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EUROPEAN UNION AS A GLOBAL AGENDA SETTER?

Editors:

Borut Rončević, Tamara Besednjak Valič and Erika Džajić Uršič


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European Union as a Global Agenda Setter?

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Maribor, 2024

Introduction Chapter
European Union as a Global Agenda Setter?

BORUT RONČEVIĆ & ERIKA DŽAJIĆ URŠIČ [1]

The book deals with the intricate processes concerning the formulation and adoption of grand developmental strategies (like the EU's grand strategic visions till 2030 and their global impact). The EU has been continuously rethinking its global position amidst emerging economic and geopolitical challenges and attempting to formulate strategies to increase its competitiveness. The EU recognized the importance of long-term strategizing by adopting, implementing, and monitoring the Lisbon Strategy (2000-2010) and Europe 2020 (2010-2020). The approach taken by the authors contributes to understanding and proper response to key global and European challenges such as demographic changes; digitalization of society; environmental challenges; inclusion and citizenship; investment, reforms, and governance; and technological change and the future of work. It will start with an introductory chapter. The content of the book is divided into three sections, outlining the main concept of the volume: evaluating and shading the light to different policies surrounding the (global) strategic visions of the 2030 Agenda of the EU.

The implementation of the EU grand strategies is a phenomenon that has already been the subject of intense interest by both researchers and policymakers (Makarovič et al., 2014; Haverland and Romeijn, 2007; Borghetto and Franchino, 2010). The most researched is the Lisbon strategy, which concluded in 2010. Cultural Political Economy (CPE) approach is here based on evolutionary mechanisms of variation, selection, and retention of dominant discourses (Jessop, 2004; 2010; Jessop and Oosterlynck, 2008), as well as on mechanisms of selectivities (Sum and Jessop, 2013), focusing on the impact on the implementation deficit of the EU's grand strategies and its global impact.

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The European Union implementation deficit has become proverbial and the Lisbon Strategy itself iswidely perceived as a failure, a phenomenon being the subject of intense interest by both researchersand policy-makers (Makarovič, et al., 2014; Haverland and Romeijn, 2007; Borghetto and Franchino, 2010). Nevertheless, great effortwas made into the development of cybersecurity and data protection, artificial intelligence and supercomputers, strengthening democracy, strengthening the economy, creating a climate-neutral Europe fit for the digital age, and many more. Nevertheless, the prospects for Europe 2030 remain open for research and discussions as well (Fric et al., 2023; Džajić Uršič, 2020; Golob and Makarovič, 2021).

The book has three general Sections with several Chapters dealing with EU Industrial Policy and Security Challenges in a Globalized World; Challenges and Opportunities in Developing EU Regional Policies: Retaining Competent Experts, Balancing Real Estate and Tourism, and Assessing the Effectiveness; European Union's Grand Strategy: Balancing Local Communities, Reflexivity, and Human Dignity.

This book is an effort to scratch the surface of the implementation of The Agenda 2030 with CPE2030, although more systematic research is yet to follow, especially based on data collected during the project.

Starting with the introductory chapter, the book will propose three sections and chapters as follow:

Part I. Exploring EU Industrial Policy and Security Challenges in a Globalized World

Chapter 2: EU as an Industry Leader? Positioning EU Industrial Policy in Danube Regions Reality

The world is rapidly changing, and the Covid-19 consequences demonstrated the disrupted global value chains. The occurrences revealed the fragility of the pre-Covid global economy. In such a situation the question arises of what the EU can do for its industry to prevent similar fragility in terms of dependence on distant suppliers. The main question guiding the discussion is in fact the question of how local/regional industrial ecosystems should be shaped to ensure the sustainable value chains of the sector. Special emphasis will be made on the potential of advanced manufacturing and the potential of local transnational networking of small, advanced manufacturing laboratories. The guiding premise of the discussion is going to be the proposition that localization seems to be the best response to pitfalls of globalization as we experienced in the pre-Covid era.

Chapter 3: Strengthening Circular Economy through Industrial Symbiosis: The *NextGenerationEU* Opportunity

This chapter assesses recent contributions to the principles and objectives of EU policies in adopting one of the main circular economies' approaches – industrial symbiosis. The Paris Agreement on Climate Change, United Nations 2030 Agenda for Sustainable Development, and the European Green Deal represents fundamental long-term contributions to industrial symbiosis. All guide the transition to a model of economic development, with an aim not only at profitability and profit but also at social, and political progress and environmental protection. In this context, the chapter touches on the strategies, policies, and obstacles of essential aspects of rational and sustainable management of natural resources, but also the growing awareness of the new initiatives caused also by the health emergency generated by the Covid19 pandemic. Contributing to several dimensions of the 2030 Agenda, the EU has now proposed to make the new Green Deal strategy systematic and coherent. In doing so, the EU made the green transition and digitization among the conditions for the acceptance of projects that will be part of the *NextGenerationEU* fund. The research question in this chapter is based on an analysis of the effectiveness of current rules, political activity, and practice in order to determine whether current initiative(s) is sufficient to meet the conditions of international green and digital duties of the EU.

Chapter 4: The EU's Approach to Security through the Lens of IR Paradigms

The global security environment is becoming extremely unpredictable, with wide-ranging traditional as well as emerging unconventional threats. In an extremely globalized and complex world with severe geopolitical tensions, the EU needs to take responsibility for both external as well as internal security and increase its capacity to become a stronger global actor in this field. The chapter will present current security threats for Europe and explore the EU's trajectory of its understanding of security after the end of the Cold War. The analysis will be conducted within International Relations theories and their evolution. The EU's understanding of security is examined at the institutional, policy, and normative levels, with a particular focus on the main security innovations.

Part II. Challenges and Opportunities in Developing EU Regional Policies: Retaining Competent Experts, Balancing Real Estate and Tourism, and Assessing the Effectiveness

Chapter 5: Causes and Challenges of the Danube Region Countries in Attracting and Retaining Talents as One of the Key Competitive Advantages of the Future

Assuring an appropriate number of competent experts in different professional fields, dealing with new technologies and new challenges, embedded in the tapestry of social, cultural, historical, religious, etc. differences is a growing reality of the post-industrial era. As the Danube region is one of the most diversified areas in the world and thus quite an inflammable one, where a misunderstanding can turn into open military conflict, sadly proven in the last few decades in ex-Yugoslavia countries, besides, Slovenia, Croatia, and Macedonia (today Northern Macedonia) and especially Bosnia and Herzegovina. The blurred situation also continues with war operations last year in Ukraine...

When passions subside and guns fall silent, uncomfortable questions resurface in times of peace about how individual countries are able to attract talented people and how they are able to retain them. This chapter will be devoted to processing the latter two questions on the example of the Danube, with an emphasis on its less developed part, where the challenges are even more demanding.

Chapter 6: EU Tourism Development in the Context of the Estate Business

In the theory and practice of tourism development, especially in the last three decades, the question of the relationship between tourism and real estate is raised from the aspect of social interest, i.e. the interest of the local or even national community. The term "residential tourism" is used with contradictory interpretations of whether or not it is a form of tourism. There is no agreement in the literature regarding the use of this term in the field of tourism development, just as there is no agreement regarding the positive and negative effects of the "symbiosis" of tourism and the real estate business. The chapter aims to further intensify the discussion on the topic of the relationship between tourism and real estate in the domain of the development perspective of a tourist destination. For this purpose, a review of the literature and discussion concerning the given problem was done.

Chapter 7: The Effectiveness of EU Regional Policies - A Longitudinal Review

This chapter examines the efficacy of EU Grand Strategies for Regional Development and assesses regional success in areas such as GDP, poverty, employment, and health rate. While the EU's Cohesion Policy aims to stimulate economic growth, job creation, and long-term development in developing countries, the emphasis is on longitudinal data comparison from selected regions in order to estimate the overall performance of regional

strategies. It contributes to the ongoing debate on the efficacy of EU regional programs over time.

Part III. European Union's Grand Strategies: Balancing Local Communities, Reflexivity, and Human Dignity

Chapter 8: Bringing EU Grand Strategies Closer to Local Communities: The Role of Community Foundations in Substantiating EU's Strategic Thinking on Sustainable Development

The chapter explores the challenges that the EU has in maintaining its global leadership while also addressing local sustainability issues. The EU's democratic deficit is viewed as a constraint that could make it difficult for the EU to establish and solidify a more dominant worldwide position and effectively implement global strategies. However, the chapter also emphasizes the inspiring work being done by European local communities in building their own processes and methods for solving sustainability concerns. The chapter illustrates the potential of community infrastructure and functional methods to address local sustainability concerns, which could inspire communities worldwide.

Chapter 9: Introducing Reflexibility as a Path towards Society 5.0

In the chapter, we introduce the concept of reflexibility, which merges the notion of reflexive thinking and responsible behavior. It is considered a key to more sustainable and prosperous living conditions on the planet. It is fueled by the recognition that the current situation ranging from the depletion of natural resources to the deprivation of people is calling for a new social order to emerge. It is not only about technological solutions, and new policy intervention, but it is also about a new paradigmatic shift in ways of imagining and steering a new society.

The concept of reflexibility renders the potentiality that eco-social crisis has on the emergence of novel and more favorable social conditions. Current turmoil on a macro societal level is precipitating disturbances, disorientation, and stress on a level of individuals, but is, however, also an opportunity to thrive (Sathouris 2010), while encouraging actors on different social levels to act properly within the contested social conditions.

The concept of reflexibility takes into account the macro structural conditioning on the one hand and the reactions of agents whose motivation is shaped by the existing socio-cultural settings on the other. It is based on Archer’s view of reflexivity seeing it as the mediator between structure and agency and as the crucial component of social change. In addition, the concept of reflexibility is intertwined with the outcomes of reflexive deliberations leading to behavioral practices contributing to sustainable systemic and living conditions.

With the concept, we shed light on the structural, cultural, and agential relations by examining the emergent properties of each social stratum separately and observing how they interact with each other. In that regard, we deploy the morphogenetic approach to discern the complex interplay between all societal levels. As an analytical proxy for sustainable settings on a macro and micro level we take the idea of Society 5.0 which superimposes the concept of Industry 5.0. We analyze the dynamics of the emergence of Society 5.0 in the evolutionary context by taking into account historical and synchronic factors.

Chapter 10: The Contemporary Paradigm of Human Dignity and the EU Context

A Strategic Agenda 2019-24 adopted by the European Council focuses on protecting citizens and freedoms, promoting European interests and values on the global stage. In this context, the concept of human dignity plays a crucial role as the first article of the Charter of Fundamental Fights of the European Union states that “Human dignity is inviolable”. It must be respected and protected.« Human dignity has broad support among almost all political groups in the European Parliament. For this reason, it is important to improve our understanding of the concept of human dignity and recognize its cultural and historical aspects. The chapter presents traditional and contemporary paradigms of human dignity relying on its cultural and historical aspects and points out its relevance in the context of the European Union.

Last, but not least, it's important to note that this book aims to make a significant impact both in academic and educational spheres. It will cater to the interests of various groups, including EU studies researchers, educators, EU studies students, policymakers, and the general public. The book's focus will be on relatively unexplored aspects of EU studies, specifically the development and execution of the European Union's long-term strategies.

Of particular significance is the book's relevance to scholars employing the Cultural Political Economy approach. This work will showcase the approach's analytical strength and its unique contribution through innovative data collection techniques tailored to this context.

The timing of the book's release aligns with the EU's upcoming strategy, The Agenda 2030, centered around the Sustainable Development Goals for the period 2021-2030. Concurrently, various communities, including academia, policymaking circles, and the public, will be reviewing the outcomes of the previous strategy, Europe 2020. As such, this book will serve as a comprehensive and methodical contribution to this subject matter.

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Part I.

Exploring European Union Industrial Policy and Security Challenges in a Globalized World

European Union as an Industry Leader? Positioning European Union Industrial Policy in Danube Regions Reality

TAMARA BESEDNJAK VALIČ [1]

Abstract The world is rapidly changing. Impacts, ranging from technological innovation to health challenges the global economy. The EU has faced industrial policy struggles, lagging behind the USA and China in its industrial competitiveness. In 2021, the EU launched a plan to revive its industrial policy through a green and digital twin transition. The key question of the presented discussion is how are Danube region countries positioning themselves in relation to current EU industrial goals of twin transition. A tentative conclusion suggests that reindustrialisation, aligned with EU policy, is contributing to positive developmental opportunities, especially for competitively intermediate countries.

Keywords: • European Union • industrial policy • reindustrialization • social fields • Danube region • country performances

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1 Introduction

The starting point of the present discussion is the communication on the industrial strategy of the EU, as one of the tools to significantly increase the competitiveness of the EU (Renda, 2021) and particularly individual member states since the EU is an entity of broad differences; in (Pandiloska Jurak, 2021). In this context, special emphasis is placed on the Danube region as one of the most diverse regions of the European Union when it comes to economic development. The process of the "industrial renaissance" (Renda, 2021) or in other terms, the re-industrialization (Besednjak Valič et al., 2023) is understood as one of the main processes to achieve the goal of increasing the competitiveness of the Danube Region.

The industry was, on many occasions contextualized and in many public narratives associated with heavy environmental impacts. Due to this, we have, in the past decades, seen much offshoring as a way of pushing the question of pollution to less developed nations – a process we can associate with the so-called "not in my backyard" mentality. Nowadays, the narrative seems to be changing and industry is getting associated with innovation and knowledge (Camarinha-Matos et al., 2019) gaining more favorable public views (Heymann & Vetter, 2013). This process of re-imagination can be sociologically understood, also as the process of changing the imaginary (Sum & Jessop, 2013). The nature of change is triggered by the crisis which challenges the main narrative and we are now facing the crisis (Sum & Jessop, 2013), delivering it through to main global trends therefore the narrative is in a phase of changing. The imagination of industry as something dirty and environmentally unfriendly is now changing into an imaginary of industry where knowledge, innovation, sustainability, and environmental protection are at the forefront. This purposeful change of narrative should be supported by the strong role of the government (Aiginger & Rodrik, 2020), ensuring framework conditions for the change. At the same time, the government must ensure the establishment of services to monitor the success of the transition. But is it possible to steer the developmental performance through strong industry policies? According to Lane (2020), the evidence is scarce yet promising. Rich retrospective cases, collected data, and institutional details should contribute to understanding whether policy interventions in the field of industry are successful (Lane, 2020). Research shows the public narrative (Makarovič, et al., 2014) and consequential political legitimacy (EPSC, 2015) also plays a role when it comes to the success of a particular policy (Makarovič et al., 2014).

However, it seems that the European Union was not very successful when it comes to medium-term growth and development strategies (Renda, 2017), as it always seemed, the targets and ambitions of EU and member states were not always aligned with the daily practice of policymaking (ibid). The Lisbon agenda never materialized, Europe 2020 agenda also, and today the EU puts forward another ambitious agenda, this time in line with the UN Agenda 2030 and the Sustainable Development Goals (Gregersen et al., 2016) by placing the person and their inherent dignity (Kleindienst 2017; 2019;

Kleindienst and Tomšič 2018; 2022) at the heart of development efforts. Today, the focus of the European Commission goes to "competitive sustainability" and the implementation of the Sustainable Development Goals (Fric et al. 2023; Fric, O'Gorman, and Rončević, 2023; Fric, and Rončević 2024). This should be done through a twin transition via European Green Deal (Renda, 2021).

Having said all that, the research problem of this discussion follows the logic where each individual member state has to transform its industries to reach the goals. Within this, we adopt a path dependency view where we assume the path set forth towards the development is inevitably interrelated with the level of industrial development individual member states currently exhibit. In this frame, we are interested whether the countries of the Danube region have the potential and the capability to successfully transition to what is understood as a sustainable and resilient industry. As elaborated above, this transition is interlinked with the process of re-industrialization. The main research questions are therefore: RQ1) What are the prospects of individual Danube region countries when it comes to positioning the EU industrial policy goals into their current country performances? and RQ2) Can the reindustrialization encompassing the current stream of the EU industrial policy in any way, contribute to successful developmental opportunities?

2 The need for an industrial renaissance?

As noted by Besednjak Valič et al., 2023 several EU countries deliberately diverted from industrialization, strongly supporting services sectors, particularly tourism. It is Spain and Greece, particularly stand out as the dominant cases. For those two countries, the evidence shows, throughout the past years, neither of them is progressing in terms of increasing GDP per capita (see also Pandiloska Jurak 2024). The logical conclusion to this is that orientation towards the service sector with little value-added does not contribute towards increase in GDP per capita. To support this argument Besednjak Valič et al. (2023) mention countries like Ireland, Poland, Czech Republic, Bulgaria, Slovenia and Slovakia as countries with increase in industry shares in GDP who are also experiencing GDP growth per capita. Furthermore, the countries who seem to preserve a part of industries and did not divert to full service sector seem to be prospering the most out of the given situation as Heymann and Vetter (2013) claim. Furthermore, they note the decline in shares of manufacturing GDP until 2013 is detected in all the countries except Germany (Heymann & Vetter, 2013). Economic success of the country is connected to industrial activities in the past years has changed public attitudes towards more positive ones (Camarinha-Matos et al., 2019).

Based on this, we can relate some particular social trends, speeding up the process of industrialization. It is not only the economic success per se especially related to the jobs creation (Besednjak Valič et al., 2023), and overall well being connected to it, but there are also some other trends related predominantly to digitalization, sustainability, and

nature preservation related. The most appealing technological advances, which are getting connected to industrialization are automatization (robotization) and advanced manufacturing. Other applications of advanced manufacturing, like 3-D, printing and artificial intelligence are contributing to increased value added, and making production not only more efficient and flexible, but also more cost effective. The principles of advanced manufacturing are inevitably connected with the customization of products. The second social trend underpinning the speed of the industrialization is the overall turn of the society towards sustainability (Džajić Uršič, 2020; Fric, 2019) and more detailed towards the processes of circular economy (Džajić Uršič & Rončević, 2017; Uršič & Jelen, 2022) and industrial symbiosis as business model to support the strive for the sustainability (Boshkoska et al., 2018). Digitalization is another social trend, which is not only supporting the re-industrialization, but it is the main tool to achieve it as digitalization is at the core of the twin transition. The process of digitalization signifies the increasing usage of digital on several levels within and outside the organization. Digital transformation can help optimizing business processes, but also optimizing the logistics and supply chain management in fields ranging from finance to health. Mentioning things optimization through digitalization one has to notice the momentum that has occurred after the experience of the COVID-19 pandemic. Namely, as the global supply chains (Gangaliuc, 2022) were hindered in the period between 2020-2022, this has led to an increased interest in restoring production, considering the variance with industrialization and the legacy of several Danube region countries, the particular countries have understood the nature and the potential for economic growth and development through the processes of reindustrialization.

There are several trends that are supporting the industrial transformation and re-industrialization, not only of the EU as a whole, but particularly as the Danube region. The Danube region traditionally faces vast developmental differences from the more developed west to the less developed east. The success in in the process, depends, not only on following the momentum (Camarinha-Matos et al., 2019), but also on the successful re-imagination (Sum & Jessop, 2013a) when it comes to shared imaginary on the role of industry in the EU society.

3 New actors in the processes of change

The industrial policies of present times need to promote the manufacturing as one of the modes to achieve growth and wellbeing (Aiginger & Rodrik, 2020). Adopting this narrative, the manufacturing needs to become associated with individual capabilities (skills), ambitions and also preferences. All mentioned should be intertwined with technological progress (Fric et al., 2020). Aiginger & Rodrik, (2020) promote the idea where industrial policy should systematically coordinate innovation, regional trade and manufacturing. Jointly with this, the communication from EU emphasizes the industrial policies supporting and promoting twin transition (digital and green) to enhance EU's strategic autonomy (COM, 2021).

To sped up the process of re-industrialization via twin transition the proper steering capacity is needed. The steering capacity is the skill to ensure the policy makers pursue domestic strategies efficiently (Yülek et al., 2020). It is too often seen grand strategies are not properly steered in the public narrative and as such, without potential to succeed. But who are the real actors of re-industrialization? The adoption of new technologies and digitalization, yes, but too neglected question is on who is the actor of re-industrialization? Should it be guided by old-industrial actors who, through investments in R&D, innovation and foreign direct investment contribute to re-industrialization? Or could local entrepreneurs through their past knowledge and skills, based on industrial heritage (Eisenburger, Doussard, Wolf-Powers, Schrock, & Marotta, 2019) take advantage of new technologies and be the drivers of re-industrialization?

Eisenburger et al., (2019) introduce the term of Making as the Small-scale, integrated design and production of physical goods, using low-cost equipment. This activity attracts polity policy attention as a potential means of encouraging, original manufacturing, entrepreneurship and innovation (ibid.). in this context authors introduce the term Maker entrepreneurship (Allan, 2014; Cavalcanti, 2013) where the actors, the Makers, recognize and adopt strategies building upon regional industrial capabilities (Eisenburger et al., 2019). This way, regional capabilities and incumbent firms typically present the baseline for new industries and new firms (Cainelli & Iacobucci, 2016). In this context we are adopting once again the view of evolutionary economic paradigm, much similar to path dependency ideas. The local industrial baseline forms the pool of knowledge that enables the innovation and stems new firms, contributing to re-industrialization of the ecosystem. Old industrial specializations therefore inevitably shape new emerging firms and industries, where the latter do not only benefit from existing knowledge (through processes of knowledge transfer) but also benefit from work experience and professional networks embedded in related industries. In the presented context the Makers rely on novelty and own inventiveness, districting their work from prior modes of manufacturing. The distinction is predominantly technological, as they rely on small-scale process technologies, novel fundraising, and marketing platforms (Eisenburger et al., 2019). As it was historically manufacturing connected to high technology costs, the technologies are nowadays more affordable than event – from cheap 3D printers to computer numerical control mills (CNC) to cloud-based modelling software that is available for monthly subscription (ibid). Such technological availability severely reduced the obstacles outlined for the entry to manufacturing market (see also Browder, Aldrich, & Bradley, 2017). In this way technological innovation and diffusion contributed to making manufacturing more democratic - accessible to wider number of actors. As research show the legacy manufacturers play a key role in the entrepreneurial ecosystems (Wolf-Powers, 2005), the same goes for Makers who successfully scale up into economically significant manufacturing enterprise (Eisenburger et al., 2019). It is up to the policy makers to recognize the potentials of both and establish framework conditions for regional innovation system to evolve in a way where both can co-exist. Strategic steering of

development is of crucial importance at this stage (see also Makarovič et al., 2014; Rončević & Besednjak Valič, 2022).

4 Methods and Data

It is difficult to define strictly whether a group of countries is ready for the transition. However, we can prepare a mental framework for assessment of such readiness. For the purposes of this chapter. We will prepare a short analytical overview of the current situation in different countries of the Danube region. We are fully aware that for a successful twin transition the re-industrialization seems to be a prerogative (for more on the process of re-industrialization of the Danube Region see Besednjak Valič, 2019). For successful re-industrialization and later twin transition, the existing industrial base is important. In the Danube region, the countries exhibit diverse industrial sectors ranging from automotive to electronics, including machinery (ibid.). Following the uneven, developmental stages of different venue provision countries, we inevitably note and even success rate in the process of re industrialization leaving some countries to develop faster than the others.

Our conceptual model for industrial reindustrialization will inevitably include elements as investment flows, skills of workforce, work-related pressures and general market framework conditions. We finally believe that these are the main elements of successful reindustrialization since we understand the processes re-industrialization as the process of changing the social field. The three main social forces need to be adequately analyzed and taken in consideration.

4.1 The three developmental stages of Danube region countries

The Danube region countries remain in the focus of our interest especially through the prism of understanding the dynamics of technology transfer (Besednjak Valič, Kolar, & Lamut, 2021) but also within the segments of understanding the dynamics of Development of cultural and creative industries (Besednjak Valič, 2022). Countries remain on the focus also through the development of innovation eco-systems and social fields (Besednjak Valič et al., 2023).

For the present research, we utilized the grouping of the Danube region countries to 3 competitively different groups. The grouping was first utilized in research by Besednjak Valič et. al (2022) and is based on the level of competitiveness for a particular country. The grouping follows the classification by Schwab (2018). The first group is the group of competitively advanced countries. The second group is the group of competitively intermediate countries and the third group is the group of competitively leading countries. The table 1 below, elaborates further, the countries belonging to each of the mentioned groups.

Table 1: Countries' grouping based on the level of competitiveness of the individual country

No.	Group according to Global Competitiveness Index (2018)	Country
1.	*competitively advanced*	Austria
2.		Czech Republic
3.		Germany (Baden- Württemberg)
4.		Slovenia
5.	*competitively intermediate*	Bulgaria
6.		Hungary
7.		Romania
8.		Slovakia
9.	*competitively lagging*	Croatia
10.		Bosnia and Herzegovina
12.		Montenegro
13.		Serbia

Source: (Schwab, 2018), own interpretation.

For each of the groups we will analyze the state of the art in terms of development of industrial policy, and readiness to participate in the processes of twin transition. This will be done through comparing the statistical data provided by Eurostat (EUROSTAT, 2023) We expect to find a distinct patterns between the countries belonging to each individual groups, and furthermore, we expect to find similarities between the countries of the same group and differences between the groups. This way we will be able to draw further conclusion on the developmental trajectories of the group and individual level.

To be able to structurally present the baseline of the countries we utilize the social fields theory, as developed by Beckert (2010) and frequently tested in similar settings when aiming to understand on how ecosystems function (see also Dubois & Méon, 2013; Rončević, 2012; Rončević & Modic, 2011; Rončević et al., 2022). Following the three dimensions of social field as a baseline for understanding the innovation ecosystem (Asheim et al., 2016) we further elaborate the three main social forces as characteristic of the social field that de-facto shape the topography of the social field. The interplay between the three forces contributes to stability and change. To understand the ground of the discussion we further elaborate the institutions, as main frameworks that guide the frameworks of action and further limit the scope of actions between the actors (Beckert, 2010; Besednjak Valič, 2022). Further, networks contribute to positioning the actors against one another within the field and outside the field (ibid.) where the cognitive frames provide necessary mental toolkit (Rončević & Modic, 2011) for individual actors who desire to get engaged in particular social field.

5 Results

5.1 Institutions: GDP per capita, purchasing power and productivity in industry

The table below demonstrates the state of the art in terms of defined institutions within the selected countries of the Danube region. As indicators for institutions, we selected the three indexes: Manufacturing production index, described as »*the industrial production index shows the output and activity of the industry sector. It measures changes in the volume of output on a monthly basis. Data are compiled according to the Statistical classification of economic activities in the European Community. Industrial production is compiled as a "fixed base year Laspeyres type volume-index". The current base year is 2015 (Index 2015 = 100)*« (EUROSTAT, 2023). The value of the index ranges from 140 as top value in 2nd half of 2022 in Slovenia, to 90 as the value of 1st half of 2023 in Montenegro. With cut off at 100 as the value for 2015, we note the consistent low values for Germany (97 and 98) on one hand and Slovenia with highest values (140 for 2nd half 2022 and 138 for 1st half 2023).

Second index is the GDP growth index, where »*gross domestic product (GDP) is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation. The calculation of the annual growth rate of GDP volume is intended to allow comparisons of the dynamics of economic development both over time and between economies of different sizes. For measuring the growth rate of GDP in terms of volumes, the GDP at current prices is valued in the prices of the previous year and the thus computed volume changes are imposed on the level of a reference year; this is called a chain-linked series. Accordingly, price movements will not inflate the growth rate.*« (EUROSTAT, 2023). For the purposes of present discussion, we compiled the data in terms of calculating the 10-year average. This way, the EU average for 27 countries scores the 1,2% of average GDP growth rate, with lowest growth rate noted in Germany at 1,1% and highest growth rate noted in Hungary (3,3%).

Lastly, the third index is the GDP per capita in PP. The index is described as »*The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa.*« (EUROSTAT, 2023). Apart from that, the data presented serve only as cross-country comparisons, showing the Austria and Germany as the only two EU countries with purchasing power higher than EU average, with other countries below the mentioned average. For example, with Bosnia and Herzegovina on the lowest bar with 32 until Czech Republic with 90. Further details are available in Table 2, below.

Table 2: Institutions structuring Danube Region countries

	Manufacturing production index with 2015=100		**GDP growth**	**GDP per capita in PPS**
TIME	**2/2022 avg**	**2023 Avg until April**	**10year avg**	**10year avg with 2020=100**
Euro area – 20 countries (from 2023)	111	109	1,2	106
Euro area - 19 countries (2015-2022)	111	109	1,2	107
European union - 27 countries (from 2020)	114	112	1,4	100
Bulgaria	133	129	2,2	51
Czechia	119	118	1,9	90
Germany (until 1990 former territory of the FRG)	97	98	1,1	123
Croatia	110	109	2,1	64
Hungary	126	121	3	71
Austria	123	124	1,2	128
Romania	111	112	3,4	64
Slovenia	140	138	2,4	86
Slovakia	112	112	2,2	73
Montenegro	96	90	2,4	45
Serbia	122	123	2,3	41
Bosnia and Herzegovina	108	107	2,6	32

Source: (EUROSTAT, 2023), own calculation.

Following the grouping of competitively advanced countries, we can observe Austria, Czech Republic, Germany, and Slovenia: Czech Republic and Slovenia are overall performing above the EU 27 averages with the exception of the GDP per capita in purchasing power. We argue this is due to the fact the GDP per capita in purchasing power is calculated as a 10-year average. The exact opposite is the picture of Germany, where the GDP per capita in purchasing a power is, in fact, the only index where the Germany exceeds the EU 27 average. In contrast to all Austria is overall performing above the EU 27 average in all analyzed indexes.

Analyzing the performance of competitively intermediate countries we detect interesting results. The most interesting yes, the fact they exceed the EU 27 averages in 2 out of 3 indexes. The index, where they exceed the EU 27 average is the index on GDP growth. If the EU 27 value is 1.4 the most impressive values go for Slovakia are 2,2% and 3,0% for Hungary or even 3,4% Romania. It is worth noting all the countries are below the EU 10-year average GDP per capita in purchasing power. This situation is easily explained by the developing nature of the listed countries, therefore justifying their position in competitively intermediate group of countries.

Analyzing the performance of competitively lagging countries, we are able to detect some patterns. This particularly holds true for outperforming the index of GDP growth and severely underperforming the GDP per capita in purchasing power. On the other hand, an interesting result is noted for Serbia who is outperforming the indexes on manufacturing production. If the average for EU 27, reaches 114 for 2nd half of 2022, and 112 for 1st half of 2023 the index for Serbia reaches 122 for 2nd half of 2022, and 123 for 1st half of 2023. In time, it will be evident how much of these outperforming values are related to EU sanctions against Russia, which Serbia was not the part off.

5.2 Networks: inward FDI, outward FDI, FDI flows intensity in share of GDP

The table below demonstrates the state of the art in terms of defined networks within the selected countries of the Danube region. As indicators for networks, we selected the three indexes predominantly stating the levels of foreign direct investment: FDI flows intensity, the outward FDI and inward FDI, both in % of the GDP. All FDI related flows.

The index of FDI flows is defined as »*Average of inward and outward Foreign Direct Investment (FDI) flows divided by gross domestic product (GDP). The index measures the intensity of investment integration within the international economy. Data are expressed as percentage of GDP to remove the effect of differences in the size of the economies of the reporting countries.*« (EUROSTAT, 2023). The whole area of EU 27 member states, the value is calculated to 0,6 as average for the timespan 2013-2021. the results show, the flows are the greatest in Hungary (8,9% of GDP) with Austria experiencing the negative values of -2,0% as share of the GDP. All other countries of the Danube region seem to obtain the values above the EU 27 averages with Slovakia, reaching 0.3% of GDP and Czech Republic average reaching the value of 2.1%.

The outward FDI is defined as follows »*Foreign direct investment (FDI) is the category of international investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment enterprise). The lasting interest is deemed to exist if the investor acquires at least 10% of the equity capital of the enterprise. For this indicator stocks of FDI made outside the reporting economy are expressed as percentage of GDP to remove the effect of differences in the size of the economies of the reporting countries.*« (EUROSTAT, 2023). The 2013-2021 average for EU 27 is 117% of GDP, with Highest numbers reached in Hungary at 132% of GDP on one hand, and with lowest numbers reached in Romania with 1% of GDP. Unfortunately, the data for Montenegro, Bosnia and Herzegovina and Serbia are not available.

The inward FDI »*Foreign direct investment (FDI) is the category of international investment made by a resident entity (direct investor) to acquire a lasting interest in an entity operating in an economy other than that of the investor (direct investment*

enterprise). The lasting interest is deemed to exist if the investor acquires at least 10% of the equity capital of the enterprise. For this indicator stocks of FDI in the reporting economy are expressed as percentage of GDP to remove the effect of differences in the size of the economies of the reporting countries.« (EUROSTAT, 2023). The 2013 to 2021 average Of the EU 27, reaches 99% of GDP. Highest values are again reached by Hungary with 172% of the GDP and the lowest values are reached by Germany with 25%. Unfortunately, again, the data is not available for Montenegro, Bosnia and Herzegovina and Serbia. Reveals further interesting information with virtually all countries below the EU-27 average.

Table 3: Networks of the Danube Region countries

	FDI flows – intensity average 2013-2021	**outward FDI in % of GDP from 2013-2021**	**inward FDI in % of GDP from 2013-2021**
GEO (Labels)			
European Union – 27 countries (from 2020)	0,6	117	99
Bulgaria	1,6	4	81
Czechia	2,1	14	66
Germany (until 1990 former territory of the FRG)	1,6	43	25
Croatia	1,8	9	51
Hungary	8,9	132	172
Austria	-2,0	66	55
Romania	1,2	1	41
Slovenia	1,4	14	31
Slovakia	0,3	4	55
Montenegro	n/a	n/a	n/a
Bosnia and Herzegovina	n/a	n/a	n/a
Serbia	n/a	n/a	n/a

Source: (EUROSTAT, 2023), own calculation.

Following the grouping of competitively advanced countries, we immediately get surprised by the low score in Austria, where the FDI flows intensity reach a negative value of -2% of the GDP in the time span 2013-2021. On the other hand, it is Austria, who is experiencing far the largest outward FDI in percentages of GDP, reaching up to 66% for the same time span. Additionally, the inward FDI in percentages of GDP for the same time span reaches 55% of the GDP. In the group of competitively advanced countries, we can observe the positions of Slovenia and Czechia, where Czech Republic's inward FDI reaches up to 66% of the GDP. On the other hand, in Slovenia, this figure reaches 31% of the GDP. The countries are closer in the shares of the outward FDI, which, for both cases reaches 14% of the GDP. We conclude based on the given data that it is Czech Republic far more interesting for attracting foreign direct investment than

Slovenia. The Slovenian FDI flows intensity, reaches 1.4% of GDP positioning Slovenia near Germany, whose FDI flows intensity, reaches the value of 1.6% of the GDP. Germany's outward FDI reaches the value of 43% of GDP. Where is the inward FDI, in percentages of the GDP, reaches the value of 25%.

The figures on FDI movements, particularity the inwards FDI, in competitively intermediate countries are to some extent expected to be larger. The table 3 reveals the outstanding case of Hungary, where the average FDI flows intensity reaches a positive 8.9% of GDP. To add to this, the outward FDI in percentages of GDP reaches 132% and inward FDI reaches 172%.

The remaining members of the group of competitively intermediate countries struggle with the same problem. Due to their less favorably position in the developmental scale, the companies are not able to perform the outwards FDI, explaining the modest percentages of GDP for outwards FDI ranging from 1% in Romania up to 4% in Bulgaria and Slovakia. More promising are the figures on inward FDI in percentages of GDP, which range from 41% in Romania to 55% in Slovakia and 81% in Bulgaria. Comparing the FDI flows intensity, the lowest is in Slovakia with 0.3% of GDP, followed by Romania with 1.2% of the GDP, and lastly, followed by Bulgaria with 1.6 of the GDP.

Unfortunately, for majority of countries pertaining to the group of competitively lagging ones, the data is missing. Namely, we do not have any data for Montenegro, Bosnia and Herzegovina, and Serbia. However, we do have data for Croatia revealing rather high FDI flows intensity, reaching 1.8 percentage of GDP. The situation in Croatia is somehow similar to the situation as described above when speaking about competitively intermediate countries with low share of Croatian outward FDI flows with 9% of the GDP and higher shares in the inward FDI, reaching up to 51% of the GDP.

5.3 Cognitive frames: digital skills, work in high-tech sectors, work motivation

The table below demonstrates the state of the art in terms of defined cognitive frames within the selected countries of the Danube region. As indicators for cognitive frames, we selected the three indexes predominantly stating the levels of employment in high-tech sectors, the scope of basic or above basic digital skills, and self-perceived demand for work in high speed and tight deadlines. Each of the three indexes was selected to present the work conditions.

The index titled Employment in employment in high- and medium-high technology manufacturing sectors and in knowledge-intensive service sectors is calculated as a share of total employment. (EUROSTAT, 2023). For EU 27 the index reaches to 6,08% for a 10-year span. The data span is calculated as the average values of data from 2012 to 2022. The data reveals highest values in Czech Republic at 11,18% and Slovakia on the second place at 10,78%, both followed by Germany at 9.81%. The lowest values are noted in

Croatia with 3,55% and Serbia with 4,34%. The data for Montenegro and Bosnia and Herzegovina are not available.

Individuals who have Basic or above basic overall digital skills »*is a composite indicator which is based on selected activities related to internet or software use those individuals aged 16-74 perform in five specific areas (Information and data literacy, Communication and collaboration, Digital content creation, Safety, and Problem solving). It is assumed that individuals having performed certain activities have the corresponding skills. Therefore, the indicators can be considered as proxy of individuals digital skills.*« (EUROSTAT, 2023).

The EU 27, average ranges of 53,9% of population, reaching basic or above basic digital skills. The highest values are detected in Croatia with 63,4%, followed by Austria with 63,3%, and Slovakia at 55,2% on the other range of the scale Romania reaches 27,8%, Bulgaria at 31.2% and at Bosnia and Herzegovina at 34,7%.

The third index is titled Employed persons having to work at very high speed or to tight deadlines« (EUROSTAT, 2023). The original source of data is the European foundation for the improvement of living and working conditions (Eurofound). The average was calculated for the periods between 2005 and 2015 and the value for EU 27 countries reaches 44,7%. In the table for numerous countries above the stated average with Hungary, reaching 49,6%, followed by Austria with 47,2% and Germany with 46,5%. Way above average seem to be Slovenia with 56% and Romania with 54,8%. On the other hand,lowest rank Bulgaria with 32%, and Slovakia with 32,2% both followed by Croatia with 35,8%.

