers, and the List of the Authors and Titles of all the contributions published in the Journal in 2025.

The coauthors *Andrija Popović*, *Andreja Todorović* and *Vladan Vučić* analyze the relationship between economic growth, competitiveness and innovations in the circular economy of the 27 European Union countries in the period from 2011 to 2020. By applying descriptive statistics, Principal Component Analysis (PCA), panel data regression and cluster analysis, the paper examines how the key economic indicators such as gross domestic product (GDP), GDP *per capita* and gross fixed capital formation affect the performances of the circular economy. The results obtained are indicative of a positive correlation between overall economic growth and circular competitiveness. The analysis underscores the need for tailored, specific national policies in order to promote the sustainable practice of the circular economy, especially in less developed economies. The research generates empirically relevant insights for policymakers, who tend to reach a balance between economic growth and sustainability.

Starting from the attitude that theoretical-methodological research studies have confirmed the thesis that the accumulation of physical capital only partly explains the dynamics of countries' economic growth rates, and that researchers' and policymakers' focus ever increasingly rests on human capital, the coauthors *Dorđe Kotarac* and *Zoran Popović* did research in the influence of this capital on the *per capita* income growth rate. The results of the research obtained by utilizing the panel regression model point to the statistically significant influence of the improvement of human capital on an increase in *per*

capita income on a sample of ten Central and Eastern European (CEE-10) countries. Thus, the paper adds to scientific literature dedicated to the investigation of the relationship between human capital and income growth in these economies. The paper also highlights the significance of investing in human capital as an efficient tool for the improvement of countries' economic development.

Pointing out that the economic literature comprised of a large number of papers deals with the effects of the inflow of foreign direct investment (FDI) and the influence of institutional quality on economic activity, and that there are relatively few studies examining the influence of institutional quality on attracting foreign direct investment (FDI) and/or the joint influence of these two factors on economic growth, the coauthors *Iva Glišić* and *Slavica Manić* research exactly this connection. In the paper, they analyze the panel data of the five countries of the Western Balkans in the period from 2007 to 2022. The research results indicate the unexpected positive effect of the institutional environment of a lesser quality on economic activity through the FDI channel. A potential explanation for the results like this lies in the thesis that the less developed legislation (especially the ecological legislation) in the Western Balkan countries attracts exactly the FDI that, together with economic growth, also produce negative external effects. Additionally, the findings like these point to the need for considering long-term risks to the economic growth that predominantly relies on this type of FDI.

In their paper, the coauthors *Paskal Zhelev* and *Olga Malashenkova* consider the Eurasian Economic Union (EAEU) as a regional economic integration block, simultaneously analyzing its evolution, trade integration, and industrial policy framework amidst changes in global dynamics. The numerous pressures and challenges which the EAEU has been faced with since its very establishment have led to a disruption in trade flows, expanded the economic disparities between the Union member states and tested the

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cohesion of that bloc. The paper emphasizes the fact that increasingly strong competitiveness is of critical significance for the resilience of the EAEU, with the industrial policy serving as the cornerstone of that effort. Applying trade indicators, such as interregional trade shares and the Revealed Comparative Advantage (RCA) Index, the paper highlights uneven integration and dependence on resource-based exports. The findings obtained in the study are indicative of the fact that encouraging industrial modernization and achieving a better synergy between domestic policies and regional ambitions could strengthen the bloc's resilience and its global competitiveness.

In line with the attitude that economic rivalry between the BRICS countries and the Group 7 (G-7) member countries has for decades been the central topic of global development, the coauthors *Fariat Faizi, Mariam Sawas, Dina Abohassan, Ilija Stojanović* and *Marko Selaković* compare the GDP growth dynamics between these groups of countries. At the same time, the coauthors examine the differential influence of the key macroeconomic indicators on their respective economic trajectories. For that purpose, the paper utilizes the statistical methodology that also includes the tests of between-subjects effects in order to assess the variations in the effects of the regression coefficients for the macroeconomic factors that affect the GDP growth. The research starts from the assumption that the distinctive economic structures of the BRICS countries and the G-7 member countries lead towards varying macroeconomic conditions that give shape to the growth patterns of those countries in different ways. The results obtained in the study provide insights into the strongest and weakest GDP growth determinants within those economic blocs which may also have their practical application and may also contribute to a broader research framework in the domain of global economic competition.

The coauthors *Ventsislav Vasilev* and *Radka Vasileva* consider the selected methods for risk assessment and determining optimal risk retention levels in motor casco insurance, especially focusing on the comparison of the three statistical techniques: Chebyshev's Inequality, the Monte Carlo Simulation, and Normal Distribution. Based on historical data from the Bulgarian insurance market pertaining to claims, which are published by the Financial Supervision Commission of Bulgaria, this study investigates the probability that a claim will exceed risk retention thresholds, simultaneously comparing the accuracy and precision of each of the mentioned methods. While, on the one hand, Chebyshev's Inequality offers a conservative assessment, the Monte Carlo simulation offers a probabilistic approach which models different outcomes, and Normal Distribution assumes a symmetrical loss pattern, on the other. The research results show that the Monte Carlo Simulation offers a high level of the accuracy and reliability of the assessment when risk retention decisions in the domain of motor casco insurance are concerned, thanks to their flexibility in the modeling of different loss scenarios.

On behalf of the Editorial Board of the Journal and on my own behalf, I hereby express my gratitude to the authors of the contributions published in Issue 3 of the Journal. At the same time, our special gratitude goes to the reviewers, whose constructive and critical comments and suggestions to the authors of the submitted papers have contributed to raising the level of the quality of the published papers.

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Milena Jakšić is a full professor teaching at the Faculty of Economics of the University of Kragujevac. She earned her PhD degree at the Faculty of Economics of the University of Kragujevac in the narrow scientific field of general economics and economic growth. The key areas of her scientific and research interests are the financial system, financial markets, financial instruments and financial institutions.