Table 4: Cognitive frames of the Danube Region countries

	Employment in high-tech sectors 10year average	Basic or above basic digital skills	Work at high speed and tight deadlines, avg for 2005-15
European Union - 27 countries (from 2020)	6,08	53,9	44,4
Bulgaria	4,04	31,2	32
Czechia	11,18	59,7	45,1
Germany (until 1990 former territory of the FRG)	9,81	48,9	46,5
Croatia	3,55	63,4	35,8
Hungary	9,26	49,1	49,6
Austria	6,1	63,3	47,2
Romania	5,88	27,8	54,8
Slovenia	9,27	49,7	56
Slovakia	10,78	55,2	33,2
Montenegro	n/a	47,2	n/a
Bosnia and Herzegovina	n/a	34,7	n/a
Serbia	4,34	41,3	n/a

Source: (EUROSTAT, 2023), own calculation.

Czech Republic, one of the countries of competitively advanced group outstand the number in the indicator employment in high-tech sector 10 years average with a total of 11.18% of the workforce. This is followed by Germany with 9.81% and Slovenia with 9.27%. Austria ranks last at 6.1% of the total workforce, however, when it comes to self-assessment on basic or above basic digital it is Austria, who reaches a total of 63.3% of the total workforce followed by Czech Republic with 59.7%, Slovenia with 49.7% and lastly Germany with 48.9% of the total force. When discussing work related pressures, it is important to assess and compare the amount of work at high speed and tight deadlines. We note the countries are very much equal when it comes to assessment of time where the work meant to be finalized at high speeds and tight deadlines. In this context it is Slovenia ranging highest at 56%, followed by Austria with 47.2%, Germany with 46.5%, and the Czech Republic with 45.1%.

When it comes to competitively intermediate countries and percentages of employment in high-tech sectors, we note Slovakia stands out with 10.78% of workforce employed in high-tech center. This is backed up by an estimated 55.2% of working population having

basic or above-basic digital skills and with 33.2% of the workforce who needs to work at high speed and tight deadlines. The situation to some extent seems similar for Hungary with 9.26% of employed in high tech sectors. Apart from this, there are, for example in Bulgaria, only 4.04%, and in Romania, there are 5.88% of workforce employed in high-tech sectors. In Hungary, a self-estimated 49.1% of the workforce has basic and above the basic digital skills compares to Romania where this self-estimate is significantly lower at 27.8%, and in Bulgaria, with a bit higher share at 31.2% of the workforce. When it comes to conditions and self-perceived need to work at high speeds in tight deadlines, the 54.8% Romanians recognizes this are daily reality, and in Hungary the figure is slightly lower at 49.6%, and Bulgaria at 32%.

Again, it is only Croatia out of the group of competitively leading countries that we were able to obtain all the data. Based on the data, we see only 3.55% of the workforce in Croatia is employed in high-tech sectors, where there is up to 63.4 people that perceive their digital skills as basic or above basic. On the other hand, there is 35.8% of workforce who needs to work at high speed and tight deadlines in Croatia. On the other hand, there are 4.34% of the employed in high-tech sectors in Serbia and 41.3% of the workforce is assigning themselves basic or above basic digital skills. Apart from that, in Montenegro this number is slightly higher at 47.2%, where in Bosnia and Herzegovina is significantly lower at 34.7%.

6 To conclude: Looking forwards, tentatively optimistic?

Across the numerous countries and their individual performances with respect to institutions, networks and cognitive frames, the diversity among them is noted. In cases where data for Danube region countries is available (non-EU member states are oftentimes problematic in terms of accessing data through Eurobarometer). However, the selected indicators offer interesting insights in the dynamics of development of individual country. To be able to draw firm conclusions on the particular processes surrounding re-industrialization through perspective of changed social field, more in-depth case study approach would be more appropriate. However, the research in front of us offers the positive responses to questions we outlined in the beginning of the discussion. Those countries that are aware of the potentials of re-industrialization place more emphasis on structuring the environment where the goal is attainable. Secondly, the re-industrialization is a promising path for the Danube regions countries, firstly through the promise of jobs and growth but also through promise on new entrepreneurial activity happening in the field of manufacturing. In any case further analysis of data is at place to ensure the more cause-effect relationship.

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Strengthening Circular Economy through Industrial Symbiosis: The *NextGenerationEU* Opportunity

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Abstract Adopting the approach of industrial symbiosis, where waste from one company becomes input for another, aligns with global sustainability goals, including the Paris Agreement, UN 2030 Agenda, and European Green Deal. These initiatives promote a development model balancing profitability, social progress, and environmental protection. This chapter examines strategies and policies for sustainable resource management, heightened by COVID-19, and the EU's push for systematic implementation through the European Green Deal and *NextGenerationEU*. The research question addresses whether existing regulations and practices are sufficient for meeting the EU's green and digital commitments.

Keywords: • industrial symbiosis • circular economy • European Green Deal • sustainable development • *NextGenerationEU*

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1 The proposition

We have only one planet-Earth available, but we are consuming resources as if we had many more available, so much so that predicts that at this rate, by 2050, we will consume as if we had three planets available and it is estimated that the consumption of raw materials, fossil fuels, and biomass will double in the next 40 years. The systems' current production processes (especially the extraction and processing phases of raw materials) are responsible for more than 90% of the loss of biodiversity, reduction of water availability, and polluting emissions dispersed in the environment (OECD, 2019). Moreover, without a transformation of the current economic system and with the current trend, it is estimated that the waste produced will increase by 70% by 2050 (Kaza et al., 2018).

Following these facts on our economy's unsustainable patterns, Europe has opted to undertake this plan by concentrating on particular targets to create a sustainable change (Makarovič et al., 2014), (Fric et al., 2023). The goal is to restrict global warming to a maximum of 1.5 degrees Celsius and, as a result, reduce the greenhouse impact by at least 55% by 2030 (Council of European Union, 2023). As many researchers are sceptical about these goals, only the facts and (not only EU but also global) population effort and willingness will show the results.

The United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, both adopted in 2015, represent two fundamental contributions to guide the transition to an economic development model for the future. They have as a goal not only profitability and profit but also progress in social and environmental protection , ensuring the (realized) dignity of all individuals (Kleindienst & Tomšič, 2022a, 2019;Kleindienst & Tomšič, 2018, 2022). This need is now recognized by all EU countries and has become essential to avoid a future that continues to increase social and environmental problems.

In this context, a crucial aspect is that of the more rational and sustainable management of natural resources, more and more under pressure due to the growing population, the increase of demand for raw materials, and the increase in inequality even in less wealthy countries (Makarovič et al., 2014c).

The theme is characterized by a double dimension. An ambitious, it's about managing resources more efficiently, i.e. increasing productivity in production and consumption processes, reducing waste, and maintaining the value of the products as much as possible. In this regard, we must avoid everything that is still useful in itself and does not end up in a landfill in an illegal way. These types of products must be processed and reintegrated into the economic system. These two aspects (reducing waste, and maintaining value) represent the essence of the Circular Economy (CE) and of course, Industrial Symbiosis (IS), which aims to make economic activities more efficient and less impactful on the

environment through technological innovation and better management (Ministero dell'Ambiente, 2017).

The transition to a resource-efficient, low-carbon, and climate-change-resilient economy represents a fresh global challenge to achieve sustainable and equitable growth.

With a predicted global population of more than 9 billion people by 2050 and strong economic expansion in developing nations, demand for natural resources, particularly primary raw materials, will likely expand tremendously in the coming decades. This tendency will exacerbate environmental and climate problems unless policies and initiatives for more efficient resource usage are implemented.

In this perspective, the growth of a new "circular" and "symbiotic" model of production and consumption is an important strategic element in achieving global environmental goals, as well as a component in relaunching each EU country's competitiveness.

Over the last several years, the notion larger than resource efficiency has been extended into various efforts in sectors such as the OECD, International Resource Panel (UNEP-IRP), and G7/G8/G20 (Ministero dell'Ambiente, 2017). The initiative of the German G7 presidency in 2015 was a continuation of the Japanese G8 presidency in May 2008, which launched the "3R Action Plan - Reduce, Reuse, Recycle." It included a series of actions aimed at improving resource productivity, promoting the "recycling society" and the international market for recycled products, and reducing greenhouse gas emissions (Ministero dell'Ambiente, 2017).

Currently, topics such as procurement of sustainable raw materials, production processes and design ecological, the adoption of distribution and consumption models more sustainable, and the development of commodity markets secondary, have become key elements of the concept of the circular economy. Moving from the current linear economy model to the circular one requires a rethinking of market strategies and models to safeguard the competitiveness of industrial sectors and the heritage of natural resources (Fric and Rončević, 2018). A circular economy model involves consumer habits, acts as a regulator of production and manufacturing processes of large companies, and is able to create new jobs work and at the same time significantly reduces the demand for raw materials first virgins.

In the near future, it will be necessary to design and develop even more efficient systems of regeneration, reuse, and repair of goods, facilitating the maintenance of the products and increasing their life span. Operators, therefore, will have to conceive their products with the awareness that these, once used, are intended to be repaired and reused.

The change must also be made at the level of regulatory review, which simplifies its implementation and improves its coordination; to make cooperation between all actors

more economic, structural, and circular (public administrations, companies, research institutes science, and technology) to foster innovation, transfer of technologies and the competitiveness of industrial sectors (Ministero dell'Ambiente, 2017). The presence of support for (regional) innovativeness creates favourable conditions for the regions to become more competitive (Rončević and Modic, 2011,;Modic and Rončević 2018; Cepoi and Pandiloska Jurak, 2023; Golob and Makarovič, 2023; Pandiloska, 2024). The economic system is located within a wider ecological system and, while taking advantage of its natural resources and its ecosystem services must respect its operating rules e physical, biological, and climatic limits.

An economy where today's products are tomorrow's resources, where the value of the materials comes as much as possible maintained or recovered, in which there is a minimization of waste and impacts on the environment, can be defined as "circular" and in "symbiosis" (Fric and Rončević, 2018, Uršič, Fric, and Rončević, 2024).

In this regard, we can confirm that the analysis of the circular economy and its approach to industrial symbiosis has evolved a lot.

1.1 A new European strategy for sustainable development: Industrial Symbiosis

Industrial symbiosis is intimately connected to sustainability and sustainable development in combatting climate change (Clift & Druckman, 2015) and is regarded as a crucial method for moving to a circular economy (Fraccascia & Giannoccaro, 2020).

On a practical level, industrial symbiosis has been highlighted as a possible strategy for enhancing environmental sustainability while also attaining economic advantages (Plan, 2011), and industrial symbiosis development is part of the EU's sustainable industry policy program (Domenech et al., 2018) and the Green Deal (European Commission, 2022). The circular economy, which includes the notion of industrial symbiosis, is a worldwide megatrend in the last years' (Wadström et al., 2021).

The circular economy is an economic concept that promotes the reuse, recycling, and repurposing of materials in order to establish a sustainable system by decreasing waste, lowering resource consumption, and encouraging the reuse, recycling, and repurposing of resources (Chertow, 2007). Industrial symbiosis is closely related to the circular economy since it includes organizations collaborating and exchanging resources, energy, and waste to create a closed-loop system. Companies in an industrial symbiosis collaborate to use each other's output and by-products as resources rather than discarding them as garbage. This decreases the demand for new materials and energy, as well as trash creation and disposal (Džajić Uršič, 2020). This is consistent with the concepts of the circular economy, which seek to reduce waste and resource consumption. In essence, industrial symbiosis is a practical implementation of circular economy ideas, allowing

businesses to collaborate and share resources to build a more sustainable system. Companies may collaborate to build a more efficient and sustainable industrial ecosystem, lowering environmental impacts and generating economic advantages (Urska Fric et al., 2023). Collaboration can extent to different levels, with promising results from collaboration also between industry and university (Besednjak Valič et. al., 2022).

Industrial symbiosis has been present for decades, but it has grown to become more complex and integrated over time. It may be traced back to the early 1970s when Danish industries began cooperating to trade waste materials and by-products for reuse and recycling. Since then, the notion has expanded and gained traction as a means of reducing waste, conserving resources, and creating economic value. Industrial symbiosis is now a well-established practice that includes not only the interchange of waste materials and by-products, but also the sharing of energy, water, and other resources between businesses. Across the world, there are countless instances of successful industrial symbiosis programs (for example NISP: an International Synergies' most recognized project and was the world's first national industrial symbiosis programme). Individual enterprises partnering on a local scale to huge industrial parks and regions collaborating to form a closed-loop system are examples of this. New technologies, such as improved materials, sensors, and data analytics, have also made industrial symbiosis more complex and efficient. From a simple concept of waste exchange to a sophisticated system of resource sharing and collaboration, industrial symbiosis has grown. It has emerged as a critical component of the circular economy, allowing businesses to lessen their environmental effect while still providing economic value (Fric et al., 2020; Fric et al., 2023; Džajič Uršič and Jelen, 2022; Chertow, 2000; Majetič et al., 2019). But industrial symbiosis is a step up to the approach of the circular economy-is sharing of data and information, development of mutual trust, supportive sustainable consumption, corporate culture, and eventually booster of industrial sustainability, involving proximity, confidentiality, openness, equality, and cooperation amongst sectors that are part of the industrial symbiosis system (Džajić Uršič, 2020). Nevertheless, policy mechanisms, giving experiences from other fields seem to play important role (Besednjak Valič et al., 2023).

In the context of the EU, the concept of industrial symbiosis can be understood through the lens of variation, selection, and retention of EU strategic discourses (Jessop and Oosterlynck, 2008; Sum and Jessop, 2013). Certain discourses may emphasize the EU's role in global governance and diplomacy, while others stress regional cooperation and integration. Similar can be noted in other sectors (Besednjak Valič, 2022a). Nevertheless, EU discourses towards industrial symbiosis may highlight technical innovation and digitization, and prioritize social inclusion and human rights preservation.

As Por (Por, 2019) commented: circularity is a critical component of a broader industrial transition toward industrial symbiosis, carbon neutrality, and long-term competitiveness. It has the potential to produce significant material savings throughout value chains and

industrial processes, as well as generate additional value and unleash economic possibilities.

In line with the objectives outlined in the Industrial Strategy (European Commission, 2020c), the Commission is keen to promote greater circularity in the industry by facilitating industrial symbiosis through the development of an industry-led reporting and certification system, as well as enabling the implementation of industrial symbiosis. To create more effective and efficient cycles, a truly circular economy necessitates increased collaboration among various companies. Industrial symbiotic techniques are therefore the foundation of a circular economy.

The Kalundborg industrial park in Denmark is the most well-known example of this concept. The Park was not constructed with a "symbiotic" aim in mind, but an affiliation of the major companies, together with the involvement and oversight of the regional government, resulted in a successful collaboration between surrounding companies (Por, 2019). Networking appears to be the key component (Rončević and Besednjak Valič, 2022), while interorganisational stability is also important (Besednjak Valič, 2022b).

In theory, there might be many distinct forms of industrial symbiosis, but in fact, it is difficult to identify many examples. The potential for industrial symbiosis between related companies in the value chain (e.g., agricultural and food companies), as well as between companies that are not necessarily neighbours (e.g., seed manufacturers and consumers), or even between companies within the same industry, could be enormous (such as power generation companies). In general, corporate collaborative activities may be crucial in reducing environmental consequences (Bowen et al., 2018). But, in actuality, the majority of extant cases include enterprises that are close to one another and from different industries (similar to the pioneering initiative of Kalundborg). As stated in the Circular Economy Action Plan (European Commission, 2020c), the EU places industrial symbiosis at the heart of resource efficiency strategies and the transition to a circular economy, proposing facilitating and enabling industrial symbiosis as a means of transforming consumption and production patterns for greater circularity and industry (Branca et al., 2021).

In 2019 the new agenda of Europe - The European Green Deal (EGD) - for sustainable growth represents a new strategy for more sustainable management of materials and resources and more rational practices in the waste management and recycling (European Commission, 2019). This comprehensive plan by the EU is to make the economy more sustainable and reduce greenhouse gas emissions to net zero by 2050. It includes a wide range of initiatives, priorities, and policies aimed at transforming the EU into a climate-neutral and resource-efficient society. Some initiatives that reflect European Green Deal are aimed: (1) to improve the energy efficiency of buildings by renovating at least 35 million buildings by 2030 promoting the use of sustainable modes of transport such as walking, cycling, and public transport; (2) Circular Economy Action Plan (includes

measures to promote sustainable production and consumption, reduce waste, and improve recycling); (3) "farm to fork strategy" promoting sustainable food systems by reducing the use of pesticides and fertilizers, promoting organic farming, and reducing food waste and (4) biodiversity strategy to protect and restore biodiversity by conserving 30% of EU land and sea, and by promoting the restoration of degraded ecosystems. In this regards the selection of priorities aims to make the EU climate-neutral by 2050 and promote industrial symbiosis, but also retend to provide funding for various programs and initiatives, regulatory framework, ongoing collaboration, and visions related to the discourses of industrial symbiosis (Sum & Jessop, 2013).

As supported by the European Commission (European Commission, 2011) several countries are committed to introducing industrial symbiosis to their agenda. Undoubtedly, the key motivator for organizations to embrace industrial symbiosis practices is the potential economic rewards. Economic drivers (e.g., reduced raw material and waste costs, revenue generation) can promote and facilitate company cooperation, as can geographical, legislative, political (e.g., regulatory pressure, landfill tax), technical, operational, logistical, market-related, and environmental factors (Branca et al., 2021). The role of EU internal energy market in this context is also worth exploring (Klopčič et al., 2022). As stated by Fraccascia, Magno, and Albino (2016), despite various contributions to industrial symbiosis business models over the last few years, many companies still lack understanding when it comes to incorporating industrial symbiosis-based methods into their business activities. However, strategic actions can overcome such obstacles. Industrial symbiosis implementation can be aided by clear and uniform legislation and procedures, where economic incentives may be another motivator/facilitator that can help companies establish collaboration and organize staff training (Cervo et al., 2020; Jiao & Boons, 2014). At the European level, industrial symbiosis has taken on a strategic role in recent years and has found space in the policies summarized in Table 1.

Table 1: Starting points of the European regulatory initiatives on industrial symbiosis

Institution	**Title**	**Initiative**
European Commission	September 20, 2011 - COM (2011)571 "Table of march toward a Europe efficient in use of resources" (European Commission, 2011).	Industrial symbiosis is suggested as a way to promote more efficient manufacturing by making greater use of raw resources and reusing by-products.
European Commission	December 17, 2012 "European Resource Efficiency Platform (EREP). Manifest for a resource efficiency	European statement declaring that the EU and Member States should stimulate the adoption of industrial symbiosis by promoting pan-European initiatives, scaling up current

	in Europe" (European Commission, 2014a).	industrial symbiosis networks, and creating a knowledge exchange platform.
European Industrial Symbiosis Association (EUR-ISA)	European Industrial Symbiosis Association.	European Industrial Symbiosis Association 's role is to assist the European Commission in program execution in order to create an effective Europe in resource utilization through the adoption of industrial symbiosis.
European Commission	2 July 2014 - COM (2014) 398 "Verse a circular economy: program for a zero waste Europe" (European Commission, 2014b).	It specifically includes symbiotic industry among the techniques to be used to promote resource efficiency and the transition to a circular economy.
G7 (of which they belong France, Germany, Italy, United Kingdom, Canada, United States and Japan)	"Alliance on Resources Efficiency", launched on 2 October 2015 ('G7 Alliance on Resource Efficiency', 2015).	It highlighted industrial symbiosis as one of the foundations of the resource-efficiency approach.
European Commission	2 December 2015 - COM (2015) 614 "The ring missing - Plan of action by the EU for the economy circular" (European Commission, 2015).	The Commission proposes to clarify the standards relating to by-products for facilitate industrial symbiosis e create a level playing field in the EU.
European Parliament and European Council	Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 (European Parliament and Council, 2018).	The industrial symbiosis is defined as a technique for promoting resource reuse and transfer between businesses. Member States shall adopt necessary steps to assist in recognizing as a by-product a substance or an object derived from a manufacturing process whose primary goal is not the creation of that substance or thing.
European Commission	March 11, 2020 - COM/2020/98 final A new Circular Economy Action Plan. For a cleaner and more competitive Europe" (European Commission, 2020a).	Industrial symbiosis is specifically included in the methods to be implemented to increase resource efficiency and the transition to a circular economy.

Source: Circular Economy Network. Rapporto sull'economia circolare in Italia 2021 (Brunori et al., 2021).

1.2 New opportunities for European Union: *NextGenerationEU*

Besides the European Green Deal, a new recovery plan was proposed by the EU in response to the economic crisis caused by the COVID-19 pandemic. The plan called *NextGenerationEU* (NGEU), with a budget of €806.9 billion, will assist repair the immediate economic and social harm caused by the coronavirus epidemic while also preparing the EU for the future. The instrument will contribute to the development of a post-COVID-19 EU that is greener, more digital, more resilient, and better prepared for present and future problems. While the Recovery and Resilience Facility is the centrepiece of *NextGenerationEU*, a €723.8 billion facility instrument to assist reforms and investments in EU Member States (in total, to invest in reforms and projects). Grants will cover a portion of the money (€338.0 billion). Other contributions are for instance: the *EU4Health* project estimated at €9.4 billion will strengthen health security and will be able to cope with future health crises. In addition, with a reinforcement of €2 billion, the RescEU (Civil Protection Mechanism) will be extended and strengthened to prepare the EU to face the possible difficulties of the future. *Horizon Europe* will receive €95.5 billion, (€5,4 billion come from *NextGenerationEU* funds) which will allow him to finance research in the field of health and the green transition, digital, and resilience (Della Valle, 2022). *InvestEU* which will support companies and policies implemented in the EU, for the economic recovery of all Member States. For this, more than €372 billion will be mobilized, through an EU budget guarantee of €26,2 billion, which is reversed by various financial institutions, such as the European Investment Bank, *Just Transition Fund* €10.9 billion, and *Rural Development* €8,1 billion. Loans are estimated at €385 billion (Gundín, 2021).

The European Commission can raise funds through the Facility, a temporary instrument, by borrowing on capital markets to assist Member States in implementing reforms and investments that are in line with the EU's priorities and address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. The Facility went into effect in February 2021. From the start of the epidemic in February 2020 through the conclusion of December 2026, it funds Member States' reforms and investments. Member States must submit recovery and resilience plans to the European Commission, outlining the changes and investments they intend to implement by the end of 2026 in order to receive funding up to the agreed-upon amount (European Union, 2023).

Some important initiatives that are part of *NextGeneration EU* are:

(1) investments in energy-efficient renovations of public, social, and private buildings. Renovation of both public and private buildings is a critical activity that has been identified in the European Green Deal as vital endeavour to increase energy efficiency in the sector and meet targets. Building renovations can also play a critical part in European economic recovery following the COVID-19 epidemic, given the labour-intensive character of the construction sector, which is mostly dominated by

local enterprises (European Commission, 2023b). To jump-start and rebound, the European Commission's recovery plan includes additional funding for EU facility improvements. To accomplish this twin goal of energy gains and economic growth, the European Commission launched the policy "A Renovation Wave for Europe - Greening our Buildings, Creating Jobs, Improving Lives" (European Commission, 2020d) in 2020, to encourage renovation throughout the EU. It intends to more than treble yearly energy renovation rates over the following ten years. These improvements will improve the quality of life for individuals who live in and use the buildings, as well as create new green employment in the construction industry. A Renovation Wave strategy for Europe highlights three priority areas: combating energy poverty and underperforming buildings, public structures and social infrastructure, and carbon-free heating and cooling. The strategies' way to support the renovation is mainly by direct expenditures in research and innovation to eliminate market obstacles, as well as offering technical assistance (European Commission, 2023b).

(2) Sustainable transport: where the EU aims to invest in sustainable forms of travel like electric automobiles, public transit, and bicycle infrastructure. Governments and towns have implemented legislation and incentives to speed up the transition to sustainable mobility. Global regulators are setting more rigorous emissions limits. The EU unveiled its "Fit for 55" initiative, which aims to coordinate climate, energy, land use, transportation, and taxation policies in order to cut net greenhouse gas emissions by at least 55% by 2030. In addition to such regulations, most governments are providing electric vehicle subsidies. This is why industry participants are quickening the pace of automotive technology innovation, as they create new notions of electrified, connected, autonomous, and shared mobility. Although the rate and scope of change may vary. Electrification will play an essential part in the transformation of the mobility sector and provide significant potential in all vehicle segments. Launching new electric vehicles on the market is a vital first step in ensuring the rapid, widespread adoption of the electric transportation (McKinsey Center for Future Mobility, 2023).

(3) Investments in clean hydrogen generation and usage as a fuel. This will assist to minimize greenhouse gas emissions from the transportation and manufacturing sectors; In 2022, hydrogen accounted for less than 2% of Europe's energy consumption and was mostly utilized to manufacture chemical goods like plastics and fertilizers. 96% of this hydrogen was created using natural gas, which resulted in large CO2 emissions. The European Commission has suggested that by 2030, 10 million tonnes of renewable hydrogen be produced and 10 million tonnes imported. Since then, the Fit-for-55 package (in July 2021) has proposed a number of legislative recommendations to turn the European hydrogen plan into a specific European hydrogen policy framework. This contains recommendations to set objectives for renewable hydrogen use in industry and transportation by 2030. It also comprises the Hydrogen and decarbonized gas market package (COM/2021/803 final and COM/2021/804 final) (European Parliament and Council,

2021a, 2021b), which makes measures to facilitate the development of optimal and dedicated hydrogen infrastructure, as well as an efficient hydrogen market. Furthermore, the *NextGenerationEU* recovery plan has been made accessible to EU nations in order for them to engage in hydrogen projects across the value chain (European Commission, 2023a).

(4) The Just Transition funds, in which the EU intends to invest in regions that rely heavily on fossil fuels in order to assist them in transitioning to a low-carbon economy. The concept of a fair transition arose in the labor movement, as trade unions sought to combine the demand for excellent work with the need to strengthen environmental safeguards. The notion serves as a shorthand for discussing how to safeguard workers and communities impacted by transitions away from harmful sectors, as well as how to ensure that a new »green economy« delivers fair jobs, enhances human well-being, and tackles growing social and economic inequities (Rosemberg, 2010; Piggot et al., 2019; Kohler, 1998; Golob et al., 2023).The need for a "just transition" to a low-carbon economy - one that minimizes disruption for workers and communities dependent on unsustainable sectors and energy sources — is gaining support in climate policy and political discourse. (UNFCCC 2016; Rosemberg 2010; Piggot et al. 2019; Kohler 1998; UNFCCC 2015; European Commission 2021a) The preamble to the Paris Agreement contained a request for "a fair transition of the workforce", and the United Nations Framework Convention on Climate Change (UNFCCC) secretariat has developed a technical study on transition planning (UNFCCC, 2016). Furthermore, (UNFCCC, 2015) some national and regional administrations, including EU, Canada, Scotland, Spain, and New Zealand have recently launched new transition planning procedures (Rosemberg, 2010).

(5) Resilience and recovery: the EU strategy that aims to invest in climate adaption strategies such as flood protection, forest management, and ecosystem restoration (European Commission, 2021a). Both the European Green Deal and the *NextGenerationEU* are initiatives suggested by the EU to solve various difficulties confronting the EU continent. While the two efforts share some comparable goals, such as encouraging sustainability and generating jobs, their objectives, and priority areas are somewhat different. The European Green Deal is largely concerned with tackling the climate catastrophe and restructuring Europe's economy, while the *NextGenerationEU* is concerned with assisting with economic recovery and reconstruction following the epidemic. These initiatives, however, are inextricably connected since investing in green and sustainable policies may also assist economic development and recovery.

2 *NextGenerationEU* as a tool for Industrial Symbiosis

"*We want NextGenerationEU to kickstart a wave of European renewal and make our Union a leader in the circular economy. But this is not just an environmental or economic project: it must be a new cultural project for Europe*" said Ursula von der Leyen, when in December 2019 the new European Commission launched the European Green Deal (Von der Leyen 2020).

This so-called European "cultural project" aims to make the climate challenge an opportunity for a new development model, with the aim of becoming the first carbon-neutral continent by 2050 through a transition to a socially just ecological and industrial revolution capable of guaranteeing sustainable production but also ensuring trust and cooperation. As the EU moves towards a more sustainable and circular economy, industrial symbiosis can play a crucial role in achieving this goal.

The EU's planned initiative *NextGenerationEU* seeks investments in a sustainable and resilient future for Europe by fostering the transition to a carbon-neutral and circular economy, So, by promoting industrial symbiosis, *NextGenerationEU* can help drive sustainable economic growth, create new jobs, and reduce Europe's environmental footprint. It can also help improve Europe's resilience in the face of global challenges such as climate change and resource scarcity. As outlined before, applications of the concept of industrial symbiosis allow materials to be used in a more sustainable way and contribute to the creation of the core of the circular economy. In this manner, all policies and financial assurances are treated as the same for industrial symbiosis and circular economy. This is why industrial symbiosis as a circular economy approach, has the potential role to play a significant role in *NextGenerationEU*, by promoting collaboration and innovation among businesses, reducing waste and carbon emissions, and creating new economic opportunities.

Undeniably, the European Parliament believes that industrial symbiosis (as a circular economy) is the path that the EU. So, European companies must take in order to remain innovative and competitive in the global market while reducing their environmental footprint. But the COVID-19 pandemic demonstrated the bloody need for an environment conducive to the circular economy approaches (Cerulli, 2023).

Hopefully see, the concept of industrial symbiosis is an important concept of sustainability because allows not only materials to be used in a more sustainable way but contributes to the creation of networks, trust, and collaboration (informal and formal). Albeit individual efforts by particular industries, companies, and sectors must collaborate to scale up the effects of their activities and ensure the flow of recovered and reused materials. So, the approaches as industrial symbiosis, which some European countries are currently implementing in the national strategy, must be generally applied to assure the sustainability of industrial processes in this setting. While this chapter is not discussing

the various concepts of the circular economy approach or industrial symbiosis but it aims to summarize important strategic actions and policies at the European level, concerning the *NextGenerationEU* initiative. But also answering the preliminary question, of whether there is enough effort put into the transition to a circular economy within the initiative. What is certain is that, based on the policies and measures put in place, a favorable environment appears to have formed throughout 2020 for speeding the transition to the industrial symbiosis models (the circular economy approach). The potentials of European technology transfer systems absorbing and delivering the expected results are also worth future exploration (Modic et al., 2022).

2.1 European Union recovery package

In 2020, the EU created the *NextGenerationEU* Plan to cope with the pandemic's emergency and encourage economic recovery in the Member States, with the green transition positioned as a strategic priority. In this context, the new Action Plan for the circular economy was presented in March 2020 and the new European Industrial Strategy was published at the same time. Two different tools but linked by a strong thread, with the common goal of directing development towards four priorities: making our continent carbon neutral, moving from a linear economy to a circular economy, supporting industrial competitiveness, and developing infrastructure digital. The new Industrial Strategy and the Circular Economy Action Plan identify the drivers of Europe's industrial transformation to establish a green, circular, and digital economy.

Later, The Recovery and Resilience Plan (RRP) implemented by the EU to overcome the crisis caused by the pandemic is the key instrument at the heart of *NextGenerationEU* to help the EU emerge stronger and more resilient from the current crisis (European Commission, 2021cb). A strong financial commitment worth €750 billion has been put in place to support the *NextGenerationEU* plan, in addition to the €1.1 trillion foreseen in the Multiannual Financial Framework for the period 2021-2027. Furthermore, in view of a more comprehensive reform of the budget and of its own resources system, the EU has envisaged the issue of bonds (including “green bonds”) as well as some further financing measures consistent with the strategic objectives (Della Valle, 2022). Among the latter, In Table 2, we list some important high points of *NextGenerationEU.*

Table 2: Important assurances towards *NextGenerationEU* package

2015	The first Action Plan for the circular economy defined a series of actions regarding production, consumption, waste management, secondary raw materials, investments, and innovation.	On this basis, new regulations (e.g. Directive on the reduction of the impact of certain plastic products on the environment - 2019/904) (European Parliament and Council, 2019) and changes to existing ones (e.g. Directive 2008/98/EC on waste and repealing certain Directives (European Parliament and Council, 2008) Directive on packaging and packaging waste 94/62/CE (European Parliament and Council, 1994) were introduced.	
March 2020	The European Commission adopted the new Action Plan for the Circular Economy as part of the Green Deal, with the goal of speeding the transition to a circular and regenerative economy.	The new strategy focuses on the creation of sustainable goods and circularity in manufacturing processes, as well as several resource-intensive and high-impact sectors (including plastics, textiles, construction, electronics, food products, batteries, vehicles).	
April 2020	To use European funding, the Member States must define and submit the National Recovery and Resilience Plans by 30 April 2021. Each plan must include reforms and investments to be implemented by 2026.	The guidelines include circular economy reforms and investments, waste reduction and management, and water reuse. The European Commission will review the national	

		plans, and as previously stated, compliance with the objectives of the ecological and digital transition is a crucial requirement for a good evaluation. The European Council will then have to adopt each national plan by a qualified majority. The funds will be disbursed contingent on the effective completion of the intermediate and final project objectives.	
May 2020	On 27 May 2020, the Commission presented its proposal for a recovery plan from the crisis that societies and economies face due to COVID-19		
June, July and November 2020 and by the end of 2021.	The European Parliament finalized the EU Taxonomy Regulation on June 18, 2020, and it went into effect on July 12, 2020. This is a significant piece of legislation that will help to achieve the goals of the Green Deal and the Circular Economy Action Plan. Following that, on 21 July 2020, the European Council agreed on the recovery plan and the EU budget for 2021 to 2027.	With the taxonomy regulation, the world's first system for classifying sustainable economic activities was born, allowing investors to assess the environmental sustainability of projects and economic activities and, as a result, direct investments toward more sustainable and circular technologies and businesses. The regulation outlines six environmental goals. It allows economic activity to be classified as ecologically sustainable if it contributes to at least one of the following goals: (1) mitigation of climate change, (2)	Economic activities must meet the following requirements to be considered environmentally sustainable: substantially contribute to the achievement of at least one of the six environmental objectives; not cause significant harm to any of the environmental objectives; be carried out in accordance with the minimum social protection guarantees; and comply with the "technical screening criteria." The European Commission must issue delegated acts including detailed technical screening criteria in order to incorporate the

		climate change adaption, (3) water and marine resource sustainability and protection, (4) transition to a circular economy, which includes waste reduction and increasing utilization of secondary raw materials, (5)	principles established in the regulation and determine which economic activities may be deemed as contributing to each environmental aim. On November 20, 2020, the first delegated acts relevant to the
		pollution prevention and reduction and (6) biodiversity and ecosystem	categorization of activities contributing to climate change mitigation and
September 2020	The European Commission published guidelines for the preparation of national plans.		
December 2020	On 17 December 2020, the European Council adopted conclusions on "Making the Recovery Circular and Green", which provide political guidance on the measures set out in the new Circular Economy Action Plan.		
January 2021	A plastic tax of 0.80 euro per kilogram will be levied on non-recycled waste in order to compete with the reduction of waste and the increase of recycles.	In order to reduce emissions and achieve climate goals, a carbon tax will be implemented, as well as a change in the system for trading emission rates.	It is also planned to implement an online tax, in addition to a possible tax on financial transactions, to improve overall fiscal equity.
February 2021	The European Parliament voted a resolution on 10 February 2021, favourably reviewing the Commission's new Action Plan, and put up a set of suggestions and ideas aimed at expediting the transition to the circular economy. Among the	The European Parliament also requests that the European Commission present new legislation by 2021 that expands the scope of the Ecodesign Directive (Barkhausen et al., 2022) so that products	The resolution emphasizes two key points in the beginning. To begin with, achieving the Green Deal's objectives will be impossible unless the EU implements a circular economy model, as "the transition to a

	most important aspects is the proposal to the Commission to set certain binding targets for 2030 in terms of reducing the usage of basic raw materials and the environmental effect (European Commission, 2020b).	meet the principles of the circular economy in terms of durability, reusability, reparability, non-toxicity, room for improvement, recyclability, and recycled content (European Parliament and Council, 2009).	circular economy plays a fundamental role in reducing EU greenhouse gas emissions and achieving the 2030 climate target and the net-zero emissions target.
June 2021	The *NextGenerationEU* Recovery Instrument, on the other hand, is funded by money borrowed on international financial markets by the Commission on behalf of the EU (the first borrowing operations began in June 2021).		
July 2021	On 14 July 2021, the Commission presented its "Fit for 55" legislative package. Fit-for-55 is a comprehensive step in overhauling EU legislation to align it with its increased climate ambitions as stated in the European Green Deal.		
2023		The legal obligations on expenditure under the Next Generation EU (€806.9 billion in current prices) must be paid between 2021-2023, whereas payments can be made until the end of 2026. The sum to be utilized under the instrument, will be added to the EU budget as an external designated revenue each year.	

Source: (Cerulli, 2023).

As noted, *NextGenerationEU* has the *green transition* in its core (as one of the three pillars), where is stated that is no time to repair the damage caused by the pandemic but is the time to think about the future, and the future generations, focus on a resilient economy, therefore also be ready to face the great climate and ecological crisis. For this reason, the basis of the Green Deal is the strategy to achieve the goal of net zero greenhouse gas emissions by 2050, which is only possible with the transition to a circular economy.

3 Digital and Sustainability: two steps of the same path to the Industrial Symbiosis

Both, the ecological transition and the digital revolution are global, significant, and irreversible changes in the last three years in the circular economy approach. They must be approached from a unified point of view because although they seem different, they are complementary elements: sustainability (environmental, economic, and social) cannot exist without digital change.

Therefore, the terms digital transformation and digitization should not be used interchangeably. The latter overshadows the economic, psychological, and social components, which are merely by-products of digital development. Digitization refers to the "translation" of processes into digital format in order to automate their management and must be handled with caution. So, what happens when information technology becomes so prevalent that it influences people's behaviour?

After contributing to "polluting" the earth, elements such as artificial intelligence, supercomputing, and quantum computing, ect. can now enable its rescue and redeem its "past". The industry of information technology is responsible for 3% of worldwide CO2 emissions. Additionally, modern equipment necessitates the use of rare minerals and metals, which deplete resources and generate disposal and job security issues. Meanwhile, digital innovation, which is always accelerating, now plays a critical role in constructing a sustainable future. As a result, the notion of digital sustainability was formed, describing how new technologies must be developed in order to contribute to the construction of a better world, both in terms of their nature and their instrumental function in the environment, economy, and society. While in this case, the political interest is much strong (Della Valle, 2022).The introduction of digital technology has also revolutionized public administration, which may simplify procedures and combat corruption, and tailor-made solutions based on citizens' requirements. Not just to simplify, but also to manage smartly: the challenge for institutions is reflected in the development of smart cities, which claim less impactful and more citizen-friendly resource management.

"Digitalizing" individuals and organizations raise the concern of cybersecurity (Della Valle, 2022). So, the concerns with personal data security and protection should not be ignored, as they are becoming increasingly vulnerable as a result of the continual and dynamic interchange of information and may be stolen and misused by unauthorized parties.

Telemedicine, for example, will become increasingly important in the next years, as it will enable regular home monitoring of patients with chronic conditions, eliminating or minimizing access to health facilities, owing to wearable equipment. This context presents potentially critical cybersecurity issues such as the security of the patient's

sensitive health data stored in cloud platforms or the dependability of the patient's electronic medical wearables in terms of the information collected and transmitted through the networks to which they are connected (Della Valle, 2022).

Institutions, organizations, and people are therefore compelled to bear their weight, while the significant link between personal, social, environmental, and digital responsibility has to be clear in this sense. To do all of this, it will be necessary to intercept the direction of change, support it, comprehend its potential benefits, and seize its chances from an innovative standpoint.

Industry digitalization may open up new avenues for achieving industrial symbiosis (Antikainen, et al., 2018; Tseng et al., 2018; Tseng et al., 2018). The availability, quality, and location of material and energy flows across manufacturing processes may be monitored and tracked using information and communication technology (ICT) (Antikainen et al., 2018). Based on this data, for instance, digital platforms can help companies a lot: to identify possible synergies and connect with one another by facilitating the sharing of (real-time) information and matching resource buyers and providers (Benedict, et al., 2018; Kosmol & Leyh, 2020). Notwithstanding the benefits of employing digital platforms to allow industrial symbiosis, their use in the sector has been limited thus far. Current platforms often lack important industrial symbiosis-related services or have not attracted a critical mass of users (Benedict et al., 2018). Yet, there has been little research into how industrial symbiosis platforms might be developed to overcome the present challenges to industrial symbiosis (Benedict et al., 2018; Kosmol, and Leyh, 2020). Despite, companies' commitment to sustainability, existing environmental regulations, (a lack of) community awareness and cooperation between industries located in the same area, information sharing (i.e. the availability of data on waste streams and the material/water/energy requirements of local industries), and the technical and economic feasibility of synergistic transactions are among the seven categories of barriers (and enablers) for industrial symbiosis. As identified by Golev et al. (Golev et al., 2015).This is why industrial symbiosis helps to realize a circular economy by sharing underutilized assets across various enterprises and using leftover products from one sector as waste for the production processes of other industries. While the concept benefits are well understood, quite a lot of times have been hardly implemented in practice. On the other hand, information and communication tools can help a lot in a way of online marketplaces, databases, social networks, applications, and knowledge repositories (Krom et. al., 2022).

4 New opportunities and the sufficiency for Industrial Symbiosis

Inevitably, the EU creates opportunities for policy development in industrial symbiosis but also can help promote this approach and support sustainable economic growth within:

- policies that incentivize industries to collaborate on industrial symbiosis projects, which include financial incentives such as *NextGenerationEU*, regulatory support,

and technical assistance to help companies identify and develop potential synergies. It may help to establish measures and standards, as well as promote their acceptance within the EU and beyond;

- promotions on cross-sectoral collaboration between different industrial sectors. Bringing them together through networking events and seminars in order to uncover new potential for industrial symbiosis and to develop links between firms that would not have worked together otherwise. The EU can encourage increasing awareness among industries and policymakers about the potential benefits, and international collaboration on industrial symbiosis by collaborating with other nations and organizations to create shared regulations and standards;
- encouragements of industrial symbiosis research and development, particularly in developing fields such as digitalization, the circular economy, and green chemistry. This can aid in the identification of new prospects for industrial symbiosis and the creation of novel solutions that benefit numerous industries;
- encouragements for industry information exchange by building a centralized database of best practices, case studies, and other resources relating to industrial symbiosis. This allows businesses to learn from one another and reproduce successful ideas in their operations;
- the creation of a supportive financing environment, while the EU can aid in the creation of financial instruments such as green bonds, sustainability-linked loans, and other novel financing methods that can aid in funding industrial symbiosis projects.

Despite all opportunities, policies, and strategies for industrial symbiosis, for instance, the principles of the circular economy to develop policies that promote industrial symbiosis, digital technologies, the use of green chemistry principles, sustainable finances, and social innovation for projects, and all positive economic, environmental and social impact; the EU has to have in mind "building an EU for the next generations". And this is the historical task to which all European citizens are called. To be all protagonists, and not supporting actors. In recent years, the EU has seen a series of financial crises and recessions. The Eurozone's durability has been severely tested. Economic and employment disparities across Member States and geographical areas have widened, worsening social tensions and increasing political threats. Finally, in 2020, the health catastrophe caused by the COVID-19 pandemic resulted in an unprecedented production stoppage and the implementation of emergency measures with far-reaching societal consequences (Kukovič, 2021).

The difficulties we confront still now, are significant. When confronted with prior crises, the EU failed to develop an effective response owing to an institutional framework and insufficient intervention mechanisms, and the implementation of austerity measures generated a cycle of distrust. During the COVID-19 outbreak, knowledge of shared vulnerability was coupled with a sense of urgency for reform. With the swift acceptance

of measures aimed at combating the crisis and establishing the groundwork for recovery, Europeans have been able to come together.

The decision to fund the *NextGenerationEU* program with €750 billion was a breakpoint moment in European history. The European institutions' decisions demonstrate a keen grasp of the historical change. A European idea of the society of the future is emerging, which will give substance to the project of a "geopolitical Europe" launched by the Von der Leyen (Lehne, 2023), to affirm European strategic autonomy. For the new path, all institutions have been engaged in a coordinated and cohesive effort. The European Central Bank sustained and intensified its unprecedented monetary expansion in the first half of 2020. The European Commission has authorized the flexible use of budgetary resources with the Coronavirus Response Investment Initiative (CRII +), the Stability and Growth Pact's general escape clause, and the Temporary Framework for State Aid Rules. Even before *NextGenerationEU*, unprecedented safety nets were made available to deal with social, economic, and health emergencies: The temporary Support to mitigate Unemployment Risks in an Emergency (SURE), the recapitalization of the European Investment Bank (EIB), as well as a new specific credit line to deal with the pandemic within the European Stability (MES), approved in spring and available for Euro Area Member States.

Ultimately, towards the end of December 2020, the Parliament and the Council of the EU beat an agreement on the new Multiannual Financial Framework for 2021-2027, overriding vetoes in a show of solidarity and putting all available resources for the EU's rebirth into action. We are confronted with a list of a new tangible political will: to reinforce the EU's unitary qualities and internal unity in order to ultimately make Europe greener, more digital, and more resilient as a global player. However, regardless of whether there is enough effort put into the transition to a circular economy within the initiative, is certain, that based on the policies and measures put in place, a favorable environment appears to have formed throughout 2020 for speeding the transition to the industrial symbiosis models. On this note, also question of public opinion should be addressed and questions on the role of journalists (Rončević et al., 2023) and media (Džajić and Pandiloska Jurak, 2023) in delivering information on industrial symbiosis seems relevant. Still remains an open issue in terms of strategies, policies, and recommendations, and how the EU creates opportunities for businesses to build trust in the context of industrial symbiosis investments.

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The European Union's Approach to Security Through the Lens of IR Paradigms

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Abstract The chapter examines the evolution of the EU's understanding of security in the post-Cold War era, which has presented various opportunities and challenges for the EU's position on the global (security) stage. The EU's understanding of security is examined at the institutional, policy, and normative levels, with a particular focus on the main security innovations. The analysis is conducted within the framework of main International Relations (IR) paradigms that helps us comprehend the complex and multi-faceted evolution of the EU' approach to security. The EU's approach reflects strengths but also weaknesses to respond effectively to turbulent and rapidly evolving security environment.

Keywords: • EU • security • International Relations (IR) paradigms • institutions • policies • norms • security innovations

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1 Introduction

The end of the Cold War marked a significant shift in the security dynamics across the world. From a bipolar international order during the Cold War to unipolar (USA) and multipolar system with the rise of European countries and BRICS, the international system is now evolving into turbulent and uncertain interpolar system. “Interpolarity is understood as the interaction between multiple interdependent poles of different sizes. Poles can be epitomized by states, inter-governmental organizations, non-state actors, and other agents” (Baciu, 2022).

The EU's security policy has evolved significantly with several new initiatives or innovations in the field of security and defence, reflecting (security) changes both on the international and regional levels and within the EU. While the first coordination meetings of foreign ministers of the European Economic Community already occurred in the 1960s and the foreign policies of Member states have been harmonized through European Political Cooperation in the 1970s, the milestone in the field of EU’s security is the Treaty of Maastricht (1992) that has established the Common Foreign and Security Policy (CFSP). The idea of a common defence policy for Europe dates to 1948, when the United Kingdom, France and the Benelux countries signed the Brussels Treaty. The treaty included a mutual defence clause that laid the foundations for the creation of the Western European Union (WEU), which, along with NATO, remained the main forum for consultation and dialogue on security and defence in Europe until the late 1990s (EEAS, 2021).

After the end of the Cold War and the subsequent conflicts in the Balkans, it became necessary for the EU to assert its responsibilities in the field of security and defence. The conditions under which military units could be deployed were already agreed by the WEU Council in 1992 but the so-called “Petersberg Tasks” where integrated in the Treaty of Amsterdam 1997/1999. In addition, the post of the “High Representative for Common Foreign and Security Policy” was created to allow the Union to speak with “one face and one voice” on foreign policy matters. The Treaty of Amsterdam codified several new structures and tasks for the EU’s CFSP, and, although it did not create a common defence policy, it did increase responsibilities in the realms of peacekeeping and humanitarian work i.a. by creating closer links with the WEU. At the Cologne European Council in 1999, Member States reaffirmed the Union’s willingness to develop capabilities for autonomous action, backed up by credible military forces. A key development was the “Berlin Plus agreement” which refers to a comprehensive package of arrangements finalised in early 2003 between the EU and the NATO that allows the EU to make use of NATO assets and capabilities for EU-led crisis management operations. In 2003 the former High Representative was tasked by the Member States to develop a Security Strategy for Europe. The document entitled “A Secure Europe in a Better World”, analysed for the first time the EU’s security environment and identified key security challenges and subsequent political implications for the EU. The implementation of the

document was revised in 2008 (EEAS 2021). When it comes to the normative level, the EU's understanding of "security" broadened to include non-traditional threats like terrorism, organized crime, migration issues, energy security, cyber security, and environmental challenges.

A foundation for the development of the Common Security and Defence Policy (CSDP) was the Lisbon Treaty (2009). The treaty includes both a mutual assistance and a solidarity clause and allowed for the creation of the European External Action Service (EEAS) that officially started functioning in 2011 under the authority of the High Representative of the Union for Foreign Affairs and Security Policy who is also a Vice-President of the European Commission (HR/VP) (EEAS, 2023). The two distinct functions of the post give the HR/VP the possibility to bring all the necessary EU assets together and to apply a "comprehensive approach" to EU crisis management (EEAS, 2021). This also allows further coordination and ensure coherence in EU foreign policy as the European Commission has important international responsibilities such on trade, development, neighbourhood policy and humanitarian aid (EEAS, 2023).

In response to a range of (security) challenges across the world such as political transformations in the Middle East and North Africa region and the Ukraine crisis in 2014, the EU adopted a Global Strategy for the European Union's Foreign and Security Policy[1] in 2016, redefining its approach to security and defence and presenting the foundation to develop CSDP further. In 2017, the Permanent Structured Cooperation (PESCO) was launched to deepen defence cooperation among EU member states. In the same year EU also initiated Coordinated Annual Review on Defence (CARD) and European Defence Fund (EDF). The main aim of CARD is to provide Member States and the EU with a picture of the existing defence capability landscape in Europe and to identify potential cooperation areas. Over time, this could lead to a gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices which, in turn, will ensure a more optimal use and coherence of national defence spending plans. European Defence Fund (EDF) supports collaborative defence research and development, and to foster an innovative and competitive defence industrial base. In 2021 European Peace Facility (EPF) further expanded the EU's ability to provide security for its citizens and its partners. It enables the EU to provide all types of military equipment and security infrastructure to EU partners, in compliance with the highest human rights standards. EPF supports partners, prevents conflicts, builds peace, and strengthens international security. With €7.9 billion the EPF enhances the EU's geopolitical position as a global security and defence actor by: providing lethal and non-lethal equipment to partners; financing peace support operations led by international and regional organisations; providing equipment to complement EU training; supporting African-led Peace Support Operations with €730 million (2021-2024) (EEAS, 2021; 2023).

In rapidly changing and hostile security context with severe geopolitical rivalry, the latest security innovation of the EU is embodied in the so called "A Strategic Compass for

security in defence" (Strategic Compass in continuation) adopted in 2023. The Strategic Compass aims to make the EU a stronger and more capable security provider. To that end, it identifies clear goals in EU security and defence, the means to achieve them and specific timelines. The Strategic Compass is setting out concrete actions in the following four work strands (act, secure, invest, partner): Act more quickly and decisively when facing crises; Secure EU's citizens against fast-changing threats; Invest in the capabilities and technologies we need; Partner with others to achieve common goals. More concretely Strategic Compass: a) provides a shared assessment of EU's strategic environment, the threats and challenges it faces and their implications for the EU; b) brings greater coherence and a common sense of purpose to actions in the area of security and defence that are already underway; c) sets out new actions and means to act more quickly and decisively when facing crises; secure the interests and protect EU's citizens by strengthening the EU's capacity to anticipate and mitigate threats; stimulate investments and innovation to jointly develop the necessary capabilities and technologies; deepen the cooperation with partners, notably the UN and NATO, to achieve common goals; d) specifies clear targets and milestones to measure progress (Strategic Compass, 2023).

The following chapter takes a closer look at the EU's complex approach to security through the lens of the main International Relations (IR) paradigms - realism, liberal pluralism, and social constructivism.

2 Main security threats for the European Union

Today's security landscape is shaped by multiple sources of complex security threats, competing narratives, weaponization and the return of power politics. Dysfunctional governance, deepening socio-economic inequalities, religious and ethnic tensions, environmental degradation etc. are increasingly intertwined with unconventional and transnational threats and geopolitical power rivalries.

In the Global Risks Report 2023 (WEF 2023), World Economic Forum (WEF), explores some of the main risks that the world is and may be facing in the next decade. The aftermath of COVID-19 pandemic and outbreak of war in Ukraine has caused surging inflation and marked the start of an economic period characterized by slow growth and minimal investment. As emphasized by WEF such low-growth and low-cooperation era may affect climate action, human development, and future resilience (WEF 2013). The next decade will be characterized by environmental (natural disasters, extreme weather events, failure of climate change adaptation etc.) and societal (erosion of social cohesion, societal polarisation, involuntary migration) crisis, driven by underlying economic trends and geopolitical/geoeconomic confrontation (Rončević & Modic, 2011; Makarovič, et al., 2014; Modic & Rončević, 2018). In such context, EU is facing a range of traditional and unconventional security threats.

Military aggression against Ukraine is the most serious security crisis in Europe in decades, however EU's (security) interests are also at stake in the Western Balkans, wider Middle East, in the Sahel and in the Indo-Pacific region (Jelen et al., 2023).

Radicalisation, violent extremism, and terrorism continue to evolve and pose a serious threat to peace and security, both within the EU and globally. The data show a shift in the dynamics of terrorism, which is becoming more concentrated in regions and countries suffering from political instability and conflict (Institute for Economics and Peace, 2023). The proliferation of weapons of mass destruction and their means of delivery is also an ongoing threat, as evidenced by the Iranian and North Korean nuclear programmes, the repeated use of chemical weapons, and the development and deployment of new advanced ballistic, cruise and hypersonic missiles. Both Russia and China are expanding their nuclear arsenals and developing new weapons systems. These trends are exacerbated by the erosion of the arms control architecture in Europe, from the Treaty on Conventional Forces in Europe to the Intermediate-Range Nuclear Forces Treaty and the Open Skies Treaty (Tučić, 2023).

Hybrid threats are growing both in frequency and impact. Hybrid threats combine military and non-military as well as covert and overt means, including disinformation, cyber-attacks, economic pressure, the use of irregular armed groups and the deployment of regular forces. Hybrid methods are used to blur the lines between war and peace and to sow doubt in the minds of target populations, and aim to destabilise and undermine societies (Tučić, 2023; NATO, 2023).

We are facing increasing attempts of economic and energy coercion. The EU's dependence on external energy sources, particularly from politically unstable regions or strategic rivals, poses a security risk. Issues include potential supply disruptions and the use of energy resources as a tool of political coercion. The role of ACER in this context can be taken in consideration (Klopčič, et al., 2022). Moreover, conflicts and instability are often compounded by the threat-multiplier effect of climate change that is increasingly recognized as a security threat. Climate change, environmental degradation and natural disasters can have impacts on food, water and energy supplies, increased competition over natural resources, loss of livelihoods, climate-related disasters, and forced migration and displacement, all of which can lead to instability and conflict on local and international levels (UN environment programme, 2023; Mileva-Boshkoska et al., 2018; Džajić Uršič & Jelen, 2022). Organisational instability (Besednjak Valič, 2022b; Golob et al., 2023) can contribute to further insecurities. While migration is a normal part of human history, large-scale and uncontrolled migration can pose security challenges. The 2015-2016 refugee crisis tinted issues such as border security, social integration, and political radicalization. Further, COVID-19 pandemic has underscored the security implications of health crises and offering challenges in different economic sectors (Kukovič, 2021; Besednjak Valič, 2022b). Pandemics can cause widespread social and

economic disruption, strain international relations, and create openings for malicious actors to exploit.

In an increasingly digital era, cyber threats became very complex and destructive. Cyberspace which consists of various network-connected computer systems (see also Besednjak Valič, et al., 2022; Besednjak Valič et al., 2023; Golob & Makarovič, 2021) and integrated telecommunications systems has become crucial part of our daily lives, business (also in terms of technology transfer systems – see more in Modic et al., 2022), military etc. However, the ubiquity of these interconnected systems has brought a measure of dependency and vulnerability to individuals, industries, and governments that is difficult to forecast, manage, mitigate, or prevent. Cybersecurity has been defined as "the activity or process, ability or capability, or state whereby information and communications systems and the information contained therein are protected from and/or defended against damage, unauthorized use or modification or exploitation." (NATO 2016).

Finally, the EU and world are becoming more autocratic with democratic values and human rights under serious attack. 72% of the world's population live in autocracies by 2022. The level of democracy enjoyed by the average global citizen in 2022 is down to 1986 levels. In the last decade there has been a drastic (negative) change when it comes to freedom of expression government censorship of the media (see also Uršič & Jurak, 2023; Fric et. al. 2023; Golob et al., 2023), government repression of civil society organizations and quality of elections (V-Dem Institute, 2023). How to address the given situation on political level, through societal steering is further discussed in (Makarovič et al., 2014c) (*An Active Society in a Networked World,* 2022).

3 The analysis of EU's Approach to Security through the Lens of IR paradigms

To comprehend the complexity of EU's approach to security, together with its strengths and weaknesses, the chapter applies conceptual framework of main IR paradigms - Realism, Liberal-Pluralism, and Social Constructivism.

3.1 Realism

Realism is often regarded as traditional and still dominant theory in International Relations (IR), both in academic as well as "real" worlds since it is favoured in most foreign policies of different countries (Hough 2018). Focus of realist approach is power or power politics and the national interest. Realists assume that state's security is achieved by pursuing the maximization of its own power and that the security of its own state is likely to be enhanced at the expense of another state in what has been termed "security dilemma". For Realists this dilemma can be averted by the balance of power or preventing the most powerful states from becoming too powerful. Such approach preserves a status

quo and a sense of order in anarchical international system (Hough, 2018). The rise of economic interactions and increased involvement in the 1960s and 1970s broadened the scope of IR and thereby contributed to neo-realism which maintained focus on states and power but also considered the importance of economies, and diplomatic influence exerted via IGOs (Hough, 2018).

From the perspective of Realism, the post-Cold War era provided the EU with several opportunities and challenges in terms of security. The dissolution of the Soviet Union severely disrupted the balance of power and led to unipolar world with the United States of America (USA) as world's only superpower at the time in which the US' military power has remained largely unchecked (Cladi, 2022). But the removal of significant security threat posed by the Soviet Union also gave the EU with the opportunity to consolidate its power and ensure its security and (national) interests, especially by enlarging its territory/membership and enhancing internal consolidation with new institutions/agencies and, common security and defence policy.

Since the end of the Cold War, the EU has significantly expanded its membership. This enlargement has not only increased the EU's economic power, but also reduced its vulnerability to external threats to certain extent from a realist outlook.

The EU has strengthened its security and defence agencies, such as Europol and Frontex, to better respond to (emerging) security threats. The development of the Common Security and Defence Policy (CSDP) can also be seen (in part) as a realist strategy. By combining their resources and coordinating their defence policies, EU member states seek to enhance their collective security. In current international system, it's rational for smaller states to band together to be able to compete with larger powers. However, as stressed by Michaels (2023) EU policymakers and analysts need to understand how Central, Eastern, and Southern EU member states perceive European security and the EU's responses, or lack thereof, especially of those who remained sceptical of the European Strategic Autonomy concept (Michaels 2023). According to Michaels (2023) the EU was not developing into a serious sovereign security actor due to persistent capability shortfalls in member states' national security and defense (Michaels 2023), which could be at least party explained due to the broad differences and not equal progress of member states (Jurak, 2021b).

Further, through the CSDP, the EU has been involved in various peacekeeping and crisis management operations around the world, helping to prevent conflicts that could have a spillover effect on European security.

The Realist perspective can also explain the trajectories in the field of common intelligence. As emphasized by scholars such as Van Puyvelde (2020) and Lledo-Ferrer and Dietrichthe (2020) European intelligence integration is hampered by the primacy of sovereign nation states and their national interests in security matters. Organisations such

as Europol and the EU's Intelligence and Situation Centre (INTCEN) collect and analyse intelligence, but don't collect sensitive information or control intelligence processes as national agencies do. Factors such as geography, history, (political) culture, resources and levels of investment in national security, national experiences led to different goals and means, and several intelligence agendas (Van Puyvelde, 2020; Lledo-Ferrer and Dietrich, 2020). While scholars agree that informal channels of cooperation are expected to continue, and that countries will deepen and develop common practices and products at the European level, facilitated by data and information sharing platforms, emergence of a supranational European intelligence system is unrealistic without a significant transfer of political power to the EU (Van Puyvelde, 2020).

The (neo)Realist paradigm can also help us explain the EU's relationship with the US. Debates about Europe's influence in the field of security are diverse. Some claim that the European security cooperation is aimed at becoming independent of the US (e.g. Posen, 2006), others believe that European security cooperation occurs out of choice (e.g. Smith, 2017) and third believe that the EU is fashioning world politics in its own image (e.g Whitman, 2011) (all quoted in Cladi, 2022). While the EU and the US share many common values and interests, the EU has had the complex task of maintaining a close relationship with the US while asserting its own identity and interests. The relationship between the EU and US has been described as "irreplaceable" since the European Security Strategy of 2003 and continues to be as such (Andersson, 2023). Recent developments, such as the 2021 EU-US Summit and the establishment of a dedicated Security and Defence Dialogue, have created a strong momentum for defence cooperation. The EU's 2022 Strategic Compass identifies the United States as the EU's most important bilateral partnership. The EU's growing role in defence provides more opportunities for engagement with the US, as evidenced by the invitation to join the PESCO military mobility project and strong coordination on arms supplies to Ukraine and sanctions. The signing of an Administrative Arrangement between the EDA and the US Department of Defence in 2023 provides a framework for further exploration of opportunities, although cooperation on capability development and research and technology activities is not currently included in the initial scope (Andersson, 2023). However, since almost all EU Member States have their own bilateral security and defence partnership agreements with the US it is crucial to identify the areas where Member States see a common need to discuss defence with the US at the EU level (Andersson, 2023). Despite such partnership between EU and US, neorealist framework remains relevant framework for understanding this security cooperation since it indicates that European states' responses are still consistent with the broader trajectory of European security cooperation since the end of the Cold War. (Cladi, 2022) shows that the behaviour of European states can be best understood as "bandwagoning" rather than "hedging" which means that European states continue to remain dependent on the US and are not really prepared for a future in which the US might not be willing or able to assist with security affairs (Cladi, 2022). European states do not have a credible military set-up to be autonomous, thereby the EU security operations and missions are still largely reliant on US capabilities and US continues to be

largely involved in European security (Diyarbakirlioglu, 2019; Cladi, 2022). Further, EU defence initiatives remain divisive among member states and are ultimately less ambitious than they seem and mostly they are there to support NATO (Cladi 2022).

In conclusion, despite several security innovations (PESCO, CARD, EDF) that contributed to greater integration, EU's foreign, security and defence policies remain largely ineffective and depended on US and NATO. One of the most obvious examples were the Arab uprisings. While the EU seemed institutionally prepared for a regional crisis in Middle East and North Africa and gradually the foreign policy mechanisms were adjusted and included diplomatic efforts, humanitarian actions and assistance to economic development as well as sanctions, Diyarbakirlioglu stresses that "there have been significant shortcomings and limitations of the EU's foreign policy, which in many ways are systemic in nature and therefore can only partially be compensated for by optimizing the institutional mechanisms of the EU" (Diyarbakirlioglu, 2019). Thereby, the consequences of the uprisings not only remained external but also internal challenge for the EU that intensified the conflict of interests between the national states and European institutions (Diyarbakirlioglu, 2019). The record in the Balkans remains poor as well. For example, the EU has failed to establish stability and democracy in Bosnia and Herzegovina; NATO forces are still needed to maintain stability as clashes erupt between Serbia and Kosovo. Finally, without strong US political, economic, and military support for Ukraine, the EU would not have achieved the unity it has so far in rallying around Ukraine (Dempsey 2023).

3.2 Liberal-Pluralism

Liberalism or Liberal-Pluralism emerged in the 1960s as critique of Realism not being able to consider changes that have occurred in the world since 1940s. As implied by the term, "pluralism" acknowledges that a plurality of actors (such as EU, UN, multi-national corporations - MNCs), rather than just states, exert influence on the world stage (Hough 2018). The paradigm focuses on international governmental and international non-governmental institutions, cooperation, (security) partnerships, collective action, international law as means to achieve peace and security both within EU and beyond.

In post-Cold war era, the EU has adopted a largely liberal approach to security. Even though the member states/national governments remain key players in security and defence, EU has several institutions and other actors that play a role in shaping and implementing its security policy. This is in line with the liberal assumption that well-designed institutions can encourage cooperation and prevent conflicts. The European Council, comprising the heads of state or government of the EU member states, sets the overall strategic direction and priorities for the EU, including in the security area. The Council of the EU is where representatives from each member state meet to discuss and adopt laws and coordinate policies. The Foreign Affairs

Council deals with the EU's external action, including the Common Foreign and Security Policy (CFSP) and the Common Security and Defense Policy (CSDP). The European Commission, the EU's executive arm, also plays a role in security, particularly in areas like counter-terrorism, cybersecurity, and crisis management. While the European Parliament does not have a formal role in decision-making on the CFSP and CSDP, it provides important democratic oversight. It can also make recommendations and requires regular consultation on these matters and controls the EU budget that includes funding for security and defence. The European External Action Service (EEAS) is the European Union's diplomatic service. It carries out the Union's Common Foreign and Security Policy to promote peace, development, security, , and the interests of European citizens around the world. It is led by the High Representative for Foreign Affairs and Security Policy (EEAS 2023). European Defence Agency (EDA) supports EU member states in improving their defence capabilities, promoting defence cooperation, and fostering an innovative and competitive European defence industry. European Border and Coast Guard Agency or Frontex, manages the cooperation between national border guards to secure the EU's external borders.

These institutions have produced several policies to define EU's common vision and priorities in the field of security and defence. The launch of CFSP and the ESDP are not only a reflection of realist perspective but also echo the liberal idea of collective security. From a liberal perspective, the development of the CSDP is seen as a manifestation of cooperative security since it encourages member states to coordinate their security and defence policies, combine resources, and develop collective responses to security threats and crises. This approach is rooted in the liberal belief that cooperation and collective action can mitigate the security dilemmas in anarchic international systems.

According to the EU Global Strategy (European Union 2016), the security of the union, state, and social resilience to the East and South, an integrated approach to conflicts, cooperative regional orders, and global governance for 21st century are its EU's key priorities. To achieve these priorities, EU is acting by mobilising its unparalleled networks, its' economic weight and all the other tools at their disposal and aims to collectively invest in a credible, responsive, and joined-up Union (European Union 2016). To deepen the integration in this area, EU also developed a Permanent Structured Cooperation (PESCO) on defence in 2017, organizing common military trainings and joint capabilities. PESCO initiative is supported by a Single Intelligence Analysis Capacity (SIAC), which relies on civil–military cooperation to improve situational awareness. As emphasized by Van Puyvelde (Van Puyvelde, 2020), European decisionmakers hope that a "common strategic culture" will facilitate "convergence in threat assessment" and "commitment to common responses." There are, however, several potentials in further discuss the implementation of EU strategies (Fric et al., 2023).

In the last decade there have also been more intense discussions related with the establishment of common European intelligence that are already evolving since the late

1960s in which EU sought to strengthen intelligence and security cooperation to counter terrorist threats. This cooperation has led to the creation of several platforms for the exchange of data and information, such as the Club de Berne, the Counter Terrorism Group (CTG) and institutions such as Europol. The creation of these platforms shows that national services feel an increased need to work together, which is also supported by public opinion in Europe. Scholars emphasize that there are several intelligence agendas, that partially overlap and that while the situation will most probably not change in the following years, especially due to absent further political integration, the common threats, and international pressures (potential American retrenchment, threats posed by Russia, instability in the MENA region etc.) will most likely deepen the intelligence cooperation among EU countries (Van Puyvelde, 2020). Lledo_Ferrer and Dietrich stress that the "Intelligence College in Europe will decisively contribute to the emergence of a European strategic culture by enabling joint reflection about prospective and strategic issues and regular interactions. It completes the defacto solidarity that already exists at the operational level between the intelligence agencies across Europe and helps build a European intelligence community that is more than the sum of its parts" (Lledo-Ferrer and Dietrich, 2020).

While the world is facing a severe crisis in multilateralism also seen in more transactional relations among states, the EU's commitment to multilateralism is a significant pillar of its foreign and security policy. In a contested interpolar world EU needs to work with partners to provide security. The Schuman Security and Defence Forum brings together the EU and its closest international partners to facilitate dialogue and strategic reflection to address common challenges on a rapidly expanding security and defence agenda (EEAS, 2023). The EU has consistently supported multilateral institutions like the United Nations (UN), NATO, regional organizations such as OSCE, African Union and ASEAN, as well as international agreements on climate change, nuclear proliferation, and human rights. The EU works with the UN to prevent conflicts, build sustainable peace and resolve crises, currently providing: 13 of the 21 EU Common Security and Defence Policy (CSDP) missions/operations are deployed alongside UN missions; EU Member States provide 25% of the UN peacekeeping budget; the EU supports partners' counterterrorism capacity-building and programmes to prevent violent extremism (EEAS, 2023). In Europe the most important defence partner is NATO. The Strategic Compass reiterates the EU's commitment to further strengthening the bond with NATO in accordance with the Joint Declarations from 2016, 2018 and 2023 maintaining decision-making autonomy of both organisations, cooperation – based on inclusiveness, reciprocity, openness and transparency - on 74 identified actions has been steadily progressing. Since 24 February 2023, EU-NATO cooperation has intensified and has never been closer. Emphasising the importance of this partnership, both organizations call for further enhancing cooperation in areas of mutual interest, including military mobility, hybrid, cyber and climate change-related threats, outer space, and emerging and disruptive technologies (Andersson, 2023). However, the partnership remains subject to several constraints with defence innovation as an example. The EU Member States have established a Hub for European Defence

Innovation (HEDI) in the European Defence Agency (EDA), but many of the same Member States are as Allies also setting up a Defence Innovation Accelerator for the North Atlantic (DIANA) in NATO. HEDI and DIANA will both be working with public and private sector partners, academia, and civil society to develop new defence-related technologies. To avoid duplication, cross-briefings between EDA and NATO have taken place, but to ensure long-term complementarity further coordination will have to be established (Andersson, 2023). Complementarity will be also needed in other areas of mutual interest mentioned above.

In addition to the EU and NATO, the European security architecture consists of numerous regional multilateral and bilateral defence cooperation formats – Andersson mapped nearly 200 such defence partnerships (Andersson, 2023). Different defence partnerships are formed based on different factors, and their membership sometimes overlaps. Some partnerships are driven by geographical proximity or similar strategic cultures, while others are the result of shared technological or industrial interests. While some partnerships follow traditional top-down approaches, many European defence collaborations are currently bottom-up and demand-driven. Like-minded states are working together in innovative ways to maintain essential defence capabilities, including cross-border training, joint education, pooling of spare parts and joint operation of air-to-air refuelling tankers (Andersson, 2023). (Andersson, 2023) emphasizes the importance of prioritizing coherence and quality of output in European defence partnerships, rather than the quantity of meetings. The proliferation of cooperation formats and meetings may be unsustainable and counterproductive. The fragmented nature and slow pace of defence cooperation indicate that the lack of essential European capabilities is not being adequately addressed. It is crucial to focus on defence partnerships and cooperation formats that deliver value while reducing duplication and overlap. One suggested approach to enhance efficiency and flexibility is to concentrate on time-limited projects that focus on outcomes, rather than open-ended partnerships that emphasize processes. Additionally, it is proposed to hierarchically integrate certain cooperation formats within the EU or NATO to improve coordination (Andersson 2023). (Dempsey, 2023) argues that the lack of EU's defence strategy is Europe's Achilles' heel. While EU has the ambitions to become a global player, which it can achieve up to a point through its trade and competition policies, they are not backed up by any kind of hard power (Dempsey, 2023).

While several initiatives we have mentioned reflect the liberal belief that international law and institutions are essential for maintaining global peace and security, this vision of multilateralism which prevailed internationally after the end of the Cold War has been severely challenged by the dismantling of universal values by those who advocate a strict sovereignist approach that represents a return to the power politics mentioned in the section on realism. As such, the current international reality is very fragmented with an increasing number of actors seeking to expand their political space and challenge the existing security order.

Lastly, deep economic integration within the EU, which has been a major focus since its inception, further contributes to security. From the liberal perspective, economic interdependence reduces the likelihood of conflict because the potential costs of war are too high.

3.3 Social Constructivism

The ending of Cold War and trajectory of a "New World Order" challenged the assumptions of existing paradigms in the IR and stimulated new theories. Especially Social Constructivism argues that understanding political events demand more introspection and less grand abstract theories. This paradigm adopts a more sociological and cultural approach and focuses on the aspect of ideas, norms, and identities in international politics (Hough, 2018) and thereby offers a different lens for understanding EU's approach to security.

The EU's understanding of security has evolved over time to incorporate a more comprehensive approach and normative change about what constitutes security. This includes normative framework that also incorporates non-military aspects such as environmental security, energy security, cyber security, and human security.

From a constructivist perspective, a key aspect of the EU's security policy is its own identity as a "normative power". The EU often emphasizes the promotion of its values in its foreign and security policies, which indicates that it is not just pursuing raw power or material interests, but also attempting to shape the international system according to its norms. In 2002 Ian Manners conceived the term "Normative Power Europe (NPE)". By differentiating NPE from the previous conceptualisations of military and civilian power, Manners highlighted the uniqueness of the EU's nature and identity and suggested focusing on visions, ideations, norms, and values as the substantive foundation of EU foreign policy (Manners, 2002).

(Manners, 2002) argues that the European Union (EU) is distinguished from other international actors by its 'normative power of an ideational nature', characterised by shared principles and a willingness to disregard Westphalian conventions. This normative power derives from three sources: historical context, hybrid polity and political-legal constitution. These factors, particularly in the post-Cold War era, have helped to establish a common framework of values among member states and to foster commitment to shared norms and principles at the national and supranational levels.

The EU's principles and values which basically derive from human dignity concept (Kleindienst, 2017a; 2019; Kleindienst & Tomšič, 2022a) including peace, freedom, democracy, the rule of law and respect for human rights, constitute the EU as a sui generis political entity that places universal norms at the centre of its relations with the rest of the

world (Manners 2002; Xuechen 2022). While the EU studies community has largely engaged with the NPE literature and studied EU norm-entrepreneurship at theoretical and empirical levels, (Xuechen, 2022) stresses that the NPE literature suffers from two major shortcomings: it falls short in uncovering the multifaceted nature of EU diffusion objects across different policy areas; the effectiveness of EU norm diffusion remains underexplored (Xuechen, 2022).

The EU supports global norms and international agreements on issues like climate change (Paris Agreement), sustainable development (Agenda, 2030; Fric et al., 2023; Džajić Uršič et al., 2024), nuclear non-proliferation (Joint Comprehensive Plan of Action – JCPOA or Iran Nuclear Deal), and cybersecurity (Budapest Convention). For instance, the conclusion of the Iran Nuclear Deal in July 2015 presents one of the most crucial achievements of the EU diplomacy. Since 2006, the EU High Representative has led diplomatic efforts between the E3/EU+3 (China, France, Germany, Russia, the United Kingdom and the United States) and Iran, which led to the conclusion of the JCPOA in Vienna on 14 July 2015. The JCPOA is designed to ensure that Iran's nuclear programme will be exclusively peaceful and provides for the comprehensive lifting of UN, EU and US nuclear-related sanctions (EEAS, 2021). However, sanctions imposed by the EU in view of the human rights situation in Iran, support for terrorism and other grounds are not part of the JCPOA and remain in place (EEAS, 2021).

In the social constructivist framework, one of the latest security innovations in the field of intelligence, is the establishment of Intelligence College in Europe (ICE), which aims to promote a unified European intelligence culture. ICE proposes to organise regular workshops and learning experiences across Europe to facilitate the exchange of experience and understanding among intelligence officers. This initiative is not intended to be another avenue for operational cooperation, but to facilitate better cohesion within the European intelligence community, promote common norms of behaviour and foster long-term trust (Van Puyvelde, 2020). Van Puyvelde (2020) assesses that in the next decade such cooperation could lead to the adoption of a common European intelligence strategy, highlighting the shared liberal democratic values and security priorities of EU member states. At a more practical level, this common vision and the socialization of practitioners could support the development of a strategic analysis and its emphasis on sharing strategic foresight and scenario development (Van Puyvelde, 2020).

A constructivist perspective is also visible in the EU's approach to crisis response and conflict prevention. The Common Security and Defence Policy (CSDP) enables EU to take a leading role in peace-keeping operations, conflict prevention and in the strengthening of the international security. It is an integral part of the EU's comprehensive approach towards crisis management, and it draws on both military and civilian assets (EEAS, 2021). EU has often employed a range of tools from diplomacy, development aid, to peacekeeping missions, and even sanctions to manage crises and conflicts which

reflects the influence of norms about appropriate and effective responses to international crises.

Further, the EU's enlargement policy, especially after the end of the Cold War, has been important tool for norm diffusion. Enlargement is often claimed to be the most successful foreign policy of the EU and it is considered to have contributed to democratic consolidation, respect for human rights, minority protection, conflict resolution, and stability in the parts of the EU's neighbourhood, with the EU's political accession conditionality as the cornerstone of this success (Schimmelfennig, 2008). The EU's use of conditionality in the enlargement process, where countries are required to implement certain reforms before they can join, demonstrates how the EU uses its power to shape norms in its neighbourhood. But while the EU has continued the consistent policy of political conditionality, the negotiations with remaining countries (like Serbia, BiH, Turkey, etc.) demonstrate that its effectiveness is weakened, especially in countries with legacies of ethnic conflicts (former Yugoslavia, Cyprus) that bedevils most remaining eligible non-member countries and increases the domestic political costs of compliance with EU political conditionality. To maintain its impact on political reform under these conditions, the EU will need to reassure applicant governments even more convincingly of the credibility of its commitment to enlargement and move negotiations closer to the endgame (Schimmelfennig, 2008). It is also important to consider that while the scholars on enlargement process of the EU, have conceptualized democracy promotion as an asymmetric relationship between EU as a "donor" and "recipients" of democracy promotion where the external donor has democratizing leverage over the domestic recipient, it is argued that this relationship should be rather considered as a dynamic interaction. For example, on the case of Croatia Grimm (2019) illustrates that in the enlargement negotiations between EU officials and the governments of the (potential) candidate countries, both sides introduce ideas about democratic norms and institutions, reform procedures and expected outcomes intended to adapt the (potential) candidate's political system to EU requirements. Content, scope, procedure and pace of reforms can become subjects to be negotiated between external and domestic actors involved, thereby both sides dispose of leverage (Grimm, 2019). Similar findings are present also on the case of EU-ASEAN security cooperation where norm diffusion should be understood as a two-way process. Xuechen claims that ASEAN stakeholders should not be regarded as a passive recipient of EU's norms and policy-settings but as active players with significant role in shaping the diffusion process (Xuechen, 2022).

4 Conclusion

Contemporary security threats are extremely complex and interconnected. Thereby the EU's approach to security demands an innovative approach that will be comprehensive and cooperative.

As demonstrated in the chapter, the EU's post-Cold War trajectory in understanding security has been shaped by elements of Realism, Liberalism, and Constructivism. The dominance of sovereign member states and their national interests in security matters, and EU's ambitions to enhance its security and power in geopolitical confrontations, are in line with realism. Thereby, Realism helps us understand the role of strategic considerations (e.g., enlargement, new institutions, and policies) and national interests in security matters (case of intelligence agendas) in the EU's approach to security. In the context of neorealism, the EU and its member states remain largely dependent on the US and NATO for security and are not able to project their influence autonomously on the global (security) stage. The fragmented nature and slow pace of defence cooperation also indicate there is not sufficient attention given to the lack of essential European (military) capabilities.

On the other hand, some of the recent security innovations are consistent with liberal (e.g., PESCO), as well as constructivists ideas (e.g., ICE). From a liberal perspective, the EU's approach to security is deeply rooted in the principles of cooperation, institutionalism, multilateralism, democracy and human rights, and economic interdependence. While partnerships and cooperation with the UN, NATO and regional organizations are beneficial, the EU must also priorities coherence and quality over quantity of cooperation formats that could lead to further duplication and become unsustainable and counterproductive.

Social constructivism helps us understand the importance of identity, values, and norms in the EU's security policy. The EU's principles and values, including peace, freedom, democracy, the rule of law and respect for human rights, constitute the EU as unique political entity that places universal norms at the centre of its relations with the rest of the world. These constructivist elements are visible in various aspects of the EU's security policy, from its comprehensive understanding of security, approach to crisis response, and enlargement policy. However, there are also several issues that EU will have to tackle to remain effective, especially when it comes conditionality in enlargement policy, norms diffusion etc.

In an extremely globalised and complex world with high geopolitical tensions, the EU must take responsibility for both internal and external security and enhance its capacity to become a stronger global actor. The analysis demonstrates that EU has important potential to contribute to a safer and more stable world, especially due to its strong commitment to multilateralism, broader approach to security, normative power etc. But to be more effective in responding to turbulent and rapidly evolving security environment EU will have to tackle several weaknesses, especially the fragmentation of institutions, agencies, policies and cooperation formats, limited security and defence capabilities, dependence on the US and NATO, issues of conditionality in the enlargement policy, etc.

Notes:

[1] Global Strategy consists of three major pillars: new political goals and ambitions for Europeans to take more responsibility for their own security and defence; new financial tools to help Member States and the European defence industry to develop defence capabilities ("European Defence Action Plan") and a set of concrete actions as follow up to the EU-NATO Joint Declaration which identified areas of cooperation (EEAS, 2021).

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Part II.

Challenges and Opportunities in Developing European Union Regional Policies: Retaining Competent Experts, Balancing Real Estate and Tourism, and Assessing the Effectiveness

Causes and Challenges of the Danube Region Countries in Attracting and Retaining Talents as One of the Key Competitive Advantages of the Future

JANEZ KOLAR [1]

Abstract Today's world resonates with increasing oscillation patterns, which are detectable in different timeframes and phase shifts. These oscillations can be detected in shorter or longer periods. Despite fears that computers would replace humans, there is a growing shortage of competent ICT experts. As technologies like High-Performance Computing (HPC), Artificial Intelligence (AI), and Quantum Technologies (QT) advance rapidly, this shortage worsens, raising entry barriers. This chapter examines the colourful Danube region countries' challenges in attracting and retaining ICT talent. It compares countries' understanding of creativity, entrepreneurship, new emerging technologies, and competitiveness alongside their capacities to attract and retain skilled ICT professionals.

Keywords: • tourism • real estate • tourism development • tourist destination • sustainable development goals

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1 Introduction

The world is getting more interconnected and deeply globalized and thus increasingly multidimensionally interdependent (Kolar et al., 2020). Part of the interdependence is driven also by global trends (Rončević & Modic, 2011; Makarovič et al., 2014) that act as steering forces for local actors to orient themselves. Thus, the world resonates in several different oscillation patterns with their phase shifts. These oscillations can be detected in shorter periods, observed in longer periods ('Citation - The Limits to Growth; a Report for the Club of Rome's Project on the Predicament of Mankind - UW-Madison Libraries', n.d.) and even noted as very long waves (Kondratieff & Snyder, 1984), which are sometimes not very difficult to overlook (Tyulin et al., 2023) because one must search longer and deeper. And for that, we need time, energy and, of course, talented, skilled and motivated people (Golob & Makarovič, 2019; Fric et al., 2020).

Even though it is slightly contradictory, as humans expressed fear that computers would replace them, we face a scarcity of competent ICT experts and talents in general. With rapidly developing technologies, while also introducing new technologies (i.e., High-performance computers - HPC, Artificial Intelligence - AI, Quantum Technologies – QT, with probably most present Quantum Computers – QC, etc., this lack of competent professionals gets presented even more acute and entry barriers ('The Competitive Advantage: Creating and Sustaining Superior Performance - Book - Faculty & Research - Harvard Business School', n.d.), especially for less developed regions are rising again, leading towards additional asymmetry in regional development (Golob & Makarovič, 2021; Džajić Uršič & Jelen, 2022; Pandiloska Jurak, 2024). Some principles of societal steering seem in place for implementation (Rončević & Besednjak Valič, 2022; Golob & Makarovič, 2022). Amidst these challenges, the concept of human dignity (Kleindienst, 2017; 2019; Kleindienst & Tomšič, 2018; 2022) is crucial, ensuring that the integration of advanced technologies respects and upholds the inherent worth of all individuals.

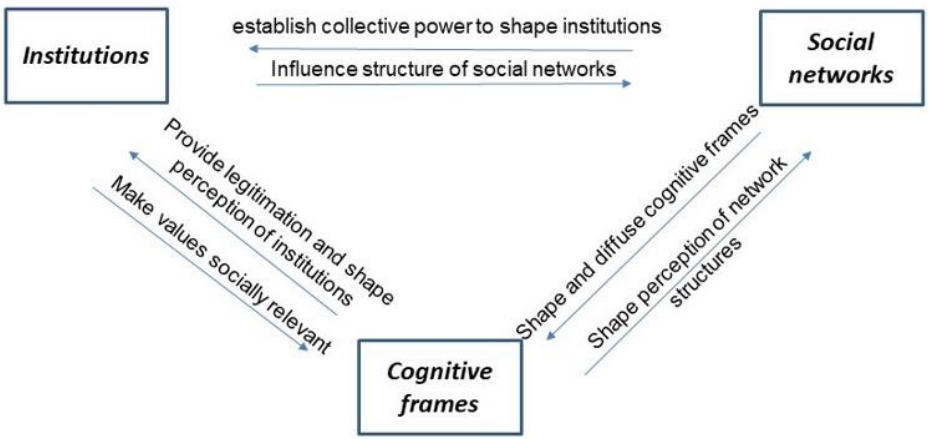
This chapter aims to highlight some causes and challenges that Danube region countries face in efforts to attract and retain talent, researched in the field of HPC experts (see also Besednjak Valič et al, 2022a; Besednjak Valič et al., 2023). This will be elaborated through a comparison of the situation in the Danube region countries in the fields of, first, understanding creativity (Besednjak Valič et al., 2022a), entrepreneurship (Modic et al., 2022), and new technologies, and secondly Perception of competition/competitiveness in the country. Further, we will compare the Capacities of the countries to attract talented people and at last, also the capacity of the countries to retain competent ICT experts.

Shortage of resources is a fact of today's Business environment (Autor, et al, 2003) and even though one might expect that technology, including robots, would start to replace human work at some point, there are shortages of many millions of skilled professionals expected by 2030 ('The $8.5 Trillion Talent Shortage', n.d.). This situation impacts also interorganisational stability (Besednjak Valič, et al., 2022).

While there are several skills predicted to be of importance, ICT-related skills seem to be the most valuable (van Laar, Deursen et al., 2020).

This increasing speed of constant change, combined with technological advancement will lead to the increased demand for stronger cooperation between different actors (Besednjak Valič, et al., 2022) inside social fields, as regarded in the Social fields theory (Beckert, 2010b). Considerations in policy implementation are also in place (Makarovič et al., 2014; Makarovič et al., 2014; Fric et al., 2023).

Figure 1: The reciprocal influence of the three social forces in market fields



Source: (Beckert, 2010b, 612).

In the following chapters, we will present the results of the research and analysis of data, gathered through EU Interreg Project InnoHPC (*InnoHPC Project High-Performance Computing for Effective Innovation in the Danube Region Output 3.1. Digital Transformation of Industry Guidelines with High-Performance Computing, n.d.*), where data were gathered in fourteen countries, inside automotive and electrical industries representatives (Kolar, 2020).

There will be different perspectives on addressing the lack of competent personnel presented, collected around three elements of social fields: institutions, networks, and cognitive frames. Additionally, we will discuss various circumstances and challenges, as well as possible ways to improve the situation, especially with a view to the long-term sustainable provision of qualified professionals.

2 3 x 3 possible points of view on talent consideration in the Danube region

The Danube region consists of fourteen countries with very different characteristics, naturally also in economic development (Kolar & Besednjak Valič, 2020). Here we are adopting the approach of dividing Danube region countries into three groups (as in Table 1) regarding the Global Competitiveness Index:

Table 1: Distribution of Danube Region countries regarding GCI[1] ranking

GROUP - A	GCI
Germany	3
Austria	22
Czech Republic	29
Slovenia	35

GROUP - B	GCI
Slovakia	41
Hungary	48
Bulgaria	51
Romania	52

GROUP - C	GCI
Serbia	65
Croatia	68
Montenegro	71
Ukraine	83
Moldova	88
Bosnia and Herzegovina	91

Source: (Kolar, 2020).

3 Social forces of Institutions

3.1 National Innovation Policy

Table 2: Assessment of a National Innovation Policy

INSTITUTIONS – Table 1		
ASSESSMENT OF NATIONAL INNOVATION POLICY		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- Suitable vision of innovation - The fundamental requirement is cooperation - Financial resources	- Existence of national strategies - Strategy Paper on R&D and Innovation	- Improvement options - Recruitment of experts - HR training - Implementation of HPC at all levels of study
- Access to funding opportunities for SMEs - Clusters	- Compliance with H20202 - Clarity of strategy objectives	- Important EU partnership for HPC

- Special training - Networking events - Information events - High-quality HR - The projects support R&D - HPC IS A long-term investment - Supportive environment	- Support national policies for innovation - The vision for innovation is clearly defined - Implementing the 2014/20 Smart Specialization Innovation Strategy - IND R&D is perceived as a long-term goal - Access to EU funds - EU operational program - TTO (support environment) - Calls for innovation-oriented cooperation HEI/IND - Active networking of relevant stakeholders - Researchers employed by SMEs - Some innovative SMEs - High quality of certain institutions	-The EU network enables the use of HPC infrastructure for R&D -Development of agriculture
- WEAKNESSES		
- Advanced countries	- Intermediate countries	-Countries lagging behind
- Deficient national strategy - Lack of vision on innovation at the national level - There is no long-term/clear vision - Poorly defined innovation policy - SMEs do not know the usefulness of HPC results - Funding problems - High patent application costs.	- Modification of NAC targets for R&D&I - Strategy R&D&I has no short-term/long-term goals - No concrete vision for innovation - No long-term goals - There is no innovation policy - Innovation strategies illustrate the good practices of foreign countries	-Slow establishment of the R&D financing process -Underfunding I -No strategy papers -The business environment is not interested in HPC -Public Administration is not interested in HPC -Economic situation -Networking is in the domain of individuals
- Lack of support from a governmental institution (supportive environment) - Weak IND/ Public Administration cooperation - Companies themselves promote innovation - Lack of skilled engineers	- Bureaucratic and slow policy implementation - NAC policy focused on unemployment - Limited cooperation with HEI - Limited access to knowledge by IND - Lack of promoting I in HEI - Instability of financing - Unstable EU and NAC funding - Lack of funding - Low NAC investments in science	-Designing own UNI network to use HPC

	- Lack of resources/resources for software support - Low start-up capital for start-ups and spin-offs - Not recognizing the effectiveness of HPC - Slow awareness of decision-makers about R&D returns - HPC is not recognized as a key IND R&D tool - HPC is not recognized as the most important/effective IND R&D tool	

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

Perception of National Innovation Policy elaboration and effectiveness as one of the necessary conditions, in order to assure the long-term availability of competent (ICT) professionals, varies from one group of Danube region countries to another. While financing is, as one could expect, mentioned in all three groups, in advanced countries they are happy with financing in general, but mention problems with financing patents, while in lagging countries, in the beginning, economic situation and lack of financial resources is mentioned, together with disinterest in new technology (in that case - HPC). In intermediate countries, financing is mentioned as well. On one side, access to EU funds is considered a strength, but on the other side, unstable EU and national funding, low national funding in science and R&D, and, similar to lagging countries, effectiveness (that implies the reason for use & investment) of HPC is not really recognized. In advanced countries, on the other side, a similar problem arises more in the SME segment of the Economy.

Also with the national policy itself, there seems to be room for improvement along all of the Danube regions, but on different levels. While in lagging countries strategic papers are missing, in intermediate countries, modification of the national strategy, together with changing of national targets for R&D and Innovation is being missed. Additionally, in intermediate countries would like to see more defined short-term and long-term goals regarding R&D and Innovations.

Training is, quite surprisingly, mentioned only once, as a strength in advanced countries, while in intermediate countries they see weak cooperation among industry and Public Authorities. In intermediate countries, they also found tendencies of new technology (HPC) implementation in universities.

Therefore, in advanced countries cooperation between Industry, Higher Educational Institutions and Public Authorities exists. In lagging countries all hopes are put into EU

Partnerships for New technologies (HPC) and in intermediate countries they experience a little bit of *both worlds.*

3.2 Attracting talented people

Table 3: Capacity of the country to attract talented people

INSTITUTIONS – Table 2		
CAPACITY OF THE COUNTRY TO ATTRACT TALENTED PEOPLE (TP)		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging
- Research groups - Excellent professors - Professors use HPC - Development of new study programmes - Existence of capabilities – HR from the whole EU - Maintaining high quality of living	- Good quality of life at a low cost - Low cost of living - Lower cost of living - Quality of living - Tax relief - Following H2020 directives - EU migration policy - National projects for recruiting and supporting TP - Scholarships - Existence of infrastructure and working conditions - Enthusiasm for HEI - Quality UNI	- Untapped potentials - The gradual opening zo the EU - Geographic location - Expertise in low wages - HPC structure - National TP promotion
	- UNI built-in HPC - Recruitment of TP with HPC Competencies - International companies - professional advancement - TP from less developed countries - No need for recruitment - Self-sufficient HR capacity	
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- State unattractiveness for TP with HPC competencies - Low budget HPC / scholarships - Low enrolment in studies - Rare links with IND - Few interesting projects - Too narrowly specialized HPC experts for SMEs	- Weak NAC policy/program to attract - Lack of NAC strategies for IND R&D - Passivity of NAC policy - Inadequate EU policies (promotion of brain drain) - Lack of own researchers - Own brain drains	- Inadequate political system - Lack of strategic direction - Undeveloped IND - Lack of jobs - IND does not invest in R&D - Disinterest IND for HPC - Own brain drains - Bad HEI system

- Few prospective companies - Lack of NAC policies to attract TP - The passivity of NAC policy - Incompetent NAC policy for TP - Low pay due to taxation	- Poorly developed migration policy - Inconsistency of pay and job requirements - Low wages for young people - Employment problems - Poor working / financial conditions - Lack of jobs for high K people - UNI recruits TP - UNI/companies attract TP on their own initiative - The weak international reputation of knowledge centres - HPC is not included in HEI programs - Small number of knowledge centres	- Lack of financial support to HEI - Lack of finances for professionals - Inadequate salaries - Post-war consequences - Transition country -
	- Obsolescence of technologies - Unstable R&D funding - The unsustainability of NAC HPC funding - (project financing) - Low quality of life - Lack of housing - - Improper use of technological resources	-

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

It is quite interesting that quality of life is found, among intermediate countries, both as a strength (low cost), as well as a weakness (low quality of life). Further, on the strength side, in advanced countries, there are noted High-quality universities, the use of HPC9s in Higher Educational Institutions, high quality of living, and new study programs. The quality of universities is mentioned also in intermediate countries, besides the active national policy for attracting TP from less developed countries. Presence of International companies are also expressed as a strength in intermediate countries. In countries lagging behind the gradual opening to the EU, as well as disproportions between skills and wages and also encouraging national policies for talented people are being recognized as strengths.

In the weaknesses section, own brain drain is recognized both, in intermediate and lagging countries, while in advanced countries they observed state unattractiveness to talented people was mentioned, as well as rare (interesting) links to industry. Weak national

policies regarding talent were observed both in advanced countries and also in intermediate countries. Unstable funding in intermediate countries and Undeveloped industries and a lack of investment in R&D in lagging countries were also observed. The latter also pointed out the inadequateness of the political system.

3.3 Retaining talented people

Table 4: Capacity of the country to retain talented people.

INSTITUTIONS – Table 3		
CAPACITY OF THE COUNTRY TO RETAIN TALENTED PEOPLE (TP)		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- Intercultural work environment - Technology parks	- Quality of life - Housing policy regulated	- Stable exchange rate - GEO position - Regulated labour legislation
- Improving scholarship - Direct transition to IND - Interesting R&D (EU) projects - High quality of life	- Lower cost of living - Well organized NAC programs for retaining TP - NAC plans for retainment of TP - NAC policy supports the improvement of HPC services in HEI / IND - Foreign languages - Advanced equipment - Connection of domestic experts with foreign countries - Constant channelling of own TP to UNI - Consistency of IND needs with HEI programs - The HPC community maintains the TP - GITDA/NIIDP experts in HPC - Private R&D providers - Possibility for professional advancement - Companies retain TP - ICT hub - Successful operation of the ICT sector	- Willingness to investment - The expertise at low cost - Utility of HPC in HEI - The focus of NAC policy is on the return of professionals to the homeland - Companies retain their own staff
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind

- HPC brain drain - Closure/disinterestedness of the state - Low income/higher wages abroad - Language barriers outside the work environment - Passivity of UNI and NAC policy - Lack of people with technical knowledge - Artificially restraint of individual development - Lack of interesting projects	- Lack of R and I infrastructure - Low level of R&D infrastructure - Lack of successful R programs - Lack of R - Big differences in personal income - Low wages - The state is incapable of retaining TP - NAC's inability retention TP - Inconsistent NAC support for TP retention - Lack of TP with ICT / HPC skills - HPC is not included in the UNI training program - Exceptions UNI with HPC - Rare chance of retaining talent HPC - HR retention problems - Migration of HPC experts - The high level of brain drains - Low support to entrepreneurship - The ICT sector works for foreign companies	- The political system - Lack of attraction program - Rigidity of institutions - Lack of conservation programs - Unpromising - Unpromising for MR - Low wages - Passivity of IND - A brain drains

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

In efforts to retain talented people, all three different groups of countries face brain drain and also foreign language barriers. While in advanced countries they worry about retention capacity, in intermediate countries observe orientation to talent retention, while in lagging countries they praise orientation of national policies toward returning talents into the homeland. National policies have, according to the research, quite a lot of space for improvement in all three groups also, while intermediate countries are criticizing unregulated labour relations and legislation. In lagging countries, they point to weaknesses also rigidity of institutions, low wages and unpromising conditions for young researchers, while lagging countries consider labour-related legislation as a strength.

In advanced countries, as a strength, they would also mention Intercultural work environments, Technology parks, Direct transitions from Higher Educational Institutions to industry and interesting research projects also.

4 Social forces of networks

4.1 Networks organization

Table 5: Networks organisation & their influence on the use of HPC in Industrial R&D

NETWORKS – Table 1		
NETWORKS ORGANISATION & THEIR INFLUENCE ON THE USE OF HPC IN IND R&D		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- Cross-sectoral IND networks - Cross-sector Business Community IND / HEI - Sectoral IND clusters - Local Business Community Networks - HEI Networks - Open HEI network - HEI International Network - A strong tradition of associations/clusters - HPC networks were created through EU projects	- National networks/Association of clusters /HEI network - Cross-sectoral networks in IND - Good acceptance of HPC applications in IND - The necessity of proving HPC IND (effectiveness) - Possibility of renting HPC in IND - Project cooperation HEI / IND - Contributing to the spread of HPC - Exchange of experience - Regional clusters/networks - Regional T&IZ networks with Chambers of commerce and trade - Regional HPC Network	-ICT networks -HEI networks -(Sectoral networks) -Cross-sectoral networks -International networks -(East EU networks) -RENAM network -Stronger international networks in IND -CERN -Growth of IND Capability/Productivity
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Weak cross-border networks - Termination of PRACE membership	-HPC in IND R&D is not a priority for NAC networks	-Lack of operational networks -Non-affiliation of specialists

- Virtual networks because of EU projects - Lack of knowledge about HPCs by associations and networks - Conservativeness of IND - Distrust of novelties - Lack of experience in networking - Dysfunctional networks - Competition in networks	- Disinterest of IND for HEI R and applicability of results - IND does not recognize interesting technologies - Inefficient use of new ICT services by SMEs - IND clusters do not know the usefulness of HPC services in IND R&D - Lack of cross-sector cooperation in A IND - Straw network (obtaining EU funds) - Inactive networks after completed projects - Weak links to EU networks - Competition vs participation in IND clusters - Vague legal network options - Closure of sectoral networks - Weak sectoral networks - Problems of (descriptive) evaluation of network Performance - Cross-sectoral networks operate at information levels - Failure to achieve the potential of innovation networks	- No existence of active networks - Lack of IND networks - The prevailing informal network of IND - Competition in the IND and NAC networks - The closeness of NAC networks - Weaker NAC IND networks

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

Networking demand resources, mostly time (human resources with the right attitude and skills, and finances – funds, but first of all, clear understanding of the importance of the quality and functional networks.

Networks are available all around the Danube region, but if in lagging part, they report lack of operational networks, in intermediate countries there are sectoral networks available, usually with strong borders, and, in the advanced countries, there is a presence of larger number of different cross-sectional networks (Uršič and Jelen 2022).

If in lagging countries competition among networks is detected, in advanced countries a tradition of networking is an important part of establishment (Mileva-Boshkoska et al., 2018; Modic & Rončević, 2018; Fric et al., 2023; Golob et al., 2023). As for EU members openness for co-operation in different initiatives, intermediate countries express stronger connection to EU, and also cross-border networks as important initiative for development.

To obtain EU funds, sometimes straw networks are reported, which are usually inactive after project closing and possible initiatives to continue work and further development are missing.

4.2 Cooperation

Table 6: Cooperation between stakeholders active in innovation and technological polic

NETWORKS – Table 2		
COOPERATION BETWEEN STAKEHOLDERS ACTIVE IN INNOVATION AND TECHNOLOGICAL POLICY		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- Good cooperation - Existence of cooperation - Close relationships - Good RC / IND collaboration - HEI actors influence NAC policy - Grant scheme for funding R&D - Access to knowledge - Synergistic competences - Established HPC recognition	- Good practices of cooperation - Good sectoral cooperation - Cooperation of private companies - Good cooperation - Active cooperation GOV/IND - Regular discussions - Strong clusters - Clusters are involved in negotiations with the GOV - IND networks call for a change in policy for REG development and R&D - Actors A and metal clusters deciding on cooperation in the	- Good relations - Good cooperation - Participation of leading players - Legal framework - Good cooperation in HEI - The agreement public-private partnership for the development of HPC IND - Conferences
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Weak S between companies (closeness) - Elemental National Policy - Lack of communication policy / HEI - Technology transfer from universities to companies - Knowledge and skills of individuals - The low level of confidence - Regulations (IPR, disclosure) - The complexity of cooperation	- Top-down politics - Lack of NAC innovation support environment - Careless adopting strategies - Adopt strategies without the consent of HEI experts - GOV lack of understanding of the needs of the IND / HEI - Inadequate R&I strategy (law) - Lack of Public-Private-Partnership and readiness for aPublic-Private-Partnership - Public-Private-Partnership is considered a scam	- The critical mass of I actors - Inappropriate application of Public-Private-Partnership law infrastructure - Non-cooperation of public institutions and private companies - A small local market - Weak cooperation among HEI and Industry - There is no transfer of knowledge - Lack of communication

	- Weak involvement of SMEs in I&T policy - Weak S for value added. - Non-recognition of validity to individuals - Weak cross-sectoral ties among HEI and IND - Lack of training for the market needs (jobs) - Weak cross-sectoral connections	

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

There is no social and business life without cooperation. Also here, there are large differences noticeable among countries of the Danube region. In the northwest, advanced part, the existence of cooperation and close relationships between different sectors and groups are reported. Therefore, Higher Educational Institutions influence national policy, which also promotes, and enables above mentioned close cooperation. In intermediate countries, good practices of cooperation are found also. Especially sectoral cooperation, cooperation of private companies and cooperation between government and industry. Even though the national policy promotes cooperation between Higher Educational Institutions and Industry, there is the perception of opportunistic participation of SMEs.

Also, in lagging countries, there is a perception of good relations and cooperation, especially among Higher Educational Institutions and also some Public Private Partnerships available, but as an obstacle, there are noted: a low critical mass of innovative players, the small size of markets and poor cooperation between Universities and Industry.

4.3 Trust

Table 7: Level of trust among actors, active in Innovation & Technological policy

NETWORKS – Table 3		
LEVEL OF TRUST AMONG ACTORS, ACTIVE IN I&T POLICY		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- Excellent confidence in HEI - A lot of Trust - Developed networking. - The openness of strangers - Good experience	-An established supportive environment builds confidence -SME clusters -Cooperation in EU projects -Promoting cross-sectoral Cooperation	- Growth of trust between institutions - Frequent consultation of R&D stakeholders - Readiness for joint R & D projects - Cooperation is based on trust

	-Building confidence by increasing companies with capital -motivation of students -Large associations-built networks and fostered trust -Agreements on trust -Legislation -S of non-competitive players	- Raising awareness of the rights and protection of intellectual property
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Competition to obtain NAC funds - Lack of S approaches - Restriction of trust - Building Trust takes time - - Slow build trust	-Passivity of local actors -Inadequate level of S with EU actors -Lack of trust -The importance of trust is not perceived. -Trust is not based on HPC solutions -Lack of INFO on HPC options -Distrust in PPP	- Limited trust (interest) - The slowness of development weakens trust. - Weak relations in the cross-sectoral S - poor execution - Unpromising
	-The dominance of competitiveness in the sector -Competitiveness -Low trust between HEI/IND -Companies do not trust HEI -HEI does not allow access to infrastructure to private companies -Weak exchange of INFO/knowledge -Inadequate legislation (IPR) -Lack of communication	

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

Building trust as one of the most important building blocks for cooperation (Fric et al., 2023) takes time, effort, and, first of all, the right amount of capable and reliable persons with the right attitude.

Building weak ties and later strong ties (Granovetter, 1992) is a long-term project and does not happen instantly, overnight.

As in lagging countries, there is a perception of limited trust, which is additionally powered by the slowness of the process of trust development, in intermediate countries they observe the passivity of local actors, even though the basic supportive environment, which builds confidence is established. In advanced countries, as we might expect, they

report on excellent confidence in Higher Educational Institutions, Openness for strangers, developed networks and good experience with the topic of trust. This can be overdeveloped into competitiveness to obtain EU funds and also to lack of collaborative approaches, as observed in advanced countries group.

In intermediate countries, they report on good cooperation and trust-building among non-competitive players and also promote cross-sectoral cooperation.

Also in the lagging countries group, there is the perception of growing trust between institutions, as cooperation relies on trust. The level of IPR awareness is also raising in lagging countries, as well as readiness to join R&D projects.

Among weaknesses in trust in intermediate countries, there is competitiveness among actors found and Higher Educational Institutions do not allow access to new technologies infrastructure to industrial actors. Other possibilities for improvement in lagging countries are trust, which can be limited to personal interests only, the unpromising general situation in the country (slow development) and weak cross-sectoral cooperation.

5 Social forces of cognitive frames

5.1 Attitude regarding creativity, entrepreneurship, and new technologies

Table 8: Culture and attitude of the population concerning creativity (U), entrepreneurship (ENT) and new technologies (NT)

COGNITIVE FRAMES – Table 1		
CULTURE AND ATTITUDE OF THE POPULATION CONCERNING CREATIVITY (U), ENTREPRENEURSHIP (ENT) AND NEW TECHNOLOGIES (NT)		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- High level of entrepreneurship (ENT) - Business orientation - Business orientation - Lots of ideas - successful companies - The key advantage of the country is U/ENT/NT - R&D is the topic of news - Solving problems at low-exploitation of resources - The open mindset in IND - The culture/ attitude of the population is not important - Creativity	- Youth Aspiration for U/ENT/NT - Young people's openness to new ideas and trendsetters - Young people focused on entrepreneurship - The lower propensity for risk - Young people accept NT - The conservativeness of older generations - Improving start-up culture - Improving the support environment for start-ups - Openness to NT - Existence of I centres	- Trends followers - NT's popularity in job creation - Good corporate culture in "soft" companies - The desire of young people to succeed in IT - High HR potential - Talented young people - Creative/talented individuals in ICT - Young entrepreneurs - Entrepreneurship during study - Entrepreneurial people - Active population

- Openness to NT - Motivation	- Existence of testing Cs for NT - Positive general readiness to U/ENT/ NT - Fast Conquest of new trends - Creative entrepreneurs - Developing entrepreneurship - Boldness in the IT sector - Changing the entrepreneurial mindset - Good conditions for U - Curiosity - High level of U, ENT and NT in HEI	
	-Some areas of HEI at the highest level -HEI elite uses international sources/ databases/infrastructure daily -Education of HEI students to use HPC - Jobs -High-performance researchers -The penetration of Western companies -Expanding global orientation in companies with high-tech development	
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Conservativeness - Avoiding G risk - G failure is considered a shame - Distrust into NT - Closeness - Closeness - Weak ties between HEI/IND - The population is not competent for Assessment - Lack of critical mas - Demotivation - Low level of innovativeness	-The weak links between HEI/IND impede the development of the R&D & I ecosystem -Negative attitude towards HEI by the public with low social status -IND avoids S with HEI -Competitiveness problems -Most low-tech companies -Conservative population -Conservative attitude of key players -Fear of the new -The disinterest of the HPC population in IND -Distrust of your capabilities -A small number of SMEs	-Followers/ non trendsetters -Conservatism -Unwillingness to experiment and use a creative approach -HPC benefits are not obvious to the majority of potential investors -Grey economy -Tax evasion

	- Low capacity of the R&D in the IND - Inefficient mechanisms for technology transfer - Lack of funds for entrepreneurial initiatives - The culture and attitude of the population is not connected to U, ENT and NT	

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

Although the attitude towards Entrepreneurship is detected in all three groups of countries as a strength, we can see that in advanced countries it appears as already perceived as a high-level player, while in intermediate countries and countries lagging, the younger generation's aspirations go in the directions of Entrepreneurship and also creativity and new technologies, but mainly through Higher Educational Institutions – HEI.

While in a group of intermediate countries, a supportive environment for startups is perceived, in advanced countries group also higher Media coverage of R&D appears. Considering weaknesses, in the advanced group, we can find a high level of Conservativeness, which is reflected also through closeness and distrust towards new technologies – NT and there is also a perception that there are present also weak ties among industry – IND and Higher Educational Institutions - HEI. These weak ties are detected also in the intermediate countries group, with also additional challenges, i.e., problems of competitiveness, a conservative population, Inefficient mechanisms for technology transfer, lack of funds for entrepreneurial initiatives and low capacity of the R&D in the Industry.

Among weaknesses, that appear in the lagging group of countries, there is also conservatism, enriched by the perception that benefits of new technology (in research it was about HPC) are not perceived among investors and there is a considerably high level of disordered economy (grey economy).

It seems interesting that understanding that in a group of Danube region countries lagging behind, observation of being followers/non trendsetters appears in both, strengths and also weaknesses.

5.2 Competition

Table 9: Perception of competition – competitiveness in the country

COGNITIVE FRAMES – Table 2		
PERCEPTION OF COMPETITION – COMPETITIVENESS IN THE COUNTRY		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- More important for competition - Positive attitude towards competition - Positive orientation - competition - is a positive value - The desirability of a healthy competition - Competition encourages development - Competition brings Innovativeness and New Technologies - Solidarity of colleagues - Enthusiasm	- Positive attitude towards competition - A positive view of competition - Awareness of the benefits of competition in the Industry - A positive attitude HPC to competition - competition is the driver of the HPC development - competition contributes to Innovations and productivity - competition motivates for the development of NT - competition encourages progress - competition promotes improvements	- Solidarity and responsibility in the industry among actors - competition in IT - Needless competition for HPC - Competition is good for consumers - HPC reduces service costs - HPC services are more accessible
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Problems with Cooperation in companies with competition - Avoiding competition - HPC competition in HEI caused dispersed infrastructure/budget - SMEs are not ready to succeed in the global market - Promoting competition in Businesses - Raising competition - Lack of education competition	- Bureaucracy interferes with healthy competition/also HPC - Disloyalty government investment - Slow progress SMEs - High competition between SMEs - Monopoly is a key part - The unequal status of companies in certain sectors. - The deficit science staff - A low number of researchers - The decline of science careers - Departure of science teachers - Competitiveness - competition passes into a rivalry - Competition vs competitiveness	- Unfair relations weaken competition - The History of Disloyal competition - Promoting competition vs competitiveness - competition does not favour manufacturers

	- Lack of solidarity between companies - Lack of Cooperation for a total score - Not recognizing the benefits of HPC applications - The influence of the socialist regime is present	

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

Interestingly, in all three groups of the Danube region countries, solidarity has been exposed as a strength, especially solidarity between Industrial and High-Tech sectors.

While competitiveness has been recognized in lagging countries as needless, in advanced countries group a positive attitude towards competitiveness can be observed. Intermediate countries group acted in this section as a kind of cross-section, as it was mentioned, on the side of strengths, that positive attitude towards competition/competitiveness encourages the development of HPC and penetration of HPC in industrial R&D, encourages innovativeness and productivity, and the development of new technologies in general. Further, it has been mentioned in the intermediate group, that competitiveness also influences improvements and progress.

On the side of weaknesses, the lagging group stated the prevalence of unfair competition, but on the other side of development, in advanced countries they missed competitive incentives in Business, Avoidance/impairment of cooperation among competitive companies and scattered HPC Infrastructure in Higher Educational Institutions.

Intermediate countries exposed bureaucratic obstacles as a weakness regarding the perception of competition/competitiveness, as well economic monopolies, lack of scientific personnel (due to brain drain) and overdone competition as a rivalry.

5.3 Learning processes

Table 10: To what extent do the attitudes and culture enable the learning processes (EDU) in the country

COGNITIVE FRAMES – Table 3		
TO WHAT EXTENT DO THE ATTITUDES AND CULTURE ENABLE THE LEARNING PROCESSES (EDU) IN THE COUNTRY		
STRENGTHS		
Advanced countries	Intermediate countries	Countries lagging behind
- UNI learning process - UNI professors - Willingness to modify HEI programs for the needs of IND	- Good practices of Innovative learning (HPC) - Specialized courses for HPC	- Willingness to learn - Great HR potential - Students promote HPC

- A general focus on EDU - Willingness to learn - Willingness to teach - Openness S IND - Openness to innovative processes - SMEs' interest in learning useful NTs - Curiosity - Successful sharing of experience	- The openness of young people to learn - The openness of the young generation to NT - More openness to NT - (In)formal EDU in IND/HEI - Informal EDUs reinforce Longlife learning - Informal EDU strengthens Longlife learning - Independent learning - Increasing R&I internationalization - Effective mechanisms of evolution - conditionality of funding - Efforts to improve IND	- Student Performance (Abroad / Competitions)
WEAKNESSES		
Advanced countries	Intermediate countries	Countries lagging behind
- Necessity of entrance exams - Postgraduate studies (not promoting openness for NT) - Conservative thinking of HEI - Failure is not learning / incorrect knowledge - A different mindset of generations - Lack of students in technical programs - Lack of students at technical universities and secondary schools - Fragility - Risks - Crossing cultural boundaries - The ability to co-operation - Hiding knowledge - Uncommunicativeness	- Conservatism - Conservatism in HEI/IND - Weak ties among HEI/IND - Obsolete way of teaching - Low level of EDU system - Lack of contemporary technology in HEI - Older/leading generations conservative about novelty - Conservatism of Public Administration - Brain drains - Talented study abroad - Departure of the best teachers - Lack of competent teachers - Migration of teachers - Weak IND - Late R&D&I yield of SMEs. - High competitiveness	- Lack of funding sources - Unattractive wages - The apathy of young people

Sources: Data ('InnoHPC - Interreg Danube', n.d.); Analysis (Kolar, 2020).

New and new technologies demand not only lifelong but constant and continuous learning, thus learning process establishment and management could be one of the crucial factors in efforts to obtain enough motivated and skilled personnel in the region.

In the lagging part of the Danube region, on this topic, if there is an assessment of a great HR potential and present willingness to learn, the apathy of young people – who are promotors of new technologies - has been mentioned, along with unattractive wages and

lack of funding sources. Moreover, humans can only truly actualise their humanity through the process of education (Kleindienst, 2024).

In intermediate countries, the situation is somehow different. Even though Conservatism and weak ties are detected in Higher Educational Institutions and in Industry, together with obsolete ways of teaching and lack of contemporary technology in Higher Educational Institutions, there are good practices of learning recognized, effective mechanisms of evolution and increasing R&D internationalization. Informal education in intermediate countries promotes and reinforces lifelong learning. As a strong obstacle in this way in intermediate countries, brain drain trends are reported, some conservatism in Industry and Higher Educational Institutions and competitiveness also.

6 Conclusions

As the world becomes smaller each day, especially through advanced digitalization and rapid digital transformation, redefinition of regions and (re)sources management might be in place. Geographical distance is no longer as relevant for the working environment as it used to be in the pre-covid era and many former challenges, earlier present "in the other region" could very fast become "our problem". Not only pollution and energy supply (on the role of EU energy market, see more in (Klopčič et al., 2022) but also and foremost lack of competent and motivated people, so further rethinking of scope might be appropriate.

Demand for general, as well as specialized ICT Education and training, is obvious and general. Nevertheless, public perceptions are important and media reporting on national policies is important. More on the role of media is discussed in (Rončević et al., 2023) and (Uršič & Jurak, 2023).

It would be advisable to consider that National policies would grow into regional and even trans-regional policies to include at least some layers of changing environments.

Even though there are strong tendencies noticeable in some technologies to concentrate skills, knowledge dissemination and IPR in (even geographically) narrow areas, as in the case of Quantum computing (House, 2022), at least in the Danube Region, or in the EU, a reconsideration of priorities might be in place.

In the field of institutions, we have considered these views: National policy and Acquisition & Retention of talented people.

According to the above-mentioned Social Fields Theory by Beckert (Beckert, 2010b), Institutions influence the structure of social networks (Rončević & Modic, 2011), which we addressed by analyzing Network organization and perceptions of both, cooperation between actors and perception of trust. According to this model, Institutions also make

values socially relevant through the influence on cognitive frames, the third element of the Social fields Theory, where we researched perceptions of relations with Creativity, Entrepreneurship and New technologies, Competition and competitiveness, and also, to what extent do the attitude and culture influence/enable learning processes in the country.

As cognitive frames provide legitimation and shape perception of institutions (Rončević & Cepoi, 2021) , not only national policies but, more important, the capacity for acquiring and retaining young talented professionals depends on the level of cognitive frames. As cognitive frames, on the other side, shape the perception of network structures (Uršič et al., 2024), this can enable the organisation of networks, as well as the building of trust and level of cooperation in those networks.

All three groups of countries of the Danube region, as we have divided them, have a lot of common challenges, and, perhaps even more common solutions, as social environments become more and more interconnected and non-reliable on geographical distance. Thus developing talented people and therefore assuring a stable level of motivated and competent professionals may be also a question of scope.

European Union, not only any particular region inside the EU, seem to be the right measure at the moment.

Notes:

1 GCI – Global Competitiveness Index (Schwab, 2019).

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Tourism Development in the Context of the Real Estate Business

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Abstract The paper explores the relationship between tourism and real estate, particularly in the last three decades, focusing on the social interests of local and national communities. The concept of "residential tourism" is debated, with no consensus on whether it qualifies as tourism or its effects on tourism development. The study aims to intensify discussions on this relationship and its impact on the development of tourist destinations. It also investigates whether current tourism investments align with sustainable development goals, using the United Nations' Sustainable Development Goals as a framework, supported by a literature review and discussion.

Keywords: • tourism • real estate • tourism development • tourist destination • sustainable development goals

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1 Introduction

The development perspective of the tourism sector concerning the development of the real estate business represents an important issue in the management of tourist destinations in a theoretical and practical sense. Numerous pieces of research are aimed at examining the possibilities and limitations for the development of tourist activities in a destination that is also interesting from the aspect of real estate development. It is particularly important to consider certain issues related to tourism's sustainable development and challenges for managing tourist destinations in this regard.

The subject of the research of this work is the determination of the existence of significant influences of the development of the real estate business on the pace of development of the offer of hotel accommodation in a tourist destination.

The main goal of this paper is to provide an insight into the state of the pace of tourism development concerning the planned and expected development in the context of the impact of the development of the real estate sector.

As part of our research, we would like to check whether the current state of investment in tourism is oriented toward sustainable development. We took the position of the United Nations and the goals and checked how they fit with the current situation.

The main research question is: What is more important to develop - the real estate sector or the tourism sector?

The work is based on the method of using historical methods, secondary sources, and deriving general views to create a basis for some future research.

The paper consists of an introduction and two parts. In the introduction, the subject and goal of the work are stated, and the methodological framework and structure are described. The first part presents the theoretical background of the research subject. The second part presents a discussion through a certain reflection on the expressed theoretical views and concluding considerations and is focused on key evaluations of the considered relationship between tourism and real estate, as well as perspectives for further development.

2 The tourism sector and the real estate sector in the context of sustainable development

2.1 General notes

The relationship between tourism and real estate as economic activities or business sectors is very well defined by the conclusions of the 45th AIEST Congress in 1995, which mainly state the following (Keller, 1995):

1. Tourist accommodation capacity can only be defined in terms of tourist demand, that is, when a tourist by definition uses a certain type of accommodation, then it can be defined as tourist accommodation capacity. In the second case, if it is not a tourist, then that facility is not considered tourist accommodation, that is, as stated in the specific conclusion, the facility for the elderly, although located in a tourist destination, is not considered a tourist accommodation facility. There are two categories of accommodation (collective and private accommodation), where collective accommodation including hotels and couple hotels has a commercial character, while individual accommodation (houses and apartments) is used exclusively by the owner with occasional availability to family and friends without compensation.
2. The real estate sector, which is oriented towards tourism, does not show the same interest in all aspects of accommodation. In the foreground are the installation and facilities' planning and construction (and sale and rental, notes authors). The use of facilities is secondary and depends on the growth/decrease of tourist demand and the accommodation sector's profitability level.
3. In all tourist destinations, the real estate sector is seen as a driver of tourism development and thus of the economy as a whole, considering the agglomeration effects in less developed tourist regions or as an additional development impulse in developed tourist regions.
4. The real estate sector in tourism supports the formation of the accommodation capacity structure in a large number of tourist areas. A new type of competition has developed for smaller holiday hotels through various new types of accommodation. These types of non-hotel accommodations are labelled para-hotels in a negative context. However, these types of accommodation capacities are not marginal in terms of volume, on the contrary, they are, today, the dominant type of accommodation in a large number of destinations.
5. The hotel business has a major place in the minds of tourism planners and politicians because it offers greater added value and is more economical in the use of space compared to other types of accommodation. However, the fact is that the importance of the hotel sector is decreasing. In a large number of highly developed tourist countries with a long tradition of tourism, hotel capacities are significantly smaller compared to other types of tourist accommodation. For example, the share of hotel capacities in the total tourist accommodation capacity of France is no more than 5%, while in traditionally hotel-oriented Switzerland the same share is less than 15%.

6. The current situation in the accommodation sector can be linked to the popularization and democratization of tourist demand after World War II (mass tourism, note. author). In a larger number of tourist destinations, cheaper and less intensive types of accommodation facilities outnumber hotels, which are mainly designed to attract an affluent international clientele. »Para hotels« usually represent a »self-service economy« and the demand for this type of accommodation is expressed by tourists who have a lower level of income elasticity.
7. The real estate sector in the tourist market consistently used the advantages of combining different types of accommodation. Back in the 1970s, using the "aparthotel" formula, the tourist market was successfully offered the flexibility of vacation apartments together with the high-quality service of traditional hotels. Such a product proved to be very popular (Keller, 1995).

In the context of the relationship between the development of tourism and the real estate sector, it is very important to consider the UN Agenda for Sustainable Development, which clearly states that "We are determined to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations" (United Nations, 2018). In this sense, from the aspect of this work, it is a key goal "Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable" (United Nations, 2018). that is, it is considered as the most important sub-goal "11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries" (United Nations, 2018).

The global expansion of tourism has resulted in a change in the business structure of many traditional tourism service providers for easier expansion into new markets, which includes the fragmentation of the core business through the separation of the real estate business from the business related to travel services (tourism, note.) (Bardhan et al., 2008). The authors note that this process opens the door to development and investment activities in the real estate sector, which implies various limitations faced by the tourism industry in the world. Although the real estate business, in the opinion of these authors, has a long-term perspective, some factors can slow down growth, such for example legal and institutional differences in certain areas of global business. The growing demand in the tourism sector and the specialization of companies in the real estate business in tourism represent a new challenge for long-term planning and investment (Bardhan et al., 2008).

In the works of certain authors, it is pointed out that real estate deals are hidden through the promotion of tourism (Xu, Wu, & Wall, 2012) considering the interests of local administrations and investors.

Erasing the borders between traditional identifications and categorizations of tourists and tourism is a consequence of the appearance of different forms of movement of people in today's world, i.e. a sudden increase in the number of recreational second homes (second homes) as a consequence of such forms of migration driven by consumption, which triggered fundamental socio-spatial changes (Wu, Xu, & Lew, 2015).

2.2 A brief overview of research on the role of tourism and the concept of a second home in the development of the economy

Liburd, Benckendorff and Carlsen (Liburd, Benckendorff, & Carlsen, 2012) have done a good periodization of the global development of tourism, which shows different understandings regarding the impact of tourism on the national economy and social development, especially in the context of tourism and quality of life.

The first period during the 1950s and 1960s is a period in which tourism is seen as an economic remedy for economic stagnation, i.e. tourism facilitates an "economic boom" (Rostow 1952 in Liburd et al., 2012) and promotes development in underdeveloped countries (Third World). In that period, the World Bank, the International Monetary Fund and the United Nations Development Program (UNDP) encourage tourism as a lucrative foreign exchange income with a significant multiplier effect.

During the 1970s and especially in the 1980s, theories were formed that are sceptical of the theory of modernization and capitalist penetration into the Third World, through the assertion that the rich countries of the First World became richer and the poor countries of the Third World became poorer (Frank, 1967 in Liburd et al., 2012). Tourism theorists (Cohen, 1978; de Kadt, 1979 and Britton, 1982 in Liburd et al., 2012) in their works emphasized the understanding that tourism, instead of benefiting peripheral destinations and contrary to popular belief, in many cases led to new forms of dependence and acculturation.

Especially in the 1980s, the search for knowledge regarding the ecological, socio-cultural and economic impacts of tourism on tourist destinations around the world stands out. In the centre of attention is the relationship between the costs and benefits of tourism development, where the basis is taken from the concept of carrying capacity of tourism (Miller and Twining-Ward 2005, pp. 29–30 in Liburd et al., 2012). The concept of carrying capacity is defined as "the maximum number of people who use the location without an unacceptable change in the physical environment and an unacceptable drop in the quality of the experience that visitors gain (Mathieson and Wall 1982, p. 21 in Liburd et al., 2012).

In particular, the process of acculturation is highlighted as "a change in culture that is initiated by the merging of two or more cultural systems" (Nash 1994, p. 184 in Liburd

et al., 2012), such as Cocacolization" and "McDonaldization" of the domicile lifestyle (Nunez 1989; Meethan 2001; Smith 2001 in Liburd et al., 2012).

The fact that tourism has not offered a cure for the struggling economy and, in general, for the economies of developing countries, has been taken for a long time. Satisfying the needs and desires of the developed world results in high import bills and repatriated profits that trickle out of the local economy, which is most beneficial to local and national elites but not to the wider strata of the rest of the population.

In this sense, the overriding importance of the tourist multiplier through its contribution to the gross domestic product and the general employment rate is especially taken into account. It is cautioned to realize that the impacts of tourism on the income and employment of the national economy can be quite misleading because the income from tourism in the input can be significantly dependent on imports, and the employment is based on a limited duration of time (seasonal employment), to which should be added the low level of wages and the low status of jobs in tourism (McAfee 1999; Deery and Jago 2009 in Liburd et al., 2012).

In the late 1980s, the research concept of tourism described as "soft", educational, responsible and green ecotourism dominates (Liburd et al., 2012).

Interest in researching the phenomenon of the second home as a concept of living has waxed and waned since pioneering works on the subject, such as research on the concept of a second home in the Stockholm archipelago before the Second World War (Ljungdahl, 1938; Wu et al., 2015) and research about cottages in Canada (Wolf, 1951 in Wu et al., 2015).

A second home is considered a property owned or rented through a long-term lease that is used as a temporary residence for a household that usually lives (permanently resides, notes authors) somewhere else (Goodall, 1987 in Wu et al., 2015).

When compared to short-term tourists, users of second homes who are geographically and financially fixed in the destination, have a higher level of commitment and involvement in local issues. Also, users of a second home differ from permanent immigrants, given that they maintain a lifestyle in two cities (two destinations, resident and temporary, notes authors) and because of a special sense of belonging in both places. Ownership of a second home represents a significant financial investment and thus can be a determinant for connecting and forming a stable relationship with the destination (Wu et al., 2015).

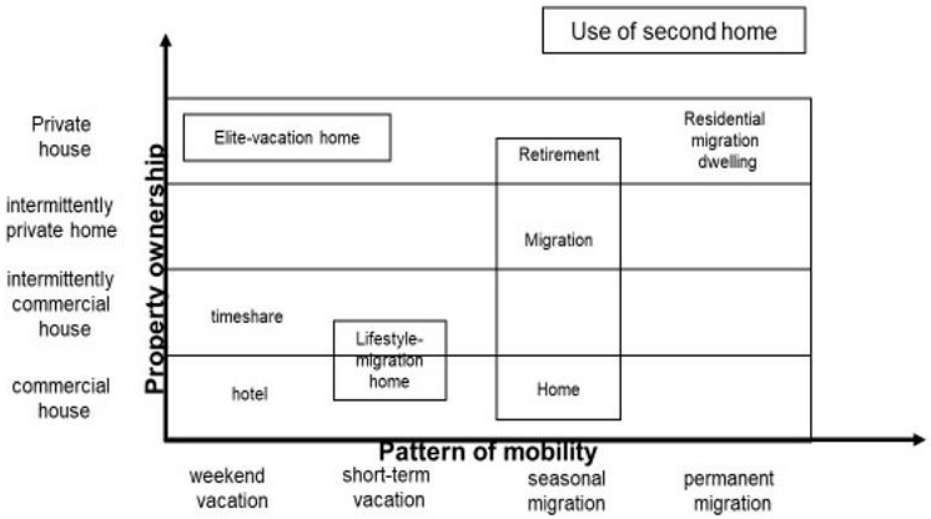
Based on the pattern of mobility and property ownership, the following typology of the second home was formed (Wu et al., 2015):

1. Pattern of mobility
   a. weekend vacation
   b. short-term vacation
   c. seasonal migration
   d. permanent migration
2. Property ownership
   a. private home
   b. intermittently private home
   c. intermittently commercial house, and
   d. commercial holiday home

Using the mentioned typology, three types of other homes are defined (see Figure 1) in which consumption-driven migrants live, such as (Wu et al., 2015):

1. Elta's holiday house
2. Life house-migration house
3. Home for pensioners and migrants

Figure 1: Typology of the second home



Source: (Wu et al., 2015).

The result of socio-spatial segregation under the influence of the second home phenomenon is expressed in the following (Wu et al., 2015):

1. Residential segregation expressed through the polarization of settlements into prestigious neighbourhoods where rich short-term and long-term migrants live and neighbourhoods where poor local residents live.
2. The social position of the dominant local population is inversely proportional to migrants with a higher socio-economic status, considering that the latter possess greater power to influence the development of the destination, especially from the aspect of land use, housing and resource allocation.
3. Migrant communities rely more on extra-local social networks than on local ones, especially in the situation of inconsistent self-identification of migrants after their settlement, which increases the heterogeneity of the community and the weakness of the socio-spatial pattern of the destination.
4. The expectations of seasonal migrants that the destination be arranged as a space for consumption and leisure is in contradiction with the desire of the local population to preserve their assets and develop in their local way.

2.3 The term and history of residential tourism

Residential tourism, as one of the main forms of tourism development, was characteristic of the Spanish part of the Mediterranean coast in the second half of the 20th century, in the early 1970s. (Demajorovic, 2011 in de Sousa, Matias, & Selva, 2016). It is about the activity of urbanization, construction and sale of residences, whose owners live permanently in other places, and the mentioned residences are used for occasional stays or vacations, which represents new forms of mobility and housing in modern society (Mazón e Aledo, 2005 in de Sousa et al., 2016). The dynamic character of the second home (residence), especially the change in the relationship between the first and second home, represents a challenge for identifying and determining the status of the first and second residence (Coppock, 1977 in Sousa et al., 2016; de Sousa et al., 2016). The mentioned difficulties in determining the status can be justified by the large number of terms used in the literature, such as "second homes", "holiday houses", "seasonal houses", "weekend houses", "houses", "recreation houses", " cottages" etc. (Rocca et al., 2009 in de Sousa et al., 2016). Spain is in first place in terms of the expansion process of building a second home, with 32% of the total number of properties of this type in Europe, followed by Portugal with 26.9%, Greece, 22,7% and Italy, 17,7% (Gili apud Anderaos, 2005 in de Sousa et al., 2016).

"Residential tourism as a development concept has been used since the late 1970s as a development model for the use of urban land to build real estate in tourist areas" (Hof & Blázquez-Salom, 2013). In the aforementioned model, different types of mobility and leisure time are combined, the nature of which varies depending on tourism as a lifestyle of migration to transnational citizenship and multi-residential strategies, which is often associated with the development of secondary homes and an increasing preference for the

suburban environment where it is developed more dispersive land use (Hof & Blázquez-Salom, 2013).

The alliance of real estate entrepreneurs with resorts is based on compensating for the slow return on capital invested in hotels or real estate projects on an isolated basis so that real estate valorization is provided through increased access to resort services with the added benefit of risk compensation and/or higher return on investment compared to traditional hotel management (apud Dória, 2007 in de Sousa et al., 2016).

Regarding the appropriateness of the term "tourist" when it comes to users of a secondary or residential home, there were significant controversies related to the touristic practice of a new type of mobility and residence (Mazón, 2006).

Individuals who purchase homes in foreign countries are commonly referred to as residential tourists (Demajarović et al., 2011 in de Sousa et al., 2016).

It is hypermobility that, with the development of technology, creates opportunities for an increasing number of people to relocate their centres of production, consumption/entertainment and reproduction and to create new social networks and new locations of residence, thousands of kilometres from the existing ones, especially when it comes to international migration movements of the elderly people, all of which leads to new ways of living and vacationing that cannot be simply determined through the existing definitions of tourism (Urry, 2002; Mazón, 2006).

Some researchers, contrary to this but also to the point of view of real estate developers and local or central governments, claim that residential tourism as such does not exist (Hall and Müller, 2004 in Mazón, 2006).

Since it is not easy to separate migration and tourism in Europe, then the interaction between tourism and migration is defined as "residential tourism" (RT) (O'Reilly, 2007 in Wong et al., 2017). The term residential tourism is used when it is necessary to indicate the coexistence between property ownership and short- to medium-term residences of Northern Europeans in the tourist areas of Spain. Residential tourists are defined as a rich group of people who treat tourism as a way of life and therefore form fluid, freestyles. of life between the place of living and the place of tourist stay, or they are labelled as tourists who ostensibly try to settle down even though they still somehow remain outside or above the community to which they have moved (O'Reilly, 2007; Rodríguez and Bustillo, 2010 in Wong et al., 2017).

Wong, Higgins and Wakefield observe a similar interaction of tourism and migration in the recent Australian trend of tourist migration, pointing out that the tourist trend that previously affected the real estate market in Europe is now also developing in the Asia-Pacific region (Wong et al., 2017). In question are wealthy entrepreneurs from Asia, who

play a major role in cross-border transactions with residential real estate, who are identified as "Highly Networked Wealthy Individuals" (HNWI) who embrace lifestyles that were previously exclusive to rich Western nations and are one of the main areas of investment. is the real estate market in Australia (Ibid., 2017).

Mazón notes that the residential tourism model offers a type of non-dynamic accommodation, given that secondary housing is largely used during the summer season and generates a minimal multiplier effect on the local economy, with significant negative effects on local employment (Mazón, 2006). Developing the thought, the aforementioned author emphasizes the urban collapse of coastal cities, although not necessarily and solely caused by the actions of real estate investors, but with the clear responsibility of local authorities when it comes to managing space and making urban decisions under the influence of investor initiatives for the sake of short-term realizable income from building permits (Ibid. , 2006). At the same time, local politicians ignore the medium- and long-term urban interests of the community, which can result in a high-risk scenario, because newly built properties that bring income in the short term, later become the source of new costs due to the increased and even aggressive demands of local residents in the newly created urban situation. increased pressure on the existing infrastructure and the scope of public services. Solving the above-mentioned requirements generates an increase in expenditure and on the revenue side opens up a new challenge because instead of encouraging businesses with long-term realizable income, local governments opt for a real estate development model that some authors label as residential tourism (Mazón, 2006), and thus the magic circle closes.

Residential tourism could rather be associated with new migrations, either permanent or seasonal, led by retirees from the rich countries of central and northern Europe, in search of residential locations with a warmer and milder climate (Ibid., 2006).

Gascón and Milano see local peculiarities (structure of land tenure, degree of formality of ownership or local legislation) and characteristics of the tourist-real estate model (whether it is run by foreign transnational corporations or based on the participation of national capital) as key factors in the development of residential tourism (Gascón & Milano, 2018).

Summarizing the processes characteristic of the development and growth of residential tourism, the same authors formulate them in three phases (Gascón & Milano, 2018); In the first phase, residential tourism, in addition to initiating changes in land use (from, for example, agricultural to construction), also globalizes the market because market transactions with land are not only carried out by the characteristics of the local/regional/national economy but they are adapted and conditions on the international market. The result is the fact that land that was sold at prices in line with the local economic level is now in the hands of foreign real estate agents who represent a significantly higher level of purchasing power.

In the second phase, the land loses its basic characteristic of enabling productive reproduction, and prices higher than purchasing power limit market access for the local population. The emergence of new and international players causes an inflationary-speculative spiral because the price does not depend on the amount of land for the development of residential tourism and turns into a real estate bubble of expectations that turns the land into a capital reserve that offers the owner a differential rent without any productive investment.

The third stage is rural migration. The speculative spiral causes significant problems for the performance of traditional economic activities on the land, threatening the sustainability of traditional economic sectors (Fuller, 2010; Gascón & Cañada, 2016; Milano, 2015 in Gascón & Milano, 2018). The short-term profit from construction land significantly exceeds the interest in long-term profit based on the use of commercial or agricultural land, which is additionally increased by the speculative-inflationary vortex. Only the tourism-real estate sector sees sustainability in this vortex by feeding on it: it attracts capital eager for quick profitable investments, and this means that the higher and faster the price growth, the greater the attraction to investing in real estate. The result is the migration of one part of the local agricultural population and another in search of stable sources of income or the adaptation of those who remain to the new economic pattern as low-skilled or unskilled labour (construction, services related to the needs of new foreign residents, etc.). Also, the rise in real estate prices makes it much more difficult for local residents and their children to stay in their place of origin (Ibid., 2018).

Mazón clearly claims "that this development model is merely a property development model. The tourism industry should not be mistaken for actions focused on the construction and promotion of households. The residential tourism model is led by property developers; the tourism industry and its experts do not take part in its development.

Obvious difficulties arise when integrating this kind of property supply and these new emigrants – called 'residential tourists' – in the various options and models related to tourist practices. However, many towns have, almost exclusively, based their tourism supply on the construction and sale of housing estates. Extensive property developments of villas, bungalows, semi-detached houses, etc., with varying quality and features, have been built to satisfy this new, booming demand. Extensive developments of villas, bungalows, semi-detached houses, etc., of varying quality and characteristics, have been built to meet this new, growing demand" (Mazón, 2006).

Spain, as an example of the impact of tourism and real estate development, is very characteristic considering the real transformation of the urban landscape and the built environment, in addition to the fact that this urban and demographic growth is disguised under the general term "tourism" by key participants, drawing attention to the sector that

is the pillar of the Spanish economy, especially at the local, municipal level" (Mantecón, 2010 in Hof & Blázquez-Salom, 2013).

The strong development of newly built secondary houses mainly took place in popular tourist destinations, where the main role in stimulating the aforementioned development was played by facts such as the entry of Spain into the EU, the decentralization of state administration, richer economic conditions in Germany, the Netherlands and Great Britain (Barke, 2007 in Hof & Blázquez-Salom, 2013).

Majorca is particularly interesting as a destination for illustrating the aforementioned phenomenon, as one of Spain's leading tourist destinations (approx. 5% share of the Mediterranean tourist market) and a world pioneer of mass tourism through the archetypal model of sun and beach since the 1960s. (Hof & Blázquez-Salom, 2013).

Since the mid-1990s, under the term "quality tourism", the tourism model of Majorca has been expanding with the proliferation of second homes, golf courses, yachts and cruise tourism ("Turismo de calidad"), that is, Majorca is positioning itself as a real estate market and adding the financial attraction of real estate to the traditional attraction for sun and sea tourism, which can be illustrated by the fact that in 2011, 90% of foreign direct investment (FDI) was accumulated in the construction and service sectors, where real estate services stand out (an average of 51.1% of FDI in the period 2004-2007 related to the construction of houses) (Ibid., 2013).

The influence of the acceptance of the neoliberal economic concept by conservative governments starting in 2011 additionally, through the deregulation of business conditions and the encouragement of entrepreneurship, increases the possibilities of investors and local elites to increase their gains in local tourism real estate markets. The measure of ex-post legalization of irregular houses built in the urban environment without urban planning permits is particularly noteworthy as the strongest measure of deregulation and solving the economic crisis, through the relaxation of regional planning (Ibid., 2013).

The result is the creation of a new urban fabric through an increased number and density of secondary homes in the housing stock and a new population influx in the municipalities where secondary homes were built (Ibid, 2013).

The concrete consequence of such development is the concluding facts that the authors state in their research, that "Tourists who used to come to Majorca for a stay in a hotel are nowadays increasingly renting accommodation in the real estate tourism sector, or maybe acquiring their second residences on the island. The real estate market gains profit from its exchange value, which is a way of capital accumulation through its secondary circuit. The improvements in accessibility through megaprojects of transport infrastructure contribute to this process of time-space compression within the European

real estate tourism market..... In fact, the phenomena of second home and real estate tourism are not captured by statistics because their impact in terms of urban and demographic growth is perceived as a side-effect of "tourism" and economic rejuvenation and modernization" (Hof & Blázquez-Salom, 2013).

2.4 Development of residential tourism in the mountain, ski and rural tourism destinations

The influence of the development of residential tourism in the destinations of mountain and ski tourism as well as rural tourism has been investigated by several authors (Vaccaro & Beltran, 2009; Clivaz & Nahrath, 2010; Keskinok, 2012).

In the area of the High Pyrenees, the process of urbanization stimulated by tourist attractions is particularly pronounced, which results in an increase in newly built houses (secondary homes) that are used during the weekend or for short periods during the summer vacation, while in the rest of the year these houses are not used so that in that period, many small villages are called "ghost communities" (Vaccaro & Beltran, 2009).

The same authors observe the consumption of rural space of a specific destination, as a result of a double and opposite flow: information and people. Although the increase in the tourism industry increases the number of local jobs and the retention of a part of young people, the owners of cottages, skiers and tourists, in general, do not significantly contribute to the reanimation of the social vitality of the local community (Ibid., 2009).

It is observed, as in many similar studies, that the owners of secondary homes do not contribute to the demographic potential and the daily social life of the villages, which are mostly characterized by empty houses and an ageing population (Butler, 1994 in Vaccaro & Beltran, 2009), moreover, through the action of the real estate market, they contribute to the increase of housing costs with harmful consequences for the local population (53% of houses in the Pyrenees area are used as a secondary home) (Ibid, 2009).

A special aspect to which the authors Vaccaro and Beltran pay attention is the development of ski centres and the impact of this development on the destination area. Considering the extremely large initial investments concerning the financial potential of the local community, the space in alliance with local elites is taken over by external institutions (corporations or consortia) where there is a conflict with the goals of sustainable development, because sustainable development policies are designed to preserve biodiversity (and cultural historical heritage, note D.L, A.R.) and ski resorts to earn money, which can turn into a destructive conflict in periods of economic crisis when investors, for example, go bankrupt and unfinished buildings remain in the area (unfinished Vall Fosca resort, closed Era Tuca ski resorts (Val d' Aran), Llessui and Bonavé (Pallars Sobirà) and Rasos de Peguera (Bergueda)) (Ibid, 2009).

The mentioned authors emphasize the dilemma: mass tourism=significant ecological footprint and significant economic effects or ecological tourism=small ecological footprint and small economic effects or a specific combination of these two models of tourism development (Vaccaro & Beltran, 2009).

Clarifying the inconsistency of the spatial planning system to the use of land in tourist destinations, Clivaz and Nahrath explain it through the convergence of several interdependent factors that link to the phenomenon of "growth coalition" (Clivaz & Nahrath, 2010).

These authors believe that the strong presence of real estate owners and real estate experts in decision-making processes related to spatial planning, and the fact that local political elites base their legitimacy on the development of tourism, mainly results through the implementation of a spatial plan where the primary availability of large construction zones is directed towards the establishment of a development model in which the value of exchange (construction and sale of secondary apartments) has priority over the value of creation-use (construction of facilities that generate long-term income such as the hotel industry) (Ibid., 2010).

Clarifying the history of residential tourism, the authors state that until the 1950s, the hotel was practically the only available form of accommodation in the Swiss Alps, and the situation is changing rapidly with the creation, as the authors say, of the "invention" of secondary housing, because the interest of buyers in this type of housing is rapidly increasing. accommodation.

In the 1960s and 1970s, the number of beds in secondary residences overtook the number of hotel beds in most tourist destinations, which is still the case today (12% of the total housing stock in Switzerland). In tourist destinations, this share reaches between 50% and 80% (Ibid, 2010).

The authors formulate several measures to reduce the share of secondary apartments in the tourist destination's accommodation offer (Clivaz & Nahrath, 2010):

- Delimitation of the maximum share of secondary dwellings by municipality: the Swiss population should soon decide on the initiative called "Ending the unlimited construction of secondary dwellings", according to which it is required to impose an upper limit of 20% (linearly) on the number of secondary dwellings per municipality.
- Increasing the coefficient of use and/or occupancy of land for property projects aimed at creating paid beds (hotels, tourist complexes, etc.): With this measure, the owner is permitted to build a larger area on his plot of land. It is often used in the urban planning process due to its very practical nature as it allows the state to create the value of land and property “for free” which can then be used for compensatory transactions, to restrict or restrict rights. owner as a result of spatial planning actions.

- Restriction of the right to use the property: according to this, the owner of the property is obliged to guarantee that his building will be used for commercial purposes to prevent the increase of unpaid beds.
- Tax incentives: they can take different forms such as a single tax on the purchase of a secondary residence, the introduction of a secondary residence tax or connection fees (drinking water, wastewater, energy). However, the manoeuvring space of the commune is relatively limited because the amount of these taxes should not, in principle, discriminate against owners of secondary apartments.
- Masterplan: implemented in the resort of Engelberg, this instrument is more precise than the normal zoning process because a visual idea of the construction can be obtained when it is completed. In this way, the construction can be more harmoniously integrated into the village and achieve a higher architectural standard.
- Purchase and exchange of land: municipalities can follow an active property policy and prefer to set up projects to pay for guest accommodation or create state infrastructure. However, this measure is difficult to implement when the state of public finances is poor and property prices are high. Moreover, its effects will be felt only in the long term, while the problem of secondary housing requires a quick approach.

Examining the correlation between legal benefits for the purchase of real estate and increased construction in the rural area of Kalkan (Turkey), Keskinok found the following (Keskinok, 2012):

- Despite the established volume of planned land available for urban planning, the increased sale of real estate to foreign citizens, due to the inflow of money from citizens of developed countries and the increase in speculative demands for urban and rural land as well as locations in protected areas (agricultural land, olive groves), led to an increase unauthorized construction activities.
- The number of villas built for foreign nationals has increased.
- The number of real estate agencies that are in partnership with foreign companies has grown rapidly, and the number of architectural bureaus that, in addition to designing and managing projects, have also been involved in real estate marketing has also grown.
- Many hotels have been converted into apartments.

The main consequence of the aforementioned processes is the increase in unregistered tourism and activities in the real estate sector controlled and managed by foreign owners of luxury villas, which leads to unequal competition between certain tourist and real estate activities, and ultimately results in the emergence of a tourism economy that is realized on a larger scale without the participation of the local population and the majority of income flows abroad (Keskinok, 2012).

According to the mentioned author, the tourism economy of this type is defined as "villa-tourism organized abroad", as "a fruitful basis for unregistered and untaxed tourism activities of foreign real estate owners" (Keskinok, 2012).

In particular, the phenomenon of converting hotels into apartments is seen as a very profitable and short-term entrepreneurial venture, which is seen as a survival strategy in changing market conditions and crisis conditions (Ibid., 2021).

Through the case study of Kalkan (Turkey), Keshinok opens a discussion on several topics when it comes to relations between the tourism and real estate sectors (Keskinok, 2012):

1. Equal distribution of benefits from tourism activities between domestic (local) and foreign participants in the tourist offer. In the tourist area of Kalkan, the decreasing level of economic benefits, increasing dispossession and even displacement of the local population hinder or limit the integrative aspects of tourism activities. The economic effects of tourist activities do not benefit the local population and the tourist destination, and the cultural and social aspects of tourism do not come to the fore.
2. Changing the perspective of tourism development planning. Planning is moving from a comprehensive integrative regional planning framework to an ad hoc/local planning framework determined by market and demand. In the example of Kalkan, the elimination of parameters, criteria and goals of comprehensive-holistic and integrative planning led to market-oriented ad hoc planning, which generates more complex and critical issues when it comes to less developed tourist destinations or developing destinations.
3. In addition to the purchase of real estate abroad, as a real problem shown in the case of Kalkan, deregulation/liberalization of the national real estate market in an uneven economic context can also be observed.

2.5 Different connections and influences of real estate business and tourism

In the presentation of the monograph based on the papers of the AIEST conference on residential tourism, Korstanje (Korstanje, 2009) notes several different effects in the development of the tourist destination generated by the development of the real estate business.

The influence of low-cost airlines is expressed in the increase in demand for residential tourism and investment in secondary residences (second home concept) as a safer form of investment in times of high inflation and uncertainty.

The arrival of expatriates from neighbouring countries with high purchasing power can and often increases the demand for houses in urban centres (gentrification process, etc.

authors), which consequently increases real estate prices and affects the movement of local residents to peripheral residential areas.

The increased growth of residential tourism also leads to an increase in conflicts with domiciled indigenous communities in Third World countries, because the plans of investors/"developers" put their resources at risk, which represents ecological and social degradation.

Case studies from Germany, Switzerland and Finland indicate the transformation of traditional tourist destinations in cities based on investment in real estate, considering that urban areas are very interesting for investors. The basic parameter is the relationship between the negative effects and the benefits resulting from the improvement of the destination.

It is generally considered that the concepts of real estate development are not based on a solid ethical basis because they are focused on the market demand for profitable business and not on other important issues (important for the development of tourism, note authors), although, as M. Korstanje believes, in most of the works in the collection are based on naive positivism, which is expressed in the belief that real estate owners will recognize the development perspectives of the tourist destination (Ibid., 2009).

The attractiveness of a tourist destination as a destination for a good vacation is an important parameter for evaluating the investment decision in addition to the costs of acquiring foreign real estate (Rodríguez and Bustillo (2008) in (Fereidouni & Masron, 2011). Additional factors for attracting foreign direct investment in the real estate sector in tourism are the level of general and communal infrastructure and the size of the GDP, i.e. the size of the market, as well as the purchasing power of the population. Research shows that tourist agglomeration contributes positively to the expansion of foreign investments in the real estate of the host country (Fereidouni & Masron, 2011).

Foreign direct investments (FDI) in a cause-and-effect relationship generate the development of tourism, according to research (Fereidouni & Al-mulali, 2012), because they provide the infrastructure and tourist facilities that the destination lacks, such as hotels, theme parks, better traffic infrastructure, etc. Another aspect of this relationship is the flow of business trips expressed through the arrival of a greater number of entrepreneurs and managers who are looking for opportunities to invest, promote and maintain business in the host country, which can be explained by the generation of a cyclical effect through business research of the destination and vacation, which ultimately results in an increased number of tourist visits (Ibid., 2012). In their empirical research, Fereidouni and Al-mulali (Ibid., 2012) found that there is a long-term and two-way relationship between foreign direct investment in real estate (FDIRE) and international tourist arrivals (TOURA), an inflow of foreign direct investment in real estate (FDIREI)

and (TOURA), and outflows of foreign direct investments (FDIREO) and international tourist departures (TOURD).

The same authors state that the key implications for tourism policymakers can be greater attention to the development of the tourism sector in terms of attracting foreign tourists to simultaneously recover and/or develop the non-residential sector. They suggest to OECD countries that they need to attract more international real estate investors which, in their opinion, could result in more foreign tourist arrivals, citing the successful example of Singapore (Fereidouni & Al-mulali, 2012).

Real estate investment (FREI) represents a very significant share of foreign direct investment (FDI) of many countries such as China (more than 20%), Spain (almost 40%), India (another source of FDI), Mauritius and Vietnam (more than half of FDI) and a very significant component of FDI in countries such as France, UK, Germany, Japan, Greece, Singapore, UAE and South Korea (Brown & Matysiak, 2000; Economist Intelligence Unit, 2008; Rodríguez & Bustillo, 2010; UNCTAD, 2017 in (Gopy-Ramdhany, Seetanah, & Bhattu-Babajee, 2021).

Some authors start from the belief that a continuous increase in FREI has a favourable effect on the tourism of the country in which the inflow of investments is realized, considering that the expected step after buying real estate is a more frequent trip to the host country caused by the fact of ownership of a certain innovation (Rodríguez and Bustillo, 2010 in Gopy-Ramdhany et al., 2021).

Buying houses abroad is motivated by various reasons, such as a second home for retirees or diversification of the investment portfolio or moving for educational purposes or because of more favorable living conditions, which is defined as residential tourism, i.e. it is considered that individuals who buy houses in foreign countries are in the position residential tourists (Conover et al., 2002 in Gopy-Ramdhany et al., 2021).

As a result of globalization, many multinational companies transfer their activities (subsidiaries) to foreign destinations to take advantage of the location and business costs, which, in addition to residential tourism, also affects the increase in business tourism (Keller & Bieger, 2008; Bardhan et al., 2008 in Gopy-Ramdhany et al., 2021).

FREI very often includes investment in the construction of hotels, according to the authors who support the concept of common interest in real estate and tourism, which consequently leads to a greater number of visitors because foreign investors are expected to activate their own sources of demand towards the host country, but foreign investors are also expected to and investment in significant improvement or new construction of infrastructure capacities (roads, airports, marinas, etc.) and construction of new tourist attractions (Craigwell & Moore, 2008; Perić and Nikšić Radić, 2011; Yazdi et al., 2017 in Gopy-Ramdhany et al., 2021).

The authors who promote common interests, benefits and even the symbiosis of the tourism and real estate sectors, additionally emphasize that FREIs lead to the establishment of brands and international standards in the host country based on the business of international hotel and restaurant chains, which in turn positively affects the international acceptance and positive image of the destination as well as improving the quality of the destination product, but also access to international distribution networks and marketing (Barrowclough, 2007; UNCTAD, 2008 in Gopy-Ramdhany et al., 2021).

A recent study confirmed the positive relationship between FDI and tourism growth, based on the observation of annual data in the period from 1995 to 2016 in 14 countries of the wider Mediterranean region (Tecela et al., 2020 in Gopy-Ramdhany et al., 2021).

Using the econometric model of determining the factors that influence the relationship between tourism and real estate, Gopy-Ramdhany, Seetanah and Bhattu-Babajee determined the following (Gopy-Ramdhany et al., 2021):

- Foreign direct investments (FDI) in real estate (FREI) have a long-term positive impact on the development of tourism.
- Other forms of foreign direct investments (NONFREI/Total FDI-FREI) are shown to be an important element of tourism development, that is, such FDI has a greater impact compared to FREI.
- The increase in productivity and competitiveness due to the transfer of skills, technologies and standards is more significant in developing countries, often in the early stages of tourism or FDI.
- The development of tourism leads to a consequent impact on FREI in developing countries, i.e. the existence of a bi-causal link in the relationship between FDI-tourism implies a positive effect of strengthening the links between the two variables and suggests that there may be a benefit for tourism from FREI in the long term.
- It takes a certain amount of time in the long term for the effects of FREI to be reflected in the development of tourism.

The development of tourism real estate (TRE) projects in Vietnam is the subject of a study conducted by Nguyen, Dang, Le-Hoai and Luu, in which they formulated several interesting observations regarding risk factors that could lead to legal problems in the development of a tourist destination and concluded that there is a positive relationship between the practitioner's experience in the real estate industry, knowledge of legal issues with risk assessment; and that there are differences in the assessment of legal risk between different participants (stakeholders) of the project (Nguyen et al., 2021).

2.6 The Chinese model of tourist real estate

Special attention in the literature is devoted to the relationship between tourism and real estate in China (Xu et al., 2012; Liu, et al., 2013; Tsai et al., 2015; Wu et al., 2015; Kong,

et al.,, 2017; Sun & Fu, 2018; L. Yang, 2019), in terms of compatibility and synergistic effects for the development of the tourist destination, so that attitudes about the symbiosis of these two sectors are also formed (Sun & Fu, 2018).

The concept of tourism real estate in tourism research was first introduced by Chen (Chen, 1996; Tsai et al., 2015). Tourist real estate as a business represents a new industry that combines tourism and real estate through the integration of planning and design, construction and marketing, hotel management and other aspects (Sun & Wang, 2002 in Tsai et al., 2015) and can be defined as "a way of real estate development and marketing for free travel or vacation" (Yu and Zhao, 2003, pp. 74 in Tsai et al., 2015). The role of tourist real estate can be extended beyond the tourist function because as a unique integration of residential and vacation real estate, it can also have the purpose of residential stay of the local population (Shen, 2001 in Tsai et al., 2015).

Tourist properties differ from traditional residential properties based on three key characteristics (Fang, Zheng and Peng, 2009 in Tsai et al., 2015):

- Environment. Tourist properties must be located within or near tourist areas and attractions.
- Function. Tourist properties provide a wide range of functions that meet the needs of tourists.
- Work. The business model of tourist real estate differs from the model of traditional real estate.

Tourist real estate differs from traditional residential real estate in that it is characterized by the development of large, purpose-built tourist resources (e.g. resorts and theme parks) together with residential facilities in anticipation of an increase in real estate value (Chen, 1996 in Tsai et al., 2015).

The term tourist real estate includes various types of real estate such as hotels, timeshare facilities, conference centres, exhibition halls and training centres in tourism, which are further characterized according to different criteria (location, property rights, function and purpose of development (Ibid., 2015).

The China National Tourism Administration CNTA classifies the following tourism products that can be integrated with real estate development: leisure tourism, medical tourism, rural tourism, industrial tourism, travel for the elderly, historic cities and commercial districts (China National Turist Administration CNTA, 2014, Zou, 2014; Tsai et al., 2015).

Tourist real estate as the integration of tourism and real estate in the Chinese tertiary industry can be defined as the possibility of increasing the value of the real estate by using tourist activities and surrounding resources, but on the other hand, the possibility of real estate development can create a better tourist framework and improve the image of a

tourist destination, that is, tourist real estate represents a combination the function of tourism, vacation and stays in a way that increases the investment value of the real estate, thus opening a new direction for the development of the tourism industry (Wang, 2007; Chen, 2011; Zhu, 2005; Lin, 2012 in Tsai et al., 2015).

Investment in tourism real estate development represents 1/5 of all real estate investment in China in 2012 (Chinese Tourist Academy, 2012 in Tsai et al., 2015).

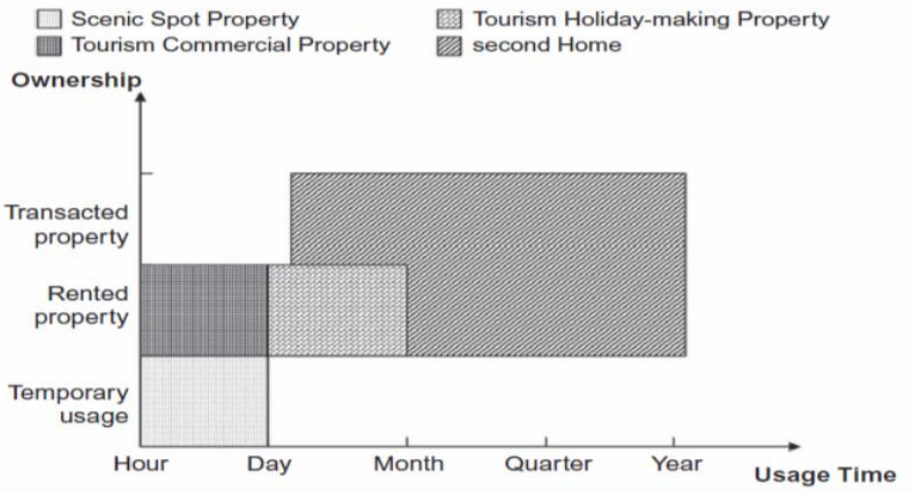
The history of the joint development of real estate and tourism begins at the end of the 19th century when the development of the railway coincided with the retirement of the middle class and the discovery of coastal locations along the coast of Britain (for example, Bournemouth and Torqua) and France (for example, Brittany and the Mediterranean coast) and the construction of villas as real estate for a vacation after retirement. Furthermore, through the time-share approach in the 1960s, the use of vacation villas in the French Alps became popular, which indicates the readiness of the tourist market for real estate (Zhang and Wen, 2009 in L. Yang, 2019).

According to the state of ownership and length of use, four evolutionary types of tourist real estate were identified, which is shown in Figure 3 (Xu et al., 2012):

1. Real estate is located in picturesque places. These are properties built especially for tourists and represent the initial form of tourist properties. They are located near the main attraction, which provides tourists with opportunities for new visits, entertainment and recreation. The advantages of natural and cultural resources are used.
2. The development of real estate in picturesque places has resulted in the growth of commercial tourist real estate's such as souvenir shops, commercial (for shopping, note authors) streets, restaurants, bars, entertainment complexes and conference centres. They were built inside or outside the existing tourist area to provide additional tourist services and content. Commercial tourist facilities are being built following the pace of diversification of attractive tourist locations to transform the market from sightseeing tourism to vacation tourism.
3. Vacation real estate, the rapid growth of which begins during the 1990s in Chinese cities, with the transition of the sightseeing tourism model to the vacation tourism model. These properties provide accommodation, recreation and entertainment to vacationing tourists. Creative forms of accommodation services such as boarding houses, hostels, hotels, resorts and time-share properties have been developed through the initiated diversification. Most often, these are serviced accommodation facilities for short-term rent, not for sale.
4. Secondary residences (second homes) were developed in the late 1990s as properties that are owned or rented on a long-term lease for temporary residence for people who usually live elsewhere ((Xu et al., 2012). Most secondary residences are owned by individuals and purchased for vacation, retirement or investment purposes. The development of the second home concept creates new opportunities for development

and short-term economic growth in underdeveloped areas but drastically transforms the urban landscape.

Figure 2: Typology of tourism real estate



Source: (Xu et al., 2012).

An increase in the level of consumer demand for leisure-related investments, along with a decrease in business confidence in investments in traditional real estate markets, has led to increased interest in tourist real estate (Yu and Zhao, 2003 in L. Yang, 2019).

Tourism real estate development in China is considered a booming industry of the 21st century, which has brought a significant impact on tourism destinations (Xu et al., 2012; L. Yang, 2019).

Four driving factors for the integration of tourism and industry in China are seen as technical innovation, national policies, market demand and market competition (Sun and Fu, 2018 in L. Yang, 2019).

One of the earliest and most prominent examples of tourism real estate development is Overseas Chinese Town (OCT) in Shenzhen, where revenue from tourism real estate has already exceeded revenue from the tourism business since 2011 (OCT Annual Report, 2011 in Tsai et al., 2015).

Interactive real estate and tourism development is thought to have started in Shenzhen, China in the 1980s, with OCTC (Overseas Chinese Town Corporation) using tourist

demand to develop housing around its theme parks (China Folk Culture Village, Splendid China and Window of the World) and incorporated residential areas for both permanent residence and residence for rest and recreation (tourism, note authors) (Zhang and Wen, 2009 in L. Yang, 2019).

Tourist real estate as a business, i.e. dealing with real estate in the function of tourism as a new business has appeared in China since the 1990s and has become one of the fastest-growing business sectors in the leisure market (Tsai et al., 2015).

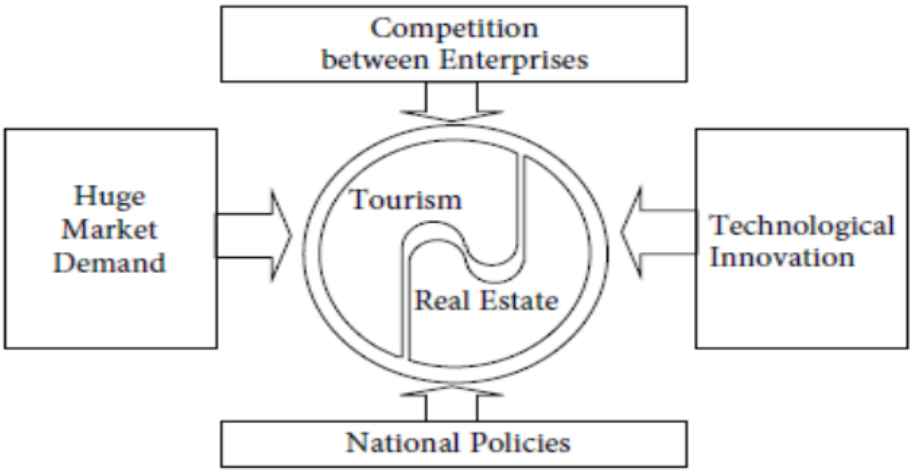
Emphasizing the positive and negative effects of tourism real estate development, Yang (2019) cites the transformation of small towns through the construction of new urban areas, the attraction of new businesses and the diversification of the economy as positive effects; but also the high prices of renting and buying residential and commercial space, environmental defects due to the overcrowding of the destination during the season, social friction between non-residents and the local population and visual pollution as negative effects. The same author notes that in the off-season, tourist real estate locations resemble "ghost towns", believing that special attention should be paid to strategies that have long-term sustainability (L. Yang, 2019) i.e. that the policy of promoting tourism as a means of urbanization should be carefully designed and revised to avoid the strong development of the real estate sector in the name of tourism (Xu et al., 2012 in L. Yang, 2019).

L. Liu, Wang and He consider tourist real estate as an important segment of tourism and an inevitable trend of future development (Liu et al., 2013).

In their research, Sun and Fu focus on the possible symbiosis of the tourism and real estate industries (Sun & Fu, 2018) emphasizing that there are several areas in which Europe, the USA and some Asian countries have the possibility of integrating the tourism and real estate sectors is being investigated, such as Timeshare, Time-Sharing Hotel, Resort Real Estate, Recreational Property, Recreational Real Estate and Resort Property. The most frequently used form for academic research in connection with the mentioned subject is certainly the Timeshare business concept (Ibid., 2018).

The aforementioned authors formulate their thesis through the model of four key driving forces: technical innovation and national policies as macro and market demand and market competition as market factors, as shown in Figure 3.

Figure 3: Driving force model for the integration of tourism and real estate



Source: (Sun & Fu, 2018).

- Complex geographical consequences and the construction of social networks in contrast to typical migrant enclaves and fortress cities formed by labour migrants.
- Circulating migratory pattern of movement with a variable choice of residence during the life cycle.

It is very often emphasized that local governments in China are very dependent on real estate development in connection with the realization of local revenues so urbanization has become a political agenda (Deng & Huang, 2004; Logan, 2002; Ma, 2002; Qian, 2007; F. Wu, 2002 in Xu et al., 2012).

There are numerous effects due to the impact of tourist urbanization through the construction of tourist real estate.

Most of the tourist properties are used as secondary residences where the owners come on vacation during the tourist season or they are investments that are not used and in that case, bring very little benefit to the local economy. The construction of facilities of this type on a large scale deprives the local population of their space for production and housing (Xu et al., 2012).

In locations of exceptional cultural heritage, problems in the relationship between local residents and new owners of secondary homes are expressed. Local entrepreneurs are pushed out by newly arrived entrepreneurs, especially in tourism development zones, which is well illustrated by the fact that in the old city of Lijiang, since 2004, about 70%

of the 1,600 houses in the main streets have been converted into business premises by non-local people (Tao & Chen, 2006 in (Xu et al., 2012), i.e. that in 2004, 72.6% of shops in the main street were intended for tourists, 19.6% served both tourists and local residents, and only 8.8% were specifically used by the local population (C. H. Yang, 2005 in Xu et al., 2012).

Clarifying their model on the example of China, the authors note the following (Sun & Fu, 2018):

- **Market demand is significant.** Moving away from the usual place of residence and going to a secondary residence to spend the weekend and holidays has emerged as a new demand in the real estate industry. The alleged appearance of new demand is the result of the improvement of the standard of living and the general improvement of the way of life, which has significantly promoted the integration of the tourism and real estate industries.
- **Competition between companies.** Searching for new areas of competitive advantages of companies in the field of tourism and real estate, through observed complementary advantages and mutual benefits, they found a new form of activity, which is tourist real estate, as an expression of the driving force for the integration of these industries.
- **Technological innovations.** Significant progress, recently, in the development of new building materials, energy-saving technology, environmental protection technology, network information management technology, virtual reality technology (VR, AVR), Internet of Things (IoT), artificial intelligence (AI) and of other technologies has significantly improved the status and added value of projects in tourism and real estate, through the constant promotion of the integration of the aforementioned sectors in the form of top products for the market.
- **National policies.** The perspective of tourism was given an important impetus by the National Leisure Tourism Program (2013-2020), announced by the competent State Council of the People's Republic of China in 2013. In 2014 and 2015, through several opinions on the improvement of reforms and development of tourism, it gave clear instructions to the Ministry of Land and Space, the Ministry of Housing and Urban-Rural Development and the National Administration for Tourism Development, which jointly issued an opinion in 2015 on the improvement of reforms and development of tourism in terms of land use for new tourist formats.

In the field of real estate, the Ministry of Finance, the State Administration for Taxes and the Ministry of Housing and Urban-Rural Development jointly formulated in 2016 the "Notice on the Adjustment of Preferential Tax Policies for the Tax on Real Estate Business Act", which prescribes the latest tax policy for non-residents (except Beijing, Shanghai, Guangzhou and Shenzhen), and from February 22, 2022. tax breaks are available for buying houses in China.

The authors believe that with the action of the four driving forces, the tourism industry and the real estate industry with a strong correlation in action and realized high added value, will merge into a new industrial mode - tourist real estate (Sun & Fu, 2018).

It is believed that the Chinese tourist real estate industry has shown a trend of rapid growth, although in the previous period, there were both successful and unsuccessful investments, there are even about 1,000 projects in this area (Kong et al., 2017).

One of the significant reasons for the emergence and rapid growth of the tourism real estate industry in China is the formation of a special social group, colloquially known as "Just Got Rich", which is made up of individuals with high disposable incomes and considerable opportunities to use their free time (Wu et al., 2015).

The aforementioned group expresses a high ability to migrate, which significantly changes the traditional pattern of social mobility in China in such a way that the phenomenon of travelling and settling in places outside the place of permanent residence is considered quite common among members of this group (Ibid., 2015).

The authors, based on the available research, state three characteristics of the mentioned migration (McHugh 1990; Aronsson 2004, 79; Grey 2006 in (Wu et al., 2015):

- Higher socioeconomic status of the mentioned group compared to low-skilled workers.
- Complex geographical consequences and the construction of social networks in contrast to typical migrant enclaves and fortress cities formed by labour migrants.
- Circulating migratory pattern of movement with a variable choice of residence during the life cycle.

It is very often emphasized that local governments in China are very dependent on real estate development in connection with the realization of local revenues so urbanization has become a political agenda (Deng & Huang, 2004; Logan, 2002; Ma, 2002; Qian, 2007; F. Wu, 2002 in Xu et al., 2012).

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Due to the strict security surveillance, many local residents are deprived of the possibility to use or even to approach the locations that they used to use previously (Ibid., 2012).

The researched case studies link tourism development, urbanization and land development in China and show that land development policy plays the most important role in China's urbanization and tourism development. Tourism as a segment of the local economy is often used by local authorities and investors to hide the intention of real estate development and land use (Xu, 2005 in Xu et al., 2012), or as the authors themselves specifically claim "social, economic and environmental consequences are induced by real estate development that takes place in the name of tourism development", and in this sense suggest that "policies and policy proposals to promote tourism as a tool for urbanization should be carefully designed to avoid large-scale real estate development in the name of tourism" (Xu et al., 2012).

2.7 The effects of tourism on the real estate market

The impact of inbound tourism on the real estate market is taken as a reference ratio in assessing the effects of these two business sectors.

Using the DSGE model (dynamic stochastic general equilibrium model, npm. authors) and three decision makers such as incoming tourists, domestic (Icelandic) households and entrepreneurs, Zhang and Yang investigated the impact of incoming tourism on residential real estate markets in a specific destination using the example of Iceland (Zhang & Yang, 2020). The starting point is a competitive equilibrium that is achieved when all three decision-makers optimize their objective functions subject to different constraints.

The results of the research showed that house prices and rents increase when faced with a sudden increase in tourist demand in such a way that higher tourist demand increases the consumption of tourist goods and complementary accommodation, which leads to an increase in the price of rent. Higher rents encourage more property purchases by entrepreneurs, resulting in higher house prices. More rental properties will crowd out supply in the housing market, leading to further increases in house prices (Zhang & Yang, 2020).

In the relationship between tourism and real estate in the urban area, it is observed through the increase in the value of the real estate and the phenomenon of gentrification (interpreted as the retreat or retreat of the local population from more attractive and expensive parts of the urban area due to the increased interest of the real estate business and the immigration of wealthy owners), which is expressed through the phenomenon that the local community and young people can no longer afford to buy/rent real estate due to rising prices, which causes many apartments to remain unused for many years and the owners do not care about their maintenance, which leads to their deterioration. Also, the increase in property value generates "touch and go" type tourism due to the high prices of accommodation (Nocca, 2017).

The increased demand in the real estate market is considered one of the consequences of the development of tourism, which is expressed through increased renting or buying of apartments, and the result is a higher price of real estate (Noordeloos, 2018).

An interesting aspect of the relationship between real estate and tourism can be seen in the research that deals with the trend of specialization of the historical core of urban space (old towns) in the offer and services for vacations, where the housing stock is transferred from the traditional real estate market (sale and rental) to the tourist market (hotels and/or holiday homes) (González-Pérez, 2019).

At the same time, the "Airbnb syndrome" is mentioned as a reflection of the tensions between the new real estate market, the local real estate market and the decline in the financial power of local residents who are unable to compete in the new and highly competitive market, which encourages real estate owners to seek supplemental income through short-term rentals (Mermet, 2017 in González-Pérez, 2019).

Plans for the urban regeneration of old city centres as a public approach are losing, as the authors emphasize, "political protagonism", in favour of more influential business strategies as a private approach, as a reflection of relations in the post-crisis neoliberal period, while concluding (González-Pérez, 2019):

1. During the economic crisis, eviction and gentrification are mutually reinforcing phenomena. Households with medium and lower incomes have difficult access to the housing stock of the old city core and are directly or indirectly evicted. A link between vacation homes, a reduction in the supply of traditional rental accommodation and higher real estate prices (for sale and rent) can be hypothesized.
2. In the old city centre, the offer of hotels near regenerated, upgraded and recreational districts is increasing. Settlements with high heritage value and comprehensive development plans (PERI) are attractive for this type of investment. Although it may seem that these two types of tourist offers (hotels and vacation homes) compete with each other for locations, in reality, they act in tandem in creating a tourist area. Gentrification in this sense is a movement to return to the city, albeit capital rather than people (Smith, 1996 in (González-Pérez, 2019).

3. Urban regeneration plans (PERI), although adopted before the beginning of the gentrification process (in the 1980s and 1990s), did not stop this process, but perhaps favoured it. It may be due to insufficient caution in planning and a poor assessment of the social and urban impact, or it may be the prevailing understanding that real estate investments and tourism development are key tools for the regeneration of old city centres.
4. The intensity of the tourist gentrification process in the context of the economic crisis and the increased level of social inequality initially generates opposition from the local population, and then additional regulation of hotel business and especially holiday apartments through new regulations and laws. The challenge in regulation is the future impact on the housing market and the levels of traditional residential rents.

Cunha and Lobão note in their work that the liberalization of the transfer of real estate use from housing to tourism without additional formal requirements (e.g. commercial or serviced permits for that property) leads to an increase in housing prices, i.e. each percentage point increase in the share of short-term real estate rental (STR) in for example municipalities in Lisbon and Porto, leads to an increase in housing prices of 27.4% and 16.1% (Cunha & Lobão, 2021).

2.8 Models of integrated tourist-real estate complexes and tourism development

Second residence tourism or second home tourism emerged over time from the emergence of new residential formats, mobility and leisure formats (Aledo, 2008 in (de Sousa et al., 2016), the influential proliferation of real estate phenomena worldwide (Matteucci, 2011 in (de Sousa et al., 2016), and re-urbanization of rural areas (Contreras, 2010 in de Sousa et al., 2016).

In Brazil, starting in the 1990s, especially along the northeastern coast, a "boom" of new forms of tourist facilities called tourist real estate complexes (TRECs) began, inspired and initiated by large international investment groups and developers, mainly European ones. The motivation for the mentioned investment momentum is heavenly beaches and low costs compared to the market in Europe. The increase in the value of the specific area results in the development of tourism for the so-called "tourist elite", which leads to various social, cultural and economic contradictions in development (Coriolano et al., 2012 in de Sousa et al., 2016).

A sudden progress of the new standard of tourism can be observed, which is no longer caused by the isolated influences of traditional and residential tourism, but it can be said that the aforementioned progress is increasingly based on the merging of these two models of tourism. The new model (TREC), significantly increases the financial return of investors, although on the other hand, it has significant negative consequences for local indigenous communities (de Sousa et al., 2016) and to such an extent that it can be

considered a form of social segregation (Marcelina, 2001; Silva et al, 2012; Coriolano et al, 2012 in de Sousa et al., 2016).

The term "tourist real estate complex" (TREC) refers to mega-companies of the conglomerate type that "frame their systematically organized structures to combine resorts, residences, golf courses, marinas and other leisure facilities into a single tourism product, which complement each other to take care of leisure needs. and free time, as much a traditional tourist as a residential tourist, thus assuming a fusion of the tourist element and the real estate element" (de Sousa et al., 2016).

The main source of this new model of tourism venture is the commercialization of the second home, based on the constant and growing expansion of the real estate market for profitable and attractive business, especially in times of crisis (de Sousa et al., 2016).

The authors note several implications of the development of TREC projects on the northeastern coast of Brazil (de Sousa et al., 2016).

They determined that approximately 5% of the most sought-after and strategically important area of the northeastern coast is in the hands of 47 entrepreneurs, i.e. that only two investors (Invest Tur Brasil, today Brazil Hospitality Group – BHG, and Ecocity)

own 2.5% or approximately 162.6 km2 a very attractive area where there are extremely important areas of environmental protection, traditional communities and a significant part of the Northeastern historical and cultural heritage (Ibid., 2016).

Taking into account the potential for creating jobs and income, it is necessary to identify and prevent the strong socio-ecological impact that the implementation of TREC projects has on the fragments of the traditional community of the Northeast coast, given the excessive concentration of strategically important spaces for the sustainable development of the Brazilian Northeast, by several international entrepreneurs engaged in speculative business very sensitive to variations in global financial markets (Ibid., 2016).

The development of real estate tourist activity can be considered a new form of colonization of the northeastern Brazilian coast through the influx of investments mainly from the Iberian Peninsula, which represents a replica of previous flows motivated once again by the search for the expansion of highly mercantile business, except that this time it is a question of promoters and investors of tourist real estate (de Sousa et al., 2016).

A tourism development model based on large projects (residential golf resorts, for example) in a single area, without an adequate land use policy and adequate land taxation instruments, as well as local self-government financing that is focused on the construction of facilities, leads to spatial conflict between different participants (stakeholders) in the tourist destination (Almeida et al., 2017).

Starting from the definition of a resort as "a full-service accommodation that provides access to or offers a range of amenities and recreational facilities to enhance the leisure experience" (Brey, 2009, p. 2 in Martins & Cavaco, 2017), which significantly affects the area of the location, considering the size, but also from the statement that this term can include different types of settlements depending on the regulatory framework (Carvalho, 2015; in: (Martins & Cavaco, 2017), Martins and Cavaco focus their research on a specific type of resort, namely » one-property development settlement (OPDR)«, i.e. to the type of resort settlement that was established as a concept in 2008, implying one project development operator with a significant real estate component (Martins & Cavaco, 2005 in Martins & Cavaco, 2017).

The development framework for the resort represents the trend in the development of second homes in Portugal, where in the period between 1991 and 2011, the number of second homes increased by 198% and the number of conventional apartments by only 40%. Tourist accommodation capacities such as tourist settlements, tourist apartments and tourist hotels also showed a growth of 59% in the same period and in 2011 they make up 31% of the total accommodation offer (Bezerra & Clementino, 2012 in Martins & Cavaco, 2017).

A special boost to the development of the mentioned type of settlement in Portugal comes from the generally accepted neoliberal pattern of economic development, starting in the 1980s, which is expressed through the strengthening of private property rights, free market and trade, and the flexibility of public policies to better adapt to private interests (Healey, 1997; Healey, 1997 in Martins & Cavaco, 2017).

With the adoption of the National Strategic Plan for Tourism (PENT), integrated resorts (OPDR) gain strategic importance for Portugal's national tourism, that is, residential tourism and integrated resorts are considered one of the ten strategic tourism products of Portugal (Martins & Cavaco, 2017).

The international trend of migration of pensioners from the countries of Northern Europe to narrow coastal and rural destinations with top facilities, as a trend of overlapping tourism and migration, supplemented the expectations of increased demand for this accommodation offer (Ibid., 2017).

The Global Economic Crisis (GFC) of 2008 resulted in a financial crash and a significant drop in demand and a halt in investment in the tourism and real estate sectors, which generated a large number of unfinished OPDR projects that turned from assets with expected capital gains into assets that generate liabilities, whereby the failure of public policies is emphasized through their lack of effectiveness in the regulation of tourism-driven urbanism (Martins & Cavaco, 2017).

2.9 Characteristics of the development model based on residential tourism

Investigating the development model based on residential tourism in Spain, Mazón defines the positive and negative characteristics of this type of development (Mazón, 2006):

I. Positive characteristics

a. **High loyalty towards the tourist destination.** Tourists who own a second home show high loyalty to their vacation destination, because they choose it as a long-term binding vacation destination. Residential tourists were previously frequent, loyal visitors who are very familiar with the destination and are ready to become more permanently attached to it.

b. **Positive effects on the finances of local governments.** A large number of coastal cities in Spain base their budgets on property tax revenues, which is one of the main reasons for the lack of planning. Both local self-governments and investors see urban planning as an obstacle or a brake for the constant and rapid growth of profits achieved by real estate construction.

II. Negative characteristics

a. **Strong seasonality.** Residential tourism is a model of urban and tourist development that has a seasonal pattern of activity, mainly in the summer, while in the rest of the year, the accommodation facilities are mostly empty ("ghost town"). The degree of occupancy of the mentioned capacities is from 32 to 66 days per year (Exceltur, 2005 in Mazón, 2006), with a small multiplier effect on the local economy.

b. **Undeveloped attractions.** The real estate business is based on property speculation through the construction and sale of houses, and in the residential tourism model, it is expressed through the lack of suitable tourist attractions. The construction of tourist attractions such as golf courses and marinas improves the offer of attractions, but primarily to increase the value of built real estate and achieve higher prices on the market.

c. **It is not easy to market a tourist product.** The structure of the offer of residential tourism is poor because secondary homes do not officially enter the tourist market (eg the Tourism Agency of the Valencia Region registered 17,725 apartments in the province of Alicante, while only in the coastal area of this destination 237,493 residential units were listed in 2001). Due to the lack of an adequate control mechanism, the offer of secondary homes (tourist housing) is one of the main competitors to the Spanish hotel sector. The use of free accommodation (relatives and friends of property owners) is expressed to a significant extent when it comes to international tourist traffic (21.1% of foreign visitors in Spain in 2004) (Exceltur, 2005 in Mazón, 2006), which in addition to low-cost airlines transport generates segments of tourism demand with low purchasing power, rigid behaviour and weak contribution to the economy and employment in the tourist destination, which ultimately contributes to excessive tourism and the collapse of infrastructure and image decline.

d. **Lower tourist consumption.** Low turnover and lower consumption is a characteristic of residential tourism because residential tourists stay at home more and are less committed to spending (e.g. the average daily consumption of hotel guests is 93.4 Euros, and residential tourists spend an average of 33.9 Euros if they rent a home and 17,1 Euro if they own it). In contrast to residential tourists, traditional tourists who spend a limited number of days in a destination usually spend beyond their means because they have saved or used credit for their trip. Residential tourists spend less on leisure because they have the opportunity to prepare meals at home, use their car more often and know the local market better so their shopping habits are similar to the shopping habits of local residents (Torres Bernier, 2003; in Mazón, 2006).
e. **Strong impact on the environment.** The model of residential tourism, due to rapid and unplanned growth, caused an extreme impact on the environment of the cities on the Spanish Mediterranean coast, which threatens their socioeconomic future (Gartner, 1987; Vera Rebollo, 1987; Grenon, 1990 in Mazón, 2006). The main negative effects are (Almenar et al., 2000 in (Mazón, 2006): landscape degradation, reduction of local biodiversity, deforestation and increase in forest fires, loss of vegetation, erosion and desertification, increase in edaphic, acoustic and water pollution, as well as surface as well as groundwater, and eutrophication of continental waters. The negative effects are caused by the spread of concrete and asphalt cover, which activates the mentioned processes of waterproofing, erosion and desertification (Aledo, 1999 in (Mazón, 2006), as well as the reduced ability of the local government to control, manage and reduce negative impacts due to the level of concentration of secondary (tourist) homes (e.g. in the location of Torrevieja, Spain; the number of inhabitants quadruples during the period of maximum occupancy, and the collection and treatment services of household waste and wastewater treatment plants are not designed for such a large number of inhabitants because it is not rational for the local self-government to invest in larger infrastructure which would only be used for a few months of the year).

The use of land has been increasing in the last few decades, in the absence of adequate urban and tourist planning, most often for real estate speculation, which leads to the depletion of the most important destination resource, namely land, as Mazón says, in terms of the relationship between the tourism sector and real estate, explains, in such a way that "the cycle of residential or real estate tourism is reduced to the purchase of land, the construction of houses and the sale of the latter." Tourism business as such does not exist" (Mazón and Aledo, 2004 in Mazón, 2006).

Mazón also observes that appropriate facilities for tourists, such as hotels, have not been developed in parallel with this strong expansion, and the presence of hotels in the researched locations is minimal even though it is the most important sector in the tourism industry (Mazón, 2006). The construction of hotels, unlike the construction of residential

tourism facilities, is characterized by the concentration of capacity in space, as a result of rationality; less damage is caused to the environment, the number of clients increases, a specific location is promoted, intensive economic activity is created throughout the year and numerous permanent and seasonal jobs are created (Mazón, 2001 in Mazón, 2006).

Mazón identifies, in addition to real estate agents, the local political elite as those who create, maintain and make a profit from the residential tourism model, which is why local governments encourage the development of this type of tourism, stating that "when the property process reaches a late stage of development, the environmental and socio-economic crisis in municipalities that focus on this type of offer. This situation is more evident when the life cycle of the tourism product ends and, due to the lack of available land on which to continue the expansion model, the said model is exhausted" (Mazón, 2006).

Considering the theoretical approach and their own research results regarding the realization of interests in the construction of real estate (second home), in the tourist region of the Caspian Sea, Alipour, Olya, Hassanzadeh and Rezapouraghdam concluded the following (Alipour et al., 2017):

- The views of the community were not considered in the process of developing the projects of the second home, i.e. local administration officials considered themselves legitimate parties for making decisions without the consent of the local population.
- Laiseez-faire approach in the concept of real estate development as a second home with a lack of planning creates conditions for neglecting the consensus of participants (stakeholders) (Hanna, 2005 in Alipour et al., 2017).
- If the interested public does not participate in the process of planning the development of a tourist destination, opportunities are created for the domination of the process by government officials and real estate agents (Burby, 2003 in Alipour et al., 2017).
- In the case of the development of second home projects in the Caspian Lake region, it was shown that the said development was very desirable for real estate agents and their partners in terms of making a profit, but from the point of view of the local population it was much more important that the said development stimulated the improvement of the economy, the development of human resources, employment, education and recreational opportunities, improved infrastructure and environmental protection on a sustainable development concept.

2.10 The influence of the real estate business on the image of a tourist destination

Pacific real estate and tourism campaigns by offering a vision of paradisiacal landscapes encourage the commercialization of land in the hope of experiencing a tropical paradise, as seen in the example of the destination Vanuatu where tourism and real estate are

intertwined, creating images in the mind of the foreigner that are projected onto physical locations and they rekindle the imaginary (Kahn, 2003, p.307 in McDonnell, 2018).

McDonell argues that the visual images produced to promote real estate in tourism "create visual references to 'paradise' and 'virgin', uninhabited landscapes, which visually displace indigenous inhabitants, effectively obscuring the tensions associated with contemporary land dealings and tourism." The visuals offer the illusion of paradise, begging the viewer to buy into the imaginative narratives associated with the descriptions of the landscape" (McDonnell, 2018).

Regarding the economic motives of advertising real estate in a tourist destination, using the example of the destination Vanuatu, McDonnell emphasizes that »advertising tourism and real estate is economically motivated by the constellation of interests of investors that intersect in these related sectors. In this context, Vanuatu becomes a destination framed by colonial imaginations of a treasury with land deals ripe for plunder and supplies of cheap black labour. The land transactions financed through these offshore accounts are the border between the global forces of capital, the injected local and the idealized "fiscal paradise" (McDonnell, 2018).

3 Discussion and Conclusion

The main research question of our research is: What is more important to develop - the real estate sector or the tourism sector? In particular, this issue arises in the context of the UN Agenda for Sustainable Development and one of the key goals such as Goal 11. “By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries”.

Considering the relationship between the tourism sector and the real estate sector from the aspect of the development of the tourist destination, it is necessary to set a key limit in the increasingly intense blurring of the same through the already mentioned trends. Namely, it is clear that the "symbiosis of tourism and real estate" (Sousa et al., 2016; de Sousa, et al., 2016; Sun & Fu, 2018), especially through the term "tourist real estate" (Xu et al., 2012; Liu et al., 2013; Tsai et al., 2015; Wu et al., 2015; Kong et al., 2017; Sun & Fu, 2018; L. Yang, 2019) and that the merger of these two sectors opens up new business perspectives. However, in a theoretical but also a practical sense, the need for a very clear border between these two sectors is strongly emphasized when it comes to the impact on the development of the tourist destination and the level of social benefit for the local community.

Properties that are designed as facilities for the accommodation of tourists such as apartments, raise the average prices of real estate (Nocca, 2017) and thus limit the possibilities of local residents to buy real estate for their own housing. The average length of stay in second-home facilities is very short (Mazón, 2006), which indicates a low level

of effects on the local economy. Real estate in the form of a second home is very often bought for speculative reasons, without the intention of living in it or renting it out, which means that it is a question of "dead capital" from the aspect of tourism, from which only speculator investors benefit.

The research mentioned in the theoretical part of the paper quite well suggests the positive and negative consequences of the joint development of tourism and real estate through the model of residential tourism (Mazón, 2006), where the individual in relation to the social interest is particularly emphasized, which is also confirmed by other research (Alipour et al., 2017), especially when it comes to tourist real estate complexes (de Sousa et al., 2016).

The interest of the administration of local self-governments and businesses can conflict with the long-term interests of the local community when talking about the directions of economic and social development. If priority is given to the interests of local or national political elites and businesses in relation to the general interest of the community, then real estate development will be encouraged as a primary and tourism development as a secondary direction of investment activities.

Interestingly, blurring does not only refer to the mitigation or even the perspective of erasing the boundaries of these two sectors through some new activities in the future but this term can also be applied in practical business activities such as the promotion of investment projects.

The promotion of the real estate business in the name of tourism, i.e. the urbanization of the area in the name of tourism or highlighting the attractiveness of the tourist destination as a basis for investing in real estate (McDonnell, 2018), is very visible in the case of Montenegro and the initiation of large investment ventures (e.g., Porto Montenegro, Luštica Bay and Porto Novi). Key messages placed for the needs of the local and national community, through well-designed public relations (PR) activities, contain an invitation to support the development of tourism through criteria such as, for example: "strategic importance of tourist investments", "global recognition of the tourist destination", "new tourist image", "elite tourism", "employment of young people in tourism" and similar. However, when comparing pre-and post-investment promotional messages, a difference in focus can be clearly seen when it comes to the type of activity.

We can see the differences between what investors promise and what happens in the end, in the example of the aforementioned investments in Montenegro (Porto Montenegro, Luštica Bay and Porto Novi). Although in their PR activities, they indirectly or even directly promise that there will be large investments with a focus on the construction of hotels, this is still not realized. Residential settlements are created, which, especially in the off-season, are often referred to in the literature as "ghost towns" (Mazón, 2006; L. Yang, 2019) or "ghost communities" (Vaccaro & Beltran, 2009). It is a matter of days

before investors will start leaving such neighbourhoods and when the price of their real estate will start to fall.

Post-investment messages, especially in the field of advertising, are dominated by messages encouraging the purchase and rental of real estate, such as, for example: "Choose your new residence on the Mediterranean and move in immediately" (Porto Novi); »Residence and playground, settlement and refuge, Porto Montenegro promotes beauty,culture and adventure, encourages lifelong learning and promises a better way of life for all.« (Porto Montenegro); »Refined, authentic and vibrant coastal living. Home, exclusively yours.« (Luštica Bay) and similar. Although they built a very nice, although not yet finished, complex there, it is an empty dead town for most of the year.

The following questions are asked: Why in the pre-investment period is it insisted on highlighting the development perspective of tourism as a basic investment motive? Why is the real estate aspect very cautiously mentioned in the second plan? Why is the main investment motive highlighted, which is not it?

The answer to the above questions lies in the domain of creating an image of the social utility of a specific investment and the positive attitude of the targeted political public.

Data on the ratio of the number of permanent employees and the volume of investments in specific investment projects in Montenegro show that the level of social utility is significantly below the level of individual benefit, while temporary and short-term inflows in the budgets of local self-governments do not significantly change this observation.

The dominant business orientation is also clearly visible through the business focus of the main operators of the mentioned projects (Adratic Marinas, for example) whose main managerial organizational structure is directed towards the real estate and construction sector and not towards the tourism sector (there is no post of director of tourism and hotel industry or similar).

Based on certain investments in Montenegro (Porto Montenegro, Luštica Bay and Porto Novi), which can be considered significant for the execution of certain positions, it is evident that the type of tourism marked in the literature as "residential tourism" is encouraged as the most interesting form of development (de Sousa et al., 2016; Vaccaro & Beltran, 2009; Gascón & Milano, 2018). The development of residential tourism and accompanying nautical tourism will essentially determine the character of the offer of the tourist destination of Montenegro. Given the completed and especially planned scope of construction, the tourist offer in Montenegro will be dominated by residential and not hotel accommodation facilities. Montenegro will be a tourist destination of a "second home" or a destination for staying in secondary housing facilities, with all the positive and negative consequences of such development (Mazón, 2006). Taking into account the

built-up factor of the area, especially the coastal area (utilization of the construction area of 35% in 2015) (Vlada Crne Gore Ministarstvo održivog razvoja i turizma, 2015), it can be assumed that the current situation is very unfavourable for the stronger development of the hotel industry and thus tourism in general. It is no longer possible to repurpose the occupied space, and from the aspect of the hotel business, that resource has been used up. In the game for spatial resources, the hotel business loses, and the real estate business wins.

The development of real estate significantly limited the development of the hotel industry, if the spatial aspect is taken into account. Namely, the locations that could have been used for the construction of hotel facilities were used for the construction of the real estate.

Data on the projected and realized growth rate of the hotel industry and the realized growth rate of apartments for secondary housing, in the last 30 years, show a significantly lower level of the growth rate of hotel capacities compared to the expectations of planners and real estate development.

In the current Strategic Tourism Development Plan of Montenegro 2022-2025 (Vlada Crne Gore Ministarstvo ekonomskog razvoja Crne Gore, 2022), it is stated that only 35.39% of the projected hotel capacities from the previously valid tourism development strategy have been realized.

The influence of real estate development on the development of the hotel industry from the aspect of the structure of total accommodation capacity is very clearly stated in the Strategic Plan for the Development of Tourism in Montenegro 2022-2025. »as a result of the development of the real estate sector, which on the one hand causes an increase in individual accommodation, and poorly implemented privatizations of hotel companies, which, on the other hand, cause a decrease or insufficiently fast growth of the number of hotel capacities, in Montenegro, instead of being based on hotels, tourism is turning into tourism based on real estate" (Vlada Crne Gore Ministarstvo ekonomskog razvoja Crne Gore, 2022).

The finding from the above-mentioned document confirms the already expressed thoughts about the limiting influence of the real estate sector on the development of the hotel industry, i.e. tourism as a whole, so it can be assumed that, at least in the short term, the remaining spatial resource that is attractive for investment will very likely continue to be spent on construction of real estate and not hotel facilities.

The relationship between tourism and real estate can be described as a relationship of "economic mimicry" where tourism is "developed" through plans and planning, and real estate is actually built in the implementation of these plans. Planning the development of tourism actually "covers up" the development of the real estate, given the lower level of social benefit from real estate development compared to the hotel or tourism sector.

Encouraging residential tourism additionally encourages the consumption of spatial resources and thus closes the development cycle when it comes to the hotel industry.

By applying a wider range of measures in the field of credit, fiscal and land policy, it is possible to have a stimulating and restrictive effect on the pace of development of the hotel industry and real estate in a way that encourages and accelerates the development of the hotel industry and at the same time limits and slows down the development of the real estate.

A more detailed elaboration of the mentioned measures may be the subject of special interest and guidelines for future research.

Essential state policy measures in the domain of regulating the relationship between the tourism and real estate sectors in Montenegro must be based on the generally accepted social attitude that work and not rentierism is the basis for the betterment of each individual. Selling and renting real estate as residential and commercial space can significantly limit the possible development of a sector that creates new value (e.g. hotel industry), and thus deny possible social benefits.

If we want to achieve the goal of the UN, we should be more concerned about spatial geography and the involvement of tourist resorts in space. Because the country has been degraded once, it cannot be returned to the old framework. Creating cities without people does no one any good. Because in this way the locals leave the cities (for example, Dubrovnik, Piran, Venice) because the cities are too expensive for them to live in on a daily basis. Likewise, local entrepreneurs (shopkeepers, hairdressers, ..) leave the city because they have no work for half the year. Instead of making the city alive, it makes it dead and becomes a port, which is used during the excess (winter or summer) season.

The development of tourism must be based on socially useful investments (construction of hotels) and not on individually useful investments (construction of real estate).

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The Effectiveness of European Union Regional Policies - A Longitudinal Review

ALENKA PANDILOSKA JURAK [1]

Abstract To improve the economic well-being of regions to avoid regional disparities in the EU, the EU sets the Cohesion Policy to boost regions that are lacking behind. The aim of this paper is to make an overview of regions and their eligibility for Cohesion funds, compare selected statistical data and see if progress can be detected by the longitudinal figures alone. With a general overview of the regional progress in various areas, such as GDP, poverty and employment, we will outline how and if overall retention of regional policies indicates a general rise in the backlog of less developed regions.

Keywords: • EU • Cohesion Policy • statistical data • policy implementation

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1 Introduction

The definition of regions and regional development is a matter of historic societal and economic evolution, viewed through the prism of different theoretical concepts. Debates are ongoing on how to address the steering of regional development (Rončević, 2012; Rončević & Besednjak Valič, 2022c; Fric et al., 2023) by regional policies, how to disperse financial incentives, and how to measure the impacts (Besednjak Valič et al., 2023; Kukovič, 2024).

The European Union sets the regional policy, also known as the Cohesion Policy, to improve the economic well-being of regions in the EU and avoid regional disparities. It supports job creation, business competitiveness, economic growth, and sustainable development, and improves citizens' quality of life (European Commission, 2022c) It acts as a redistributive mechanism for the European economy at large and a tool to leverage private capital in ways consistent with the EU's key strategy agendas (European Commission, 2018). The policy is implemented by national and regional bodies in partnership with the European Commission. The EU Strategy sets six Commission priorities for 2019-2024, but the regional development supports the EU Strategy selected indicators (European Commission, 2022b). Regions do not progress equally (Mileva-Boshkoska et al., 2018; Modic & Rončević, 2018; Jurak, 2021a; Besednjak Valič et al., 2022; Džajić Uršič & Jelen, 2022; Kukovič, 2024). Regions in the EU are heavily diverse in size, population, and institutionalization, and the NUTS 2 classification, used to disperse EU funds among regions, is what the EU is operating with. Sisyphus's work to rearrange it on the national level may be impossible to change on the EU level (Besednjak Valič, Kolar, et al., 2023).

In the past years, two significant long-term events also affected the EU member states and its regions, COVID-19 and the war in Ukraine, impacting different sectors differently (Kukovič, 2021; Besednjak Valič et al., 2022a). These events have had both immediate and lasting impacts, shaping various aspects of life within the EU. The COVID-19 pandemic, first and foremost, significantly impacted the EU member states and their territories. Strict lockdown procedures were required due to the virus's quick spread, forcing public places like companies and schools to temporarily close. Due to these restrictions, several industries suffered considerable disruptions and employment losses (Besednjak Valič, 2022b), which had a negative impact on the economy. Governments undertook significant fiscal policies and stimulus packages to lessen the effects, but it is anticipated that the full economic recovery will take time. In addition, the pandemic emphasized and widened social and economic disparities already present in the EU. Vulnerable groups, like the elderly, immigrants, and low-income workers, faced greater health risks and socioeconomic difficulties. The epidemic exposed flaws in the healthcare system and made it clear that the EU needed to improve cross-border cooperation and readiness, ensuring the human dignity (Kleindienst, 2017a; 2019; Kleindienst & Tomšič, 2018; 2022) of all individuals.

The war in Ukraine has had long-lasting effects on the EU and its member nations in addition to the pandemic. Relationships between the EU and Russia have been strained by the war, which has resulted in geopolitical tensions and the application of sanctions (Jelen et al., 2023). The EU's economies, especially those with strong ties to Ukraine and Russia, have suffered as a result of these sanctions and the interruption of trade channels. Additionally, the war has caused a humanitarian catastrophe, with many displaced people seeking asylum in the EU (Jelen et al., 2023). Concerns regarding the EU's energy security have been raised by the ongoing conflict in Ukraine, which has brought attention to the area's reliance on Russian natural gas. Energy independence has been improved by efforts to diversify energy sources, with a stronger emphasis on renewable energy and the creation of alternate supply pathways. The role of ACER in this respect is to be further explored (Klopčič et al., 2022).

Putting these facts in the framework of regions, not all regions are affected on the same scale and in the same fields. This also means, that the regions could have been successful at raising funds but the overall effort could not be detected by the statistics. Keeping that in mind, the statistical data cannot show the effects of the policies in "real-time" since there is a delay with the long-term effects of the regional projects. Despite these factors, we would like to make an overview of regions, their eligibility for Cohesion funds, compare selected statistical data and see if progress can be detected by the longitudinal figures alone.

2 Theoretical Background

2.1 Variation of Cohesion policy through its history

The Cohesion policy was outlined in the Treaty of Rome founding the European Economic Community in 1957. In 1968, the Directorate-General for Regional Policy of the European Commission was created, followed by the creation of the European Regional Development Fund in 1975. By 1988, adaptation of the policy was needed due to the arrival of Greece (1981), Spain and Portugal (1986). The Structural Funds were integrated into an overarching cohesion policy, introducing key principles such as focusing on the poorest and most backward regions, multi-annual programming, strategic orientation of investments, and involvement of regional and local partners. The designated budget was 64 billion EUR (European Commission, 2022a). The reform of the Structural Funds gave the European Commission much greater influence on the distribution of regional development funding, particularly concerning the designation of eligible areas, the approval of Member State development plans, the management and delivery of programmes, and the control of expenditure (Bachtler & Wren, 2006).

Three novelties relating to the financing of the cohesion policy were introduced by the Maastricht Treaty in 1993: the Cohesion Fund, the Committee of the Regions, and the

subsidiarity principle. Two additional acts were implemented that had a direct impact on the policy: the Financial Instrument for Fisheries Guidance and the resources for the structural and cohesion funds were doubled. Additionally, a special objective was added to support the sparsely populated regions of Finland and Sweden in 1995 (European Commission, 2022a). The policy has favoured the convergence of less-developed regions towards the EU mean in terms of GDP per capita, rates of annual economic growth, employment levels and unemployment (Leonardi, 2006).

The Lisbon Strategy in 2000 shifted the EU's priorities towards growth, jobs, and innovation, which was also reflected in the priorities of the cohesion policy. Ten new countries joined the European Union in 2004, increasing the EU's population by 20%, but its GDP by only 5%. Pre-accession instruments made funding and know-how available to countries waiting to join the EU in years from 2000 to 2004. The EU budget amount from 200 to 2006 was 213 billion EUR for the 15 existing members and an additional 22 billion EUR for the new member countries. The Cohesion policy 2007-2013 implemented simplified rules and structures, emphasising transparency and communication, and an even stronger focus on growth and jobs. 25% of the budget was earmarked for research and innovation, and 30% for environmental infrastructure and measures to combat climate change (European Commission, 2022a). Becker et al. (2018) found that adaptations regarding co-financing successfully strengthened the treatment effect of Objective 1 or Convergence Objective transfers on employment growth, but the effect on income growth in Crisis-prone regions was not convincing. Additionally, transfers tend to display immediate effects, and once Objective 1 status is lost, previous growth gains seem to be disregarded. This finding supports the idea that Objective 1 should be kept for longer periods and geared towards investments that support long-term growth prospects (Becker, et al., 2018).

The Europe 2020 Strategy was set for smart, sustainable, and inclusive growth in the European Union (Makarovič et al., 2014d; Golob & Makarovič, 2021; Džajić Uršič et al., 2024). The Cohesion Policy set a stronger focus on results with clearer and measurable targets for better accountability and was simplified by one set of rules for five Funds. It had an aim to strengthen the urban dimension and fight for social inclusion, with a minimum amount of ERDF earmarked for integrated projects in cities and ESF to support marginalised communities (European Commission, 2022b).

2.2 The current state of affair, selection and retention of the policy direction

The current EU Cohesion Policy has a complex approach that is not fully transparent to an ordinary EU citizen. The EU Strategy sets six Commission priorities for 2019-2024, but the regional development supports the EU Strategy selected indicators (Fric et al., 2023). In 2021-2027, the policy has set five policy objectives: a more competitive and smarter Europe, a greener, low-carbon transitioning toward a net zero carbon economy, a more connected Europe, a more social and inclusive Europe, and a Europe closer to

citizens. The policy also sets climate targets as weighted climate and environmental contribution of investments, minimum targets for funds, and climate adjustment mechanism (Majetić, et al., 2019; Fric et al., 2022; Džajić Uršič et al., 2024). The policy aims to achieve greater empowerment of local, urban & territorial authorities in the management of the funds by dedicating policy objectives implemented only through territorial and local development strategies (European Commission, 2021). Crescenzi et al. (2020) argue that the recent European Elections in May 2019 have highlighted the need for the Cohesion Policy to be impactful and effective. It is asked to deliver on wider objectives of modernizing the European economic space and dealing effectively with new social risks. In 2020, other crises emerged such as Covid 19, the war between Ukraine and Russia, and environmental changes. If the policy and stakeholders will deliver, it remains to be seen (Crescenzi et al., 2020).

The 2021-2027 policy set priorities for 392 billion EUR, with the European Regional Development Fund supporting investments of all 5 policy objectives, the European Social Fund+ supporting policy objectives 4, the Just Transition Fund, which provides support under designated specific objectives, the Cohesion Fund, which supports policy objectives 2 and 3, and the Interreg programs, which have two additional policy objectives. To support simplified fund withdrawal, the new cohesion policy introduces one set of rules for the eight Funds and a significant reduction in the amount of secondary legislation. Additionally, changes were made to the eligibility of regions, with the stipulations on what is a "more developed", "transition" and "less developed" region changing from 2014-2022 to 2021-2027 (European Commission, 2022b). The co-financing has also changed, with the stipulations on what is a "more developed", "transition" and "less developed" region changing from 2014-2022 to 2021-2027 (Besednjak Valič, Kolar, et al., 2023).

2.3 Cohesion policy evaluation challenges

Research done by (Bachtrögler, et al., 2020) suggests that the impact of Cohesion Policy grants tends to be larger in relatively poor countries, such as Romania in CEE and Portugal among the EU-15 member states (Bachtrögler et al., 2020). Results from (Fiaschi et al., 2018) also suggest a trade-off between the two objectives of the EU Cohesion Policy of boosting general growth and lowering inequality. (Fiaschi et al., 2018; Besednjak Valič et al., 2022a) argue that due to the inhibitory functioning of state or national policies, the academia and business spheres are forced to seek support in EU projects (Golob & Makarovič, 2022; Besednjak Valič et al., 2022a).

At times of tighter budgets, voters and politicians in net contributing countries and regions are asking about the justification of EU budget dedicated funds (Becker et al., 2018). This has led to pressure for more accountability in spending and the creation of a more extensive EU evaluation regime (Bachtler & Wren, 2006). There is a lack of consistency among studies due to two kinds of heterogeneity characterizing the Cohesion Policy: it

may finance a broad variety of actions, and it is implemented in highly diversified territorial settings (Bachtrögler et al., 2020). The complexity also arises from the nature of the policy being evaluated. Structural and Cohesion Funds programmes are implemented under a common regulatory framework, but in widely differing national and regional circumstances with varied institutional arrangements for managing and delivering regional development policy (Bachtler & Wren, 2006). EU-wide aggregated results might hide important differences and mask significant country-level heterogeneity and composition effects. The question is are regional economic impacts persistently diversified across countries (Crescenzi et al., 2020).

Through the use of treatment effect methodologies, recent studies on the effects of cohesion policy have attempted to define a plausible counterfactual scenario by netting out policy impacts from the confounding influence of all other features of the territorial environment in which the policy effect is embedded (Crescenzi et al., 2020).

Different possibilities of evaluation bring different results, which can be exploited in one's interests (Besednjak Valič, Kolar, et al., 2023). Valuation serves the objective of many different organizations, such as programme managers, partners with regional and national government authorities, and various European institutions (Bachtler & Wren, 2006). It is necessary to pay special attention to the selection of a model, examine the potential results and find possible solutions to correct deficiencies (Pandiloska, Jurak and Pinteric 2012). Additionally, consistency and transparency are needed throughout the different policies and strategic goals (Jurak, 2021a), taking in consideration also aspects like technology transfer and interorganisational stability (Besednjak Valič 2022b).

An interesting insight of the broader long-term effect of the policy might be offered by the Organization for Economic Cooperation and Development (OECD, 2022). Their work on regional development covers several interrelated fields, such as statistics and indicators, regional innovation, multi-level governance and public finance, water governance, urban and metropolitan policy and rural development. The OECD Better Life Initiative and the work programme on Measuring Well-Being and Progress answer these questions, allowing the understanding of what drives the well-being of people and nations and what needs to be done to achieve greater progress for all (OECD, 2022a). The OECD has concluded that past policies have failed to reduce regional disparities significantly and have not been able to help individual lagging regions catch up, despite the allocation of significant public funding (OECD, 2022c). To address this, a new approach to regional development is emerging that involves a shift away from redistribution and subsidies for lagging regions in favour of measures to increase the competitiveness of all regions. In 2011, a list of 11 topics of well-being was published, each of which is made up of 1-4 indices. These indices are fine-tuned over time as insights are derived from data collected in previous years. The OECD approach turns the focus from economic benefits to societal benefits, focusing on housing, income, jobs, community, education, environment,

governance, health, life satisfaction, safety, murder and assault rates, and work-life balance (OECD, 2022a).

The Better Life Index is an interactive tool designed to visualise and compare the key factors, such as education, housing, and environment, that contribute to well-being in OECD countries. It is being visualised through an interactive tool that allows people to see how countries perform according to the importance one gives to each of the 11 topics that make for a better life (OECD, 2022a). An overview of the data will be made in the empirical part of the chapter.

3 Research Design and Methodology

3.1 Budget and eligibility overview

Based on the available data, we will make a brief overview of the financial framework of the cohesion policy. We will also be interested in which regions are entitled to draw funds and how this eligibility has changed between the previous and the current financial framework.

3.2 Selection of relevant statistical data

As the Cohesion policy sets, the GDP per inhabitant is a sole indicator of Cohesion funds eligibility, but we are interested in the overall impact on the regions. Few statistical data, available at Eurostat were selected to explore additional data. We must emphasise, that Eurostat does not cover all data, included in the OECD Well-being indicators, for instance Housing, Community, Environment, Civic Engagement, Life Satisfaction and Work – Life balance. But not even OECD has all of them. Few other could be shown by other statistical data: Progress in Regional gross domestic product, Gross domestic product (GDP) and Gross value added (GVA) in volume, Progress in Unemployment rate, Long-term unemployment rate, Progress in People at risk of poverty or social exclusion, Severe material deprivation rate and Households that have broadband access. The aim of the overview of the selected data is to display the overview of the regional state as shown by the statistics and what the results are telling us.

The statistical data, obtained from the Eurostat were filtered by the selected starting year ten regions with the highest and ten regions with the lowest data in the starting year were selected. The starting year data were compared with the last available year. The starting year varies according to availability of the data. The change in data was calculate in a manner of progress or decline in percentage. Regions with no data for the first selected year or last available year data were excluded.

4 Data Collection

4.1 The Cohesion policy budget

A budget of €392 billion, or about a third of the entire EU budget, has been set aside for Cohesion Policy for the years 2021 to 2027 in order to accomplish the EU objectives and satisfy the various development needs in every EU area.

To aid them in catching up and to lessen the still-present economic, social, and geographical imbalances within the EU, the majority of Cohesion Policy spending is focused on less developed European nations and areas. The money is distributed through different funds. The European Regional Development Fund (ERDF), which makes investments in the social and economic development of all EU regions and cities, is one of the monies used to carry out cohesion policy. The Cohesion Fund (CF), which makes investments in the environment and transportation in the EU's less developed nations. The European Social Fund Plus (ESF+), which supports employment and works to build a just and inclusive society across the EU. The Just Transition Fund (JTF), which provides assistance to the areas most impacted by the move toward carbon neutrality (European Commission 2023a).

When overviewing the planned allocation of funds through different financial periods it becomes clear that the fundamental policy aims and financial resources tend to stay the same (boosting regional development from ERDF, ESF CF and JTF fund) however policy text formulation or as one could call it – the policy story of what, why and how changes to the extent of non-transparency. In the period 2014 – 2022, data on European structural funds and the European Agricultural Fund for Rural Development (EAFRD are included).

From EC data (European Commission 2023c) we can see that the funds for the 2014-2020 period were distributed among the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, and the European Agricultural Fund for Rural Development (EAFRD). On the other hand, the 2021 – 2027 period, the allocation of the funds is structured as follows: (i) IJG: Investment for jobs and growth goal funded by the ERDF, ESF+, CF and JTF, (ii) Interreg: European Territorial Cooperation goal and (iii) Commission managed EU instruments and technical assistance. In addition to that, from the total amount, 11.3 billion will be transferred to the Connecting Europe Facility and 2.5 billion will be used under Commission managed instruments and EU technical assistance in support of programming (f.i. the JTF budget amount of EUR 19.32 billion is reduced to EUR 19.23 available for programming after deducting EC TA and administrative expenditure) (European Commission, 2023a). The data is shown in table below. The amounts do not include national contributions. To gain as comparable information as possible, we have excluded the 5.618,5 mil EUR of EMFF funds and 136.103 mil EUR of EAFDR funds. According to this data, not all available funds were used. The amount of unused fuds is around 74.500 mil EUR. What can also

be seen from the table is, that the amounts from previous financial period and this period have not changed much.

Table 1: Budget allocation in million EUR

EU funds	Cohesion policy 2014 – 2020 available	Cohesion policy 2014 – 2020 implementation	Cohesion policy 2021 – 2027 available
ERDF/ESF	230.034,5	187.319,7	-
CF	61.455,3	54.327,5	-
ESF+	104.412,0	79.721,5	-
IJG (ERDF,ESF+,CF)	-	-	361.056,8
JTF	-	-	19.236,9
ETC	-	-	9.041,6
Technical Assistance	-	-	1.332,1
EU Instrument	-	-	1.211,6
SUM	**395.901,80**	**321.368,70**	**391.879,00**

Source: (European Commission, 2023a), (European Commission, 2023b), author's own.

4.2 Eligibility of regions for the Cohesion funds

The eligibility criteria for the Cohesion Funds are solely depended on the GDP per inhabitant. In this manner, less developed regions are the ones which have a GDP per inhabitant that is less than 75% of the EU average, the transition regions, between 75% and 100% of the EU average and more developed regions which have a GDP per inhabitant above 100% of the EU average.

Table 2: Less and more developed regions in the EU, Cohesion policy 2014 - 2022 and 2021 – 2027

	No. of less developed regions		No. of more developed regions	
Member state	**Cohesion policy 2014-2020**	**Cohesion Policy 2021-2027**	**Cohesion Policy 2014-2020**	**Cohesion Policy 2021-2027**
Belgium	0	1	7	7
Bulgaria	6	5	0	0
Czech Republic	7	4	1	1
Denmark	0	0	4	4
Germany	0	0	31	30
Ireland	0	0	2	2
Estonia	1	0	0	0
Greece	5	11	2	0
Spain	1	5	13	5
France	5	4	12	2
Croatia	2	2	0	0
Italy	5	7	13	11
Cyprus	0	0	1	0
Latvia	1	1	0	1
Luxemburg	0	0	1	1
Lithuania	1	1	0	0
Hungary	6	7	1	0
Nederlands	0	0	12	9
Austria	0	0	8	8
Malta	0	0	0	0
Poland	15	14	1	1
Portugal	4	5	2	1
Romania	7	7	1	1
Slovenia	1	1	1	1
Slovakia	3	3	1	1
Finland	0	0	5	2
Sweeden	0	0	8	7
UK	2	0	24	0
SUM	**72**	**78**	**151**	**95**

Source: (European Commission, 2014) (European Commission, 2021), author's own display.

In table 2, the member states are listed along with the number of less developed regions and more developed regions under the Cohesion Policy for two different periods: 2014-2020 and 2021-2027. Each member state's number of less developed and more developed regions changed between the two policy periods, reflecting changes in their economic

development status. Some regions may have transitioned from less developed to more developed, while others may have experienced the opposite.

Nine countries have no "less developed regions" in both financial periods. One country (Belgium) had no "less developed regions" in previous period and has gained one in the new financial period. Five countries have a lower number of "less developed regions" in the new period (UK not included). Country with the highest decrease is Check Republic with 3 regions less. Number of "less developed regions" increased in six countries, with the highest increase in Spain with six more "less developed countries".

There are six countries with no "more developed regions" in both financial periods. There is only one country, that has gained one "more developed region" – Latvia. All other countries have either the same number or have less "more developed regions" in the new financial period. The highest decrease of "more developed countries" happened in Spain (eight regions), UK not included.

Table 3: Number of regions per development level, Cohesion policy 2014 – 2020 and 2021 – 2027

	Cohesion policy 2014-2020	**Cohesion Policy 2021-2027**
Less developed regions	72	78
Transition regions	51	67
More developed regions	151	95
SUM	**274**	**240**

Source: (European Commission, 2014) (European Commission, 2021), author's own display.

Table 3 provides the total number of less developed regions and more developed regions for each policy period across all member states. It shows that the total number of less developed regions increased from 72 under the Cohesion Policy 2014-2020 to 78 under the Cohesion Policy 2021-2027. On the other hand, the total number of more developed regions decreased from 151 to 95 during the same period. Table 2 shows the difference in the eligibility of all three levels in both financial periods. The overall number of regions have changed due two factors, one being the UK not being an EU member, meaning there are 37 regions less and the other is a statistical one. There are 3 more regions in the NUTS 2 level. These changes in the distribution of less developed and more developed regions reflect the dynamic nature of regional development and the efforts of the Cohesion Policy to address disparities and promote balanced growth across the European Union. Even by decreasing number due to no UK regions, the decrease in "more developed" regions is much higher, meaning that the distribution of the GDP has changed.

4.3 GDP per inhabitant and GVA indicators

Table 4 compares the progress in Regional GDP PPS per inhabitant (progress from the year 2010 to 2021) and GDP/GVA across different regions (progress from the year 2012 to 2021). Regional GDP PPS per inhabitant is a measure that accounts for purchasing power and population size, giving an indication of the economic well-being of individuals in a particular region. GDP and GVA, on the other hand, are broader measures of economic activity within a region. Looking at the top 10 regions in terms of Regional GDP PPS per inhabitant progress, we see that most of these regions have experienced negative or low growth rates. This suggests that these regions have either experienced a slight decline or minimal growth in economic well-being per person. Luxembourg, despite having the lowest negative progress rate (-2.19%), still indicates a slight decrease in GDP PPS per inhabitant. Only Praha (5.73%) and Oberbayern (1.75%) show positive progress, suggesting some level of economic growth. In contrast, the bottom 10 regions in terms of Regional GDP PPS per inhabitant progress have significantly higher progress rates. These regions have experienced notable growth in economic well-being per person. Sud-Est (47.50%) and Sud-Vest Oltenia (56.76%) stand out with the highest progress rates, indicating substantial improvement in GDP PPS per inhabitant. Considering GDP and GVA progress, a similar pattern emerges. The top 10 regions exhibit negative progress rates, implying a decline or limited growth in overall economic activity. Dytiki Makedonia (-39.92%) and La Réunion (-19.91%) have experienced the lowest progress rates, indicating a significant decrease in GDP and GVA. Sterea Ellada (11.65%) is the only region among the top 10 with positive progress, signifying some level of economic growth. In contrast, the bottom 10 regions show higher progress rates, pointing towards stronger growth in GDP and GVA. Southern (177.09%) and Éire/Ireland (109.70%) have the highest progress rates, indicating substantial economic expansion.

Overall, the comparison reveals that the top 10 regions have generally experienced slower growth or decline in both Regional GDP PPS per inhabitant and GDP/GVA. Meanwhile, the bottom 10 regions have shown higher progress rates, indicating stronger economic growth. This comparison provides insights into the varying economic performance across different regions.

Table 4: Progress in Regional gross domestic product (PPS per inhabitant in % of the EU27) and Gross domestic product (GDP) and Gross value added (GVA) in volume by NUTS 2 regions

Regional GDP PPS per inhabitant in procent				**GDP and GVA**		
	Region	**progress**			**Region**	**progress**
TOP 10	Luxembourg - Luxembourg	-2,19		TOP 10	Dytiki Makedonia - Greece	-39,92
TOP 10	Région de Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest - Belgium	-10,13		TOP 10	Sud-Vest Oltenia - Romania	-5,27
TOP 10	Hamburg - Germany	-8,17		TOP 10	La Réunion - France (Overseas Department)	-19,91
TOP 10	Praha - Czech Republic	5,73		TOP 10	Valle d'Aosta/Vallée d'Aoste - Italy	-11,95
TOP 10	Bratislavský kraj - Slovakia	-21,58		TOP 10	Sterea Ellada - Greece	11,65
TOP 10	Île de France - France	-3,30		TOP 10	Nord-Est - Romania	-4,08
TOP 10	Stockholm - Sweden	-3,93		TOP 10	Molise - Italy	-6,88
TOP 10	Utrecht - Netherlands	-5,81		TOP 10	Anatoliki Makedonia, Thraki - Greece	-1,70
TOP 10	Noord-Holland - Netherlands	-2,33		TOP 10	Åland - Finland (Autonomous Region)	-16,11
TOP 10	Oberbayern - Germany	1,75		TOP 10	Voreia Ellada - Greece	-3,89
LOW 10	Sud-Est – France	47,50		LOW 10	Dunántúl - Hungary	29,22
LOW 10	Észak-Magyarország - Hungary	33,33		LOW 10	Közép-Dunántúl - Hungary	39,10
LOW 10	Yugoiztochen - Bulgaria	21,62		LOW 10	Dél-Alföld - Hungary	31,60
LOW 10	Sud-Vest Oltenia - Romania	56,76		LOW 10	Bucuresti - Ilfov - Romania	78,72
LOW 10	Severoiztochen - Bulgaria	19,44		LOW 10	Nyugat-Dunántúl - Hungary	22,72
LOW 10	Yuzhen tsentralen - Bulgaria	22,58		LOW 10	Észak-Magyarország - Hungary	37,60
LOW 10	Nord-Est - Romania	58,06		LOW 10	Eastern and Midland - Ireland	84,19
LOW 10	Severen tsentralen - Bulgaria	34,48		LOW 10	Mayotte - France (Overseas Department)	40,65

LOW 10	Severozapaden - Bulgaria	44,44		LOW 10	Éire/Ireland - Ireland	109,70
LOW 10	Mayotte - France (Overseas Department)	12,00		LOW 10	Southern - Ireland	177,09

Source: (Eurostat, 2023e), (Eurostat, 2023a), author's own calculation.

Based on the provided data, we can make a few interpretations: The top 10 regions listed in the table consistently show relatively high GDP/GVA levels throughout the years. These regions have generally maintained or experienced slight fluctuations in their economic output. This indicates a relatively stable and strong economic performance in these areas. The low 10 regions listed in the table show lower GDP/GVA levels compared to the top-performing regions. These regions have also experienced fluctuations in their economic output over the years. It suggests that these regions may face challenges or have lower economic activity compared to the top-performing regions. The data highlights significant regional disparities in terms of GDP/GVA levels. There is a considerable gap between the top-performing and bottom-performing regions. This gap suggests differences in economic development, resources, industries, or policies between these regions.

Looking at specific regions, some show consistent growth in GDP/GVA levels over the years, while others experience fluctuations or even decline. For example, regions like Dytiki Makedonia and Sterea Ellada show consistent growth, indicating a positive economic trajectory. On the other hand, regions like Mayotte and Southern exhibit fluctuations or decline, suggesting economic challenges in those areas.

4.4 Regional well-being data

The OECD offers statistics for their Better Life overview (OECD, 2022b). From the available dataset we can see that there are 24 EU member countries with their NUTS 2 regions are included, meaning there are 5 missing. The trend is measured between 2010 and 2021.

Included EU member countries regions are Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden. Missing EU member countries regions are Croatia, Cyprus, Bulgaria, Malta, Romania. There are no data for Accessibility to services, Housing: and Community and Life satisfaction indicators available.

Table 5: OECD-Regional-Well-Being-Data; Score trends by topic, trend 2010 – 2021, EU members regions

	Education	Jobs	Income	Safety	Health	Environment	Civic engagement	Accessibility to services	Housing	Community	Life satisfaction
Progress	99	90	50	9	37	161	59	0	16	0	0
Decline	17	54	109	10	88	6	95	0	122	0	0
No data	28	11	15	22	7	0	23	198	36	198	198
No change	54	43	24	157	66	31	21	0	24	0	0
Total	**198**	**198**	**198**	**198**	**198**	**198**	**198**	**198**	**198**	**198**	**198**

Source: (OECD, 2022b), author's own calculation.

Interpreting the data from the OECD (see Table 5) Regional Well-Being Data, we can gain insights into the well-being trends in different topics across EU member regions from 2010 to 2021. Overall, there has been progress in education in the majority of regions (99 out of 198). This suggests that efforts have been made to improve educational systems and outcomes across EU member countries regions. Similarly, a significant number of regions (90 out of 198) have shown progress in job-related well-being. This indicates positive trends in employment rates and opportunities within the EU regions. The data reveals a mixed picture for income levels. While there has been progress in 50 regions, indicating improved economic well-being, a larger number of regions (109 out of 198) have experienced a decline in income. This highlights the income disparities and challenges faced by certain regions within the EU. Safety improvements have been relatively limited, with only 9 regions showing progress. This suggests that ensuring a high level of safety and security remains a challenge for many EU member regions. The data indicates progress in health-related well-being in 37 regions, implying efforts to enhance healthcare systems and promote healthier lifestyles. However, a significant number of regions (88 out of 198) have experienced a decline in health-related well-being, highlighting the need for further attention to healthcare challenges.

Environmental well-being has seen substantial progress in a majority of regions (161 out of 198). This indicates a growing emphasis on environmental sustainability and conservation efforts across the EU. Positive trends in civic engagement are observed in 59 regions, indicating increased participation and involvement in community activities. However, a significant number of regions (95 out of 198) have experienced a decline in civic engagement, which could suggest challenges in community participation and social cohesion. While 16 regions have shown progress in housing-related well-being, a larger number of regions (122 out of 198) have experienced a decline. This highlights the

challenges faced in providing affordable and suitable housing for residents in various EU member regions.

It's important to note that the absence of data in some regions for certain topics limits the comprehensive understanding of well-being trends. The available data showcases both positive developments and areas requiring further attention to enhance well-being across EU member regions. However, out of the eight indicators with available data, five of them have declined in the time period of 2010 to 2021.

4.5 Unemployment, poverty, and broadband connection availability

Table 6: Progress in Unemployment rate by NUTS 2 regions and Long-term unemployment rate (12 months and more) by NUTS 2 regions, 2010 – 2021 progress

Unemployment rate				Long-term unemployment rate		
	Region	**progress**			**Region**	**progress**
TOP 10	La Réunion - France	-38,06		TOP 10	Guadeloupe - France	-46,03
TOP 10	Canarias - Spain	-18,88		TOP 10	La Réunion - France	-51,40
TOP 10	Andalucía - Spain	-21,94		TOP 10	Guyane - France	-47,74
TOP 10	Ciudad de Ceuta - Spain	11,30		TOP 10	Martinique - France	-55,70
TOP 10	Guadeloupe - France	-28,15		TOP 10	Ciudad de Ceuta - Spain	41,13
TOP 10	Extremadura - Spain	-15,22		TOP 10	Canarias - Spain	-4,88
TOP 10	Comunitat Valenciana - Spain	-30,57		TOP 10	Východné Slovensko - Slovakia	-42,28
TOP 10	Región de Murcia - Spain	-37,55		TOP 10	Ciudad de Melilla - Spain	2,52
TOP 10	Ciudad de Melilla - Spain	-13,16		TOP 10	Stredné Slovensko - Slovakia	-60,75
TOP 10	Castilla-la Mancha - Spain	-26,42		TOP 10	Région de Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest - Belgium	-29,59
LOW 10	Niederbayern - Germany	-53,85		LOW 10	Noord-Brabant - Netherlands	-61,54
LOW 10	Niederösterreich - Austria	30,77		LOW 10	Provincia Autonoma di Trento - Italy	41,67
LOW 10	Oberösterreich - Austria	-5,13		LOW 10	Noord-Holland - Netherlands	-25,00
LOW 10	Prov. West-Vlaanderen - Belgium	-5,26		LOW 10	Stockholm - Sweden	50,00

LOW 10	Praha - Czech Republic	-37,84		LOW 10	Overijssel - Netherlands	-27,27
LOW 10	Oberbayern - Germany	-27,78		LOW 10	Steiermark - Austria	-18,18
LOW 10	Salzburg - Austria	43,75		LOW 10	Utrecht - Netherlands	-30,00
LOW 10	Tirol - Austria	50,00		LOW 10	Praha - Czech Republic	-44,44
LOW 10	Zeeland - Netherlands	20,00		LOW 10	Niederösterreich - Austria	88,89
LOW 10	Provincia Autonoma di Bolzano/Bozen - Italy	40,74		LOW 10	Oberösterreich - Austria	11,11

Source: (Eurostat, 2023g), (Eurostat, 2023c), author's own calculation.

Table 6 shows the progress or change in the unemployment rate and Long-term unemployment rate (12 months and more) for various NUTS 2 regions, comparing years 2010 and 2021.

The unemployment rate is a measure of the percentage of the labour force that is unemployed and actively seeking employment. The positive and negative values represent the change in the unemployment rate. Negative values indicate a decrease in the unemployment rate, while positive values indicate an increase. In the top 10 regions, we see negative values, which indicate a decrease in the unemployment rate. This means that these regions have experienced improvements in their employment situations. La Réunion in France has seen a significant decrease of 38.06% in the unemployment rate. Canarias and Andalucía in Spain have also experienced decreases of 18.88% and 21.94% respectively. Guadeloupe in France and Extremadura in Spain have seen reductions of 28.15% and 15.22% respectively. On the other hand, Ciudad de Ceuta in Spain has shown a positive value of 11.30%, indicating an increase in the unemployment rate. This means that the region has experienced a worsening employment situation. Similarly, the bottom 10 regions also display both positive and negative values, representing changes in the unemployment rate. However, in this case, the negative values indicate an increase in unemployment rate, while the positive values indicate a decrease.

The long-term unemployment rate refers to the percentage of the labour force that has been unemployed for an extended period, usually exceeding six months. It is an important indicator of economic health and labour market conditions.

We can see that some regions have made significant progress in reducing long-term unemployment rates, while others have experienced challenges or limited improvements. In the top 10 regions with progress in reducing long-term unemployment, several regions in France (Guadeloupe, La Réunion, Guyane, Martinique) have seen substantial decreases in their long-term unemployment rates.

This suggests that these regions have implemented effective strategies or experienced favourable economic conditions that have helped individuals find sustained employment. However, there are a few regions where the long-term unemployment rate has increased. Ciudad de Ceuta and Ciudad de Melilla in Spain have experienced an increase in long-term unemployment. These regions may be facing specific economic challenges or structural issues that have hindered their ability to reduce long-term unemployment rates. In the bottom 10 regions, we can observe a mix of regions with both increases and decreases in long-term unemployment rates. Noord-Brabant in the Netherlands has seen a significant increase in long-term unemployment, indicating possible economic difficulties in that region. On the other hand, Provincia Autonoma di Trento in Italy has also experienced an increase in long-term unemployment, suggesting challenges in the local labour market.

It's vital to remember that these numbers reflect relative shifts in long-term unemployment rates rather than the actual rates. As a result, the regions with the highest positive or negative values may not always have the largest or lowest overall rates of long-term unemployment. Overall, the data shows how long-term unemployment rates vary by region and sheds light on both the successes and setbacks other regions have had in their efforts to reduce long-term unemployment.

Table 7: Progress in People at risk of poverty or social exclusion by NUTS 2 regions and Severe material deprivation rate by NUTS 2 regions

People at risk of poverty or social exclusion				**Severe material deprivation rate**		
	Region	**progress**			**Region**	**progress**
TOP 10	Sud-Est - France	-9,24		TOP 10	Severen tsentralen - Bulgaria	-58,60
TOP 10	Nord-Est - France	-18,98		TOP 10	Yuzhen tsentralen - Bulgaria	-50,72
TOP 10	Sud - Muntenia - Romania	-26,92		TOP 10	Yugoiztochen - Bulgaria	-44,89
TOP 10	Sicilia - Italy	-16,17		TOP 10	Severozapaden - Bulgaria	-49,54
TOP 10	Yuzhen tsentralen - Bulgaria	-26,68		TOP 10	Nord-Est - Romania	-53,70
TOP 10	Puglia - Italy	-35,87		TOP 10	Severoiztochen - Bulgaria	-52,66
TOP 10	Severen tsentralen - Bulgaria	-29,10		TOP 10	Sud-Vest Oltenia - Romania	-61,42
TOP 10	Sud-Vest Oltenia - Romania	-18,88		TOP 10	Sud - Muntenia - Romania	-44,17
TOP 10	Severoiztochen - Bulgaria	-37,95		TOP 10	Bucuresti - Ilfov - Romania	-72,48
TOP 10	Campania - Italy	6,47		TOP 10	Sud-Est - France	-27,01

LOW 10	Comunidad Foral de Navarra - Spain	5,76		LOW 10	Principado de Asturias - Spain	221,43
LOW 10	Friuli-Venezia Giulia - Italy	15,11		LOW 10	Provincia Autonoma di Bolzano/Bozen - Italy	7,14
LOW 10	Střední Morava - Czech Republic	-16,06		LOW 10	Östra Mellansverige - Sweden	64,29
LOW 10	Provincia Autonoma di Bolzano/Bozen - Italy	-29,77		LOW 10	Norra Mellansverige - Sweden	50,00
LOW 10	Helsinki-Uusimaa - Finland	-3,23		LOW 10	Nordjylland - Denmark	7,69
LOW 10	Jihovýchod - Czech Republic	-25,64		LOW 10	Extremadura - Spain	576,92
LOW 10	Jihozápad - Czech Republic	-8,49		LOW 10	Cantabria - Spain	266,67
LOW 10	Severovýchod - Czech Republic	19,19		LOW 10	Provincia Autonoma di Trento - Italy	18,18
LOW 10	Střední Cechy - Czech Republic	-21,51		LOW 10	Ciudad de Melilla - Spain	1444,44
LOW 10	Praha - Czech Republic	0,00		LOW 10	Aragón - Spain	750,00

Source: (Eurostat, 2023d), (Eurostat, 2023f), author's own calculation.

The data provided in Table 7 represents the changes in two important indicators related to poverty and social exclusion: the percentage of people at risk of poverty or social exclusion (calculated by the progress/decline between the year 2015 and 2021) and the severe material deprivation rate, calculated by the progress/decline between year 2009 and 2021.

People at risk of poverty or social exclusion indicator represents the proportion of the population that faces a higher risk of poverty or social exclusion. Severe material deprivation rate indicator measures the percentage of people living in severe material deprivation, which indicates a lack of access to essential goods and services.

When comparing the data provided on the percentage of people at risk of poverty or social exclusion across different NUTS 2 regions from 2015 to 2021, we can observe the following: There are notable regional variations in the percentage of people at risk of poverty or social exclusion. Some regions consistently had higher percentages throughout the years, such as Sud-Est, Nord-Est, and Sicilia, while others, like Comunidad Foral de Navarra and Friuli-Venezia Giulia, generally had lower percentages. Several regions demonstrated a decreasing trend in the percentage of people at risk of poverty or social exclusion over the years, including Nord-Est, Sud - Muntenia, Yuzhen tsentralen, Puglia, Severen tsentralen, Sud-Vest Oltenia, and Severoiztochen. This suggests improvements in socio-economic conditions and social inclusion efforts in these regions. Some regions experienced fluctuations in the percentage of people at risk of poverty or social exclusion. Sud-Est, for example, had a relatively stable percentage with minor variations, while

Campania showed fluctuations, including a slight increase in recent years. The regions can be categorized into groups based on their overall trajectory. For instance, Sud-Est, Nord-Est, Sicilia, and Yuzhen tsentralen had relatively stable or decreasing percentages, indicating progress in reducing poverty or social exclusion. On the other hand, Campania and Severoiztochen showed fluctuations and an increasing trend, suggesting potential challenges in addressing poverty and social exclusion.

The data highlights disparities between regions, both within and between countries. For example, the regions in Bulgaria (Yuzhen tsentralen, Severen tsentralen, and Severoiztochen) generally had higher percentages of people at risk of poverty or social exclusion compared to regions in other countries.

There are notable disparities in severe material deprivation rates between different regions. Some regions consistently exhibit higher deprivation rates, indicating a greater proportion of individuals or households lacking access to essential items or activities for a decent standard of living. On the other hand, certain regions consistently have lower deprivation rates, suggesting better access to basic necessities. The data also reveals temporal trends in severe material deprivation rates. In general, there is a downward trend over the years, indicating an improvement in access to essential resources across the regions. This positive trend suggests that efforts have been made to address material deprivation and enhance living conditions. While severe material deprivation rates have decreased over time, the rates and the pace of progress vary among regions. Some regions have experienced significant improvements, with substantial decreases in deprivation rates, indicating successful measures to alleviate material deprivation. Other regions have seen more modest reductions or even fluctuations, suggesting the need for targeted interventions to address persistent challenges. The inclusion of regions from different countries allows for international comparisons. It highlights variations in severe material deprivation rates across different countries and regions. For example, regions in Spain, such as Extremadura and Ciudad de Melilla, consistently exhibit higher deprivation rates compared to regions in Bulgaria.

Table 8: Households that have broadband access by NUTS 2 regions

	region	progress
TOP 10	**Stockholm - Sweden**	3,04
TOP 10	**Noord-Holland - Netherlands**	12,80
TOP 10	**Trøndelag - Norway**	15,61
TOP 10	**Utrecht - Netherlands**	20,22
TOP 10	**Sydsverige - Sweden**	5,09
TOP 10	**Flevoland - Netherlands**	11,38
TOP 10	**Hovedstaden - Denmark**	10,09
TOP 10	**Västsverige - Sweden**	7,10
TOP 10	**Östra Mellansverige - Sweden**	8,54
TOP 10	**Overijssel - Netherlands**	16,03
LOW 10	**Severozapaden - Bulgaria**	122,86
LOW 10	**Centru - Romania**	218,68
LOW 10	**Sud-Est - France**	238,92
LOW 10	**Severen tsentralen - Bulgaria**	115,17
LOW 10	**Sud - Muntenia - Romania**	144,40
LOW 10	**Yugoiztochen – Bulgaria**	164,67
LOW 10	**Vest - Romania**	197,44
LOW 10	**Severoiztochen - Bulgaria**	208,58
LOW 10	**Nord-Est - Romania**	425,65
LOW 10	**Sud-Vest Oltenia - Romania**	172,96

Source: (Eurostat, 2023b).

Table 8 provides information on the percentage of households with broadband access in various NUTS 2 regions for the years 2011 to 2021. The data highlights a significant disparity in broadband access between the "Top 10" regions and the "LOW 10" regions. The top regions consistently had high percentages of households with broadband access, ranging from the high 80s to close to 100%. In contrast, the low regions had much lower percentages, starting from the low 20s and gradually increasing but still remaining relatively low. The top regions, such as Stockholm, Noord-Holland, and Utrecht, are major urban areas or regions with significant economic centers. These areas typically have better infrastructure and greater investment in broadband connectivity. On the other hand, the low regions, like Severozapaden, Centru, and Sud-Est, are often rural or less developed areas where broadband infrastructure might be lacking or less accessible. In general, there is a positive trend of increasing broadband access across most regions. Over the years, the percentage of households with broadband access has been rising, even in the low regions. This can be attributed to various factors, including government initiatives, technological advancements, and increased investment in infrastructure.

There are fluctuations in broadband access within regions over time. Some regions show steady growth, while others experience more variability. For example, Trøndelag had a significant increase in broadband access, reaching almost 100% in 2020 and 2021, while Sydsverige had fluctuations but generally maintained a relatively high percentage. The data suggests the presence of a potential digital divide, where certain regions or populations have better access to broadband compared to others. This divide can have implications for educational opportunities, economic development, and access to various online services and resources.

5 Discussion

The amounts between the last financial period and this one have not changed much. Under the Cohesion Policy 2014-2020, there were 72 less developed regions overall. By contrast, there were 78 under the Cohesion Policy 2021–2027. On the other hand, throughout the same time span, the overall number of better developed regions fell from 151 to 95. Due to two factors—the UK's exclusion from the EU, which results in 37 fewer regions overall—the total number of regions has altered. The other element is statistical. The NUTS 2 level includes three additional regions. These shifts in the proportion of less developed and more developed regions are a result of the Cohesion Policy's efforts to rectify inequities and encourage balanced growth throughout the European Union as well as the dynamic character of regional development. Even if the number is falling since there are no UK areas, the decline in "more developed" regions is much greater, indicating that the GDP's distribution has altered.

Overall, the comparison shows that, in terms of GDP/GVA and Regional GDP PPS per person, the top 10 regions have generally had slower growth or contraction. The lowest 10 regions, on the other hand, have seen better rates of advancement, indicating faster economic growth. This comparison sheds light on how different regions' economies perform differently. In addition to that there is a considerable gap between the top-performing and bottom-performing regions in the GDP and GVA statistics. This gap suggests differences in economic development, resources, industries, or policies between these regions, namely it might show, that the Cohesion Policy and the redistribution of funds to those areas might impacted the regional growth. However, it might also suggest, that the regions with the highest GDP and GVA, which are also the most developed ones, suffered more from the COVID-19 and war in Ukraine consequences. This aspect should be studied in more detail and in more depth.

Trying to broaden the picture of citizens'' well-being, we have looked into the OECD statistics. It is significant to stress that a thorough understanding of changes in well-being is constrained by the lack of data for some topics in some places. The available data highlight both areas that need more focus and positive developments in order to improve wellbeing among EU member regions. However, out of the eight indicators with available

data, five of them have declined in the time period of 2010 to 2021. The figures indicate an overall deterioration of the situation, but more specific information also indicates that the places with the worst conditions have improved.

Environmental well-being has seen substantial progress in most regions (161 out of 198). This indicates a growing emphasis on environmental sustainability and conservation efforts across the EU, not only on the policy level but also with financial support.

Statistics on unemployment and long-term unemployment cannot give us some direct information on the policy effect. Top and bottom regions display both positive and negative values, representing changes in the unemployment rate. For better analysis, more substantial research is needed. The same could be said for the percentage of people at risk of poverty or social exclusion (Golob et al., 2023). It can be observed, that throughout the years there has been a consistent increase in percentages for certain regions. Over the past years, a number of areas have shown decreases in the proportion of people at risk of poverty or societal exclusion. In these regions, it suggests improvements in societal conditions and efforts to create a more inclusive environment. The percentage of the population at risk of poverty and social exclusion has varied in some regions. These data indicate differences in regions, both inside and outside of the country.

The data highlights a significant disparity in broadband access between the "Top 10" regions and the "Low 10" regions. The top regions consistently had high percentages of households with broadband access, ranging from the high 80s to close to 100%. In contrast, the low regions had much lower percentages, starting from the low 20s and gradually increasing but remaining relatively low. Over the years, the percentage of households with broadband access has been rising, even in the low regions. This can be attributed to various factors, including government initiatives, technological advancements, and increased investment in infrastructure, which was also funded by the EU. As the data shows, the progress in the past 10 years in the less equipped regions was substantial.

In concluding the discussion and attempting to answer the research question of whether the progress of EU member regions can be detected solely through figures, the answer is not straightforward. It involves multiple factors and considerations impacting the implementation of strategic documents (Modic & Rončević, 2018; Fric, et al., 2023). On one hand, if a region receives funding from the EU, it generally suggests progress in some form. EU funding often aims to support economic development, infrastructure improvements, and social initiatives, which can contribute to the advancement of regions.

However, relying solely on figures to gauge progress raises questions about the priorities of the EU. Are these priorities aligned with the needs and aspirations of the citizens in terms of decent work, fair wages, and a satisfactory personal life, or are they solely focused on fostering economic growth? While economic growth is important, it should

not overshadow the well-being and quality of life of individuals living in these regions. Thus, it is crucial to consider whether the EU's objectives truly reflect the desires and requirements of the people affected by their policies and funding decisions.

Another challenge lies in measuring the well-being of citizens. While figures and statistical data can provide insights, there are limitations and gaps in data collection that hinder a comprehensive understanding of well-being. Not all relevant data points are consistently collected, making it difficult to obtain a complete picture of the situation. Moreover, even when data is available, not all statistical indicators are equally effective in providing a clear and understandable insight into the well-being of individuals and communities.

In conclusion, while figures can provide some indication of progress in EU member regions, they do not tell the whole story. The EU's priorities and whether they align with the needs of citizens for decent work (for example work of women in academia as discussed in (Modic et al., 2022), fair pay, and a satisfactory personal life are crucial considerations. Additionally, measuring well-being faces challenges due to incompledata collection (Urška Fric et al., 2020) and the complexity of translating statistics into meaningful insights. Therefore, a comprehensive assessment of progress requires a broader understanding that goes beyond figures alone.

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Part III.

European Union's Grand Strategies: Balancing Local Communities, Reflexivity, and Human Dignity

Bringing European Union Grand Strategies Closer to Local Communities: The Role of Community Foundations in Substantiating EU's Strategic Thinking on Sustainable Development

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Abstract While the European Union (EU) asserts a global leadership position based on its grand strategic vision, its ability to keep citizens close in that endeavor proves, however, to be limited. At the same time, a good number of local communities in the EU are augmenting their impact at home and abroad, almost always without managing to capture the attention of the EU institutions, strategies, and policies. The community infrastructure that is generated presents functional approaches for addressing local sustainability challenges and is inspiring communities globally. The chapter argues that the EU's democratic deficit becomes both a liability and a vulnerability in creating and consolidating a more powerful global position and in implementing global strategies. In doing so, it reviews the experience of European community foundations in enhancing strategic thinking in local communities and explores the ways in which the two narratives, local and European, could come together to reinforce each other.

Keywords: • EU democratic deficit • EU as a global actor • community foundations • civil society • securty

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1 Introduction

The Association for the Practice of Transformation[1], a Romanian association, is supporting local communities in Latin America to develop community foundations – a mechanism that contributes to community sustainability in close to 2000 areas globally. Such a practice is driven by local communities and emphasizes the added value that European Union (EU) communities can bring when connecting with communities abroad. Yet, such a practice is not visible for the EU institutions. Paradoxically, while the EU asserts a global leadership position based on its grand strategic vision, its ability to recognize instances of citizen- and community-driven global leadership is lacking.

The EU is criticized extensively for failing to connect to citizens and local communities. A relevant body of literature relates to democratic deficit, which conceptualizes and empirically demonstrates the distance between EU bureaucratic institutions and citizens. (Jensen, 2009) Furthermore, the EU is little understood in local communities and holds a limited understanding of local communities. A good number of local communities in the EU are augmenting their impact at home and abroad, almost always without managing to capture the attention of the EU institutions, strategies, and policies. (Cibian et al., 2023) The community infrastructure that is generated presents functional approaches for addressing local sustainability challenges and are inspiring communities globally.

In external affairs and security, EU's democratic deficit and inability to connect to local communities become both a liability and a vulnerability. They limit the EU's ability to create and consolidate a more powerful global position and implement global strategies, turning, at times, the EU into an empty bureaucratic shell. (Koenig-Archibugi, 2002; 2002) Focusing on community foundations and sustainable development, this chapter will inquire *what are the implications of the cleavage between EU institutions and local communities for the EU's foreign and security policy?*

In doing so the chapter relies on international relations, development, and sustainability literatures, exploring the inability of EU bureaucracy to understand local realities. (Cibian, 2012; Elgström, 2007; Hill et al.,, 2023) It also focuses on civil society and philanthropy literature to present the activity of community foundations in the Europe. (Cibian et al., 2023; Steffek, et al., 2007; Steffek & Nanz, 2008) Theoretically the chapter contributes to the IR English School Theory as it is instrumental in conceptualizing a transition from international society to world society. (Buzan, 2004; Dunne, 2023).

This research relies on interpretive methodology, aiming to uncover gaps in EU's ability to recognize, understand, and ascribe meaning to local community practices. Empirically, the chapter focuses on the engagement of community foundations and community foundations support organizations with the Sustainable Development Goals (SDGs). For showing the activity of community foundations in the field of sustainable development,

and consistently with interpretive methodology, the chapter relies on data collected through 15 semi-structured interviews and five focus groups between January 2022 and June 2023.[2]

The chapter contributes to existing literature by demonstrating the inability of EU institutions to recognize and augment the impact of EU local communities at a global level and shows how such inability represents a vulnerability limiting the global ambitions of the Union and its ability to provide security. Furthermore, the chapter shows how local communities are increasingly relevant actors in global affairs.

The chapter shows, based on previous literature, the challenges EU institutions face in connecting to local realities. It also reviews the experience of European community foundations in enhancing strategic thinking in local communities. The chapter then looks at the implications of the cleavage between the EU and local communities for the Union's foreign and security policy. Finally, it explores the ways in which the two narratives, local and European, could come together to reinforce each other.

2 EU's Global Aspirations, Local Communities, and Citizens

The EU asserts itself as a relevant power globally. (Hill et al., 2023) Furthermore, there are streams of literature analyzing the activity and impact of the European Union, including EU Studies, European Politics, European Policy, EU and International Relations (Hill et al., 2023), the Europeanization Literature, (Borsetti, 2023; de Flers & Müller, 2012; Dosenrode, 2020) norm diffusion literature, (Kolmašová & Reboredo, 2023) and others. Much less attention is paid to how the EU learns and connects to citizens and local communities (Kiernan, 1997; van den Hoogen et al., 2022). Indeed, streams of literature advanced on topics such as the EU's democratic deficit and critical literature on EU's role globally.

2.1 EU in the world

For decades, the EU aims to assert and retain a global leadership role. The literature explores EU's global aspirations over time and highlight the struggles the EU is going through in shaping its identity as a Global Actor. (Bachmann & Sidaway, 2009; Giusti, 2020; K. E. Smith, 2017; Vogler, 2014) The ability of the EU to transform its power into a leadership role is limited by internal struggles and complexity. (Elgström, 2007) Furthermore, given its institutional complexity, the EU encounteres difficulties to act coherently and assert a specific identity on a global level. (Amadio Viceré & Hofmann, 2023; Pishchikova & Piras, 2017; Tereszkiewicz, 2020) Internal challenges are complemented by emerging global challenges with significant impact on how EU conceives its own future. (Archick, 2017)

EU's efforts to assert itself as a Global Actor are giving some results that are recognized by the academic literature. Bradford describes the EU as a 'global regulatory hegemon' in his 2020 work. (Bradford, 2020) Furthermore, the literature shows the achievements and also challenges in EU's engagement with international organizations (Wessel & Odermatt, 2019) and international regimes. (Delreux & Earsom, 2023)

The Union has contributed to a number of areas and aims to drive on several of them. EU role in democracy promotion is explored in depth by Khakee. (Khakee, 2022) The EU attempts to lead on environmental issues (Parker & Karlsson, 2017) Parker and Karlsson (2017) analyze the COP negotiations and demonstrate diverging interest between the EU, US, and China, sowing the difficulty the EU faces in asserting its leadership. In regional terms, the EU focuses on all regions of the world, with a key focus on Africa, (Carbone, 2020; Cibian, 2020; Lopez, 2017) the EU's neighborhood, or Asia. (Singh, 2019) EU's global drive is directly affected by the current European and global crisis, a context described in the literature as a policrisis. (Newsome, 2022; Pinto, 2023) Brexit and the post-Brexit relationship with the UK have significantly altered the international standing of both actors. (Smith, 2017; Smith, 2019) Furthermore, in a global context where the pandemic has significantly affected global sustainability efforts, (Shulla et al., 2021) EU's vision for its global role are also transforming.

Recent crisis such as the COVID-19 Pandemic and the Russian war against Ukraine have changed the world we live in, including the EU's visions for its global role. Several trends are leaving a mark on EU's place in the world. Although the EU addressed the COVID-19 pandemic relatively quickly, (Boin & Rhinard, 2023) the global crisis brought by the pandemic continues to affect the Union in multiple ways. The EU finds itself in a global economic competition where it has to take difficult stances as the cases of semiconductors (Bardt, Röhl, & Rusche, 2022) and energy negotiations (Mišík & Nosko, 2023) illustrate. Such challenges makes it difficult for the EU to balance between its transatlantic commitment and economic dependence on China. (Casarini, 2022) Global rivalry is taken at the next level by the broader implications of Russia's war against Ukraine as that contributes to aligning third actors that articulate a competing version of globalization, (Benedikter, 2023)

2.2 EU's democratic deficit and local communities

Recent challenges are not only of an external nature, they are also internal. The EU rests on democratic principles that are under pressure. (Bayer et al., 2019) Democratic principles and the transformation of democracy gather the attention of a large number scholars, including in relation to the EU. (Pinder, 1999; Ward, 2002) Debates on visions about the EU's democracy and democratic deficit are also addressed. (Bowman, 2006; Moravcsik, 2004)

The EU is seen as a "laboratory" for studying the development of democracy beyond the nation-state. (Jensen, 2009) Authors look, therefore, at multiple facets of EU democracy, including participation, (Radtke, 2023) challenges to civil society in post-communist Member States (Hummel & Strachwitz, 2023), democratic backsliding in the EU and its Member States (MS), (Beetz, 2023) and the European democratic deficit after crisis. (Kratochvíl & Sychra, 2019) The COVID-19 crisis is assessed to impact EU's democratic deficit in a similar way to economic crises. (Sebastião, 2021).

The literature deficient looks in detail at how various institutions forming the EU are characterized by democratic deficit. A strong focus is put in the literature on the European Parliament, (Crombez, 2003; Katz, 2001; Sorace, 2018) and on the technocratic bodies of the Union, including the European Commission. (Frahm et al., 2022) Furthermore, democratic deficit is assessed inr elation to specific other EU sectors and policy areas, such as media, (Sarikakis & Kolokytha, 2019) foreign and security policy. (Koenig-Archibugi, 2002; Wisniewski, 2013)

While the EU institutions make efforts to address their democratic deficit, European citizens continue to perceive the EU as distant, (van den Hoogen et al., 2022) indicating that efforts to date need to be transformed and scaled up. Solutions are indicated in the literature by balancing input and output legitimacy, (Stie, 2021) or by brining improvements in the further development of EU institutions. (Decker, 2002)

Without doubt, an area to further explore is also the way civil society participates in governance processes. Given the aggregator role of civil society, empowering different types of engagements with the EU institutions could pave the way for more democracy. The literature looks at civil society participation in global governance (Petersmann, 1998; Steffek et al., 2007; Steffek & Nanz, 2008; Trew, 2013) and in the EU, (Rodekamp, 2013; Smismans, 2006) illustrating multiple formats in which civil society contributes to mitigating the democratic deficit.

The above section looked at democratic deficient as a phenomenon that explores the inability of the EU to connect to citizens and civil society. The next section will move to exploring how civil society and local communities contribute to sustainability.

2.3 European local communities' global contributions on sustainability

The EU possesses significant assets that enables it to connect globally. Some of these assets are related to the work and activity of civil society organizations in local communities. This section will explore such potential by focusing on sustainability, as it is an emerging global topic. (Shulla et al., 2021)

Local communities in the EU face similar challenges as around the world. Guided by the SDGs, civil society organizations have increased their capacity to think about and act for ensuring the sustainability of their local communities. (Espinosa & Rangel, 2022; Gellers, 2016; Hayman, 2019; Henfrey et al., 2023)

A particular type of community-led initiatives are the community foundations – organizations that focus on enhancing community capacity by impacting generosity and stimulating local action. (Mazany & Perry, 2014) Since their initial emergence in the beginning of the XXth Century, CFs have spread around the world being present now in close to 2000 areas. (Feurt & Sacks, n.d.; Hodgson, et al., 2012.; Sacks, 2000; Yang, et al., 2021) Community foundations bring an impact on community development, (Lowe, 2004) the philanthropic sector (Suárez, Husted, & Casas, 2018), and also sustainable development (Cibian et al., 2023; Këruti, 2020)

As (Hanfrey et al., 2023) present, while the contribution of community initiatives is essential to all SDGs, there remain systemic challenges to recognizing such contribution. (Henfrey et al., 2023) This limitation is also affecting the EU. While institutional global contributions to the SDGs are recognized, the EU has little capacity to perceive, recognize, and augment community and civil society leadership on the SDGs.

3 Data and Analysis

The surveyed literature shows a continuous concern with the democratic character of the EU and its practices. With few exceptions (Moravcsik, 2004), the literature concurs on the challenges the EU is facing in engaging citizens and civil society. At the same time, the literature shows the contribution that civil society makes to the SDGs, basically to achieving sustainability in local communities and globally.

To understand the relationship between the EU and organizations that contribute to the sustainability of local communities, we conducted participant observation, semi-structured interviews, and five focus groups. In addition, we applied a questionnaire addressed to community foundations and community foundations support organizations.

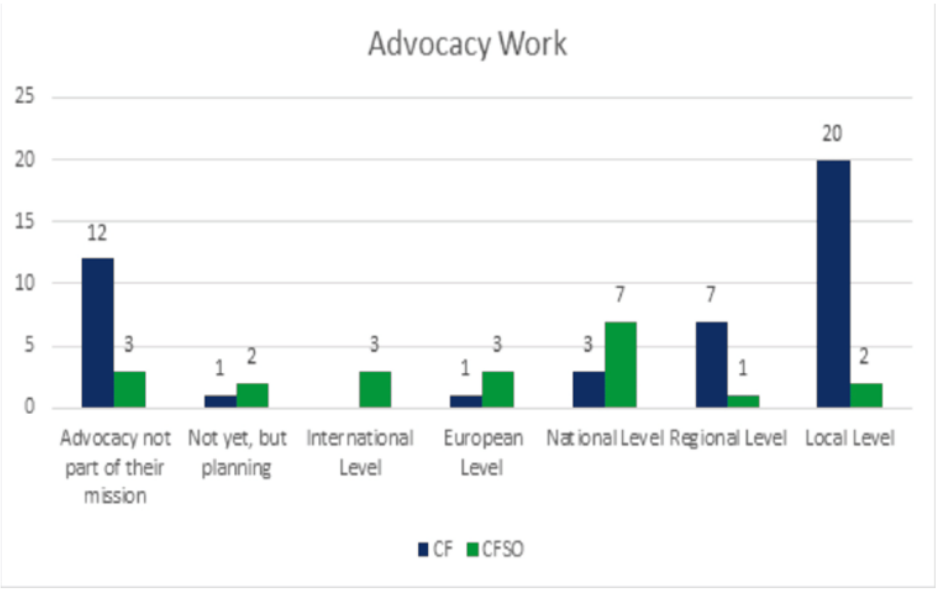
The field work and data collection took place between July 2021 and May 2023. Through the employed methods we interacted with over a hundred community foundations, benefited from 45 responses to the questionnaire, and engaged with 19 interlocutors (focus groups and interviews).[3]

Based on the above methods we collected both quantitative and qualitative data. Quantitative data consists in a database with 45 responses from European community foundations and support organizations from 17 countries.[4] Qualitative data has been recorded and analysed using topic coding, in order to understand the perspectives of

community foundations and community foundations support organizations on how they contribute to the SDGs and to the sustainability of their communities. Participant observation consisted in attending ten professional events such as community foundations conferences (Canada, Romania, Serbia, and the UK), workshops and seminars organized by the European Community Foundation Imitative, Association for the Practice of Transformation, Association for Community Relations, and Philea. Participant observation offered the chance to collect data about individual perspectives on sustainability and the EU, as well as on the overall perspectives on sustainability and the EU encountered in the field of community foundations in Europe.

Community foundations and community foundations support organizations expose a limited advocacy capacity and perceive, in general, that advocacy is not a top priority. In fact, a good number of surveyed (n=15) indicates that advocacy is not a part of their mission, as Fig. 1 below indicates.

Figure 1: Engagement of community foundations and community foundation support organizations in advocacy work

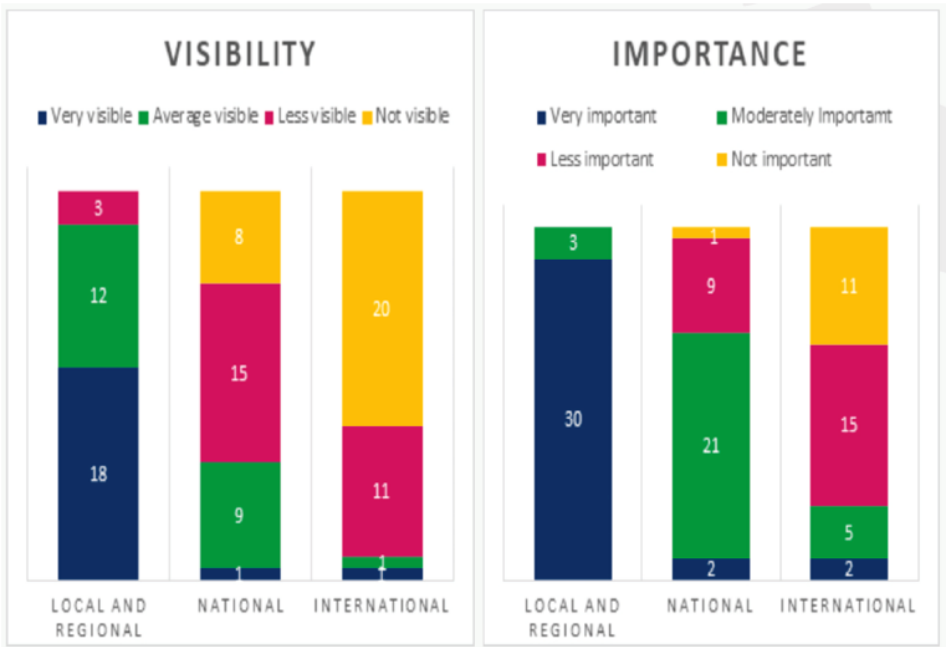


Source: authors own, 2023.[5]

This figure shows as well that from among the surveyed community foundations and community foundations support organizations only a limited number (n=4) engage in advocacy at a European level.

Furthermore, when asked respondents about the visibility and importance of their work at a local, national, and international level, community foundations perceive naturally the local level to be the most important. At the same time their attention to the international level is limited, as illustrated in Figure 2 below.

Figure 2: Visibility and importance of community foundations' work at three levels: local, natonal, and international



Source: authors own, 2023.[6]

These results are consistent with the qualitative and participant observation data, indicating a strong focus of community foundations at a local level and, to some extent, a detachment from the international and European levels.

At the same time, there are community foundations and community foundations support organizations that, through the SDGs, increasingly connect to the European and global levels. That is an incipient phenomenon. We encountered three organizations that have changed their vision and/or strategy to connect with the SDGs.

Overall, community foundations perceive that they contribute to strengthening the capacity of their communities which connects in multiple ways with contributions to their communities' sustainability. When it comes to connecting to the SDGs, community foundations engage once they understand how Agenda 2030 is relevant for their locality.

What we can learn from the above is that the democratic deficit of the EU is not only related to the practice of European institutions, but also to local actors that tend to be focused on their own communities. At the same time, the EU has not managed yet to find ways to rise the interest of local actors in EU affairs sufficiently.

At the same time, community foundations relate to one another globally, share good practices, and have generated a network of national and regional community foundations support organizations. The community foundation mechanism has been expanding globally through the support of local funders and the passion and engagement of motivated local citizens.

The community foundation mechanism represents a key piece of a local infrastructure for sustainability as it mobilizes resources and addresses local challenges that most often relate to sustainability. Organizations such as the Association for the Practice of Transformation, the European Community Foundation Initiative, UK Community Foundations, and others, contribute substantively to sharing the model of the community foundation across borders, in Europe and beyond. Such a significant contribution to community sustainability and the SDGs has not been recognized by the EU or by the UN. The inability of the EU to connect to the work of community foundations reinforces the argument regarding the democratic deficit, as it shows the inability of the Union to see and become a part of the lives of local communities. Such limitation indicates a challenge for the Union to comply with its own mission and values, which further undermines the solidity of EU actions in all policy areas, including its foreign and security policy. It is this gap between the EU institutions and the life of local communities that undermines EU actions that I will explore in the next section.

4 Strengthening EU's Global Approach Through Aligning the Union's Strategies with Local Communities

We learn from the above that local actors such as the community foundations pay attention primarily to their local communities and that the EU (as well as other international organizations) is most often not an acknowledged part local community dynamics. At the same time, we can understand that EU vision, policy, and action is an empty shell without the support of European citizens, communities, and societies. The inability of the EU to become part of the lives of European citizens and local communities represents, I argue, a key vulnerability for the Union and Member States.

4.1 Building synergies for a stronger global impact

Such a vulnerability is critical for the foreign and security policy of the European Union because of two interconnecting trends. First, as presented above, recent actions to contest the current multilateral system (Benedikter, 2023) are bringing a higher level of instability globally and on the European continent. Second, the advancement of digital technology enabled a cyber conflict and cyberwar (Eun & Aßmann, 2016; Mazanec, 2023) to emerge between contenders for global influence.

These two trends indicate an increasing prospective pressure on the EU both from within and from abroad, alongside a broader contestation phenomenon within the international community. (Chan, 2021; Copelovitch et al., 2020; Schmitt, 2020) The gap between EU institutions and citizens constitutes a core vulnerability given the need for concerted and consolidated action in front of such developments. Furthermore, that gap constitutes a liability for EU's global leadership ambitions.

Although there is a cleavage between EU institutions on the one hand and citizens and local communities on the other, there certainly is a common value base. Many European citizens and civil society organizations, such as the community foundations, aspire for solidarity, freedom, and peace; values that are currently under threat by claims for shaping an alternative multilateral order. Recognizing that such a cleavage exists and is often reenforced by EU practices, is a first step in overcoming this situation.

EU institutions do not have to stay away from citizens and civil society organizations. They are in a good position to revise current strategies and practices to value citizens and local communities, to connect to them, and to generate common action. Such a step is essential for a stronger global position.

Foreign policy is perceived to be outside of the reach of ordinary citizens. However, external action, robust international relations, and a specific external identity cannot be put in place and maintain without citizens. Especially so in a democracy where citizens hold power through their vote.

4.2 Broader IR implications

The above discussion highlights that international phenomena are transforming in a global space that is increasingly digital and insecure. Such transformation is visible in the case of the EU's claims for global leadership, where disregard for internal alignment leads to limited power and leadership. These are early traces and trends that indicate a broader shift at the level of the international multilateral system, uncovering that it is not only the level of contestation that matters, but also the level of internal cohesion and alignment. Furthermore, the chapter presents the story of local communities that matter for global

phenomena, bringing evidence for a slow transition towards a World Society as depicted by the English School. In the emerging World Society, local communities articulate international actions, becoming relevant for international phenomena. Further attention is to be paid at the way the international is transforming given the diversification of actors that become relevant in international interactions.

5 Conclusion

This chapter showed how EU democratic deficit manifests itself in the case of EU's relations to local communities and citizens, through the experience of European community foundations. The chapter further highlights the contribution of community foundations to sustainable development both in Europe and globally, and the relevance of European community foundations and community foundations support organizations for building a global community infrastructure for sustainability. At the same time the chapter reflects on the lack of attention given by the EU to such activities which in effect reinforce its claims for relevance on the global arena.

The EU can overcome the cleavage between local communities and EU institutions by revising its strategies and actions to reflect a deeper understanding of its own citizens. To remain a recognized global actor, the EU needs to consolidate its embeddedness at a local level by becoming a part of the lives of local communities.

Notes:

[1] Association for the Practice of Transformation (APT), accessible at, https://inspire-change.org/.
[2] The data was collected as a part of the … project, generously supported by C.S. Mott Foundation.
[3] The collected data was analysed in two reports published by the Făgăraș Research Institute. (D. S. Cibian, Hernández Renner, Bērziņš, & McGrath, 2022; S. Cibian et al., 2023)
[4] Austria, Bulgaria, Czech Republic, France, Georgia, Germany, Hungary, Italy, Latvia, North Macedonia, Poland, Romania, Russia, Serbia, Spain, Ukraine, and the United Kingdom.
[5] Figure created by Edi Dragoș Berserman, Făgăraș Research Institute.
[6] Figure created by Edi Dragoș Berserman, Făgăraș Research Institute.

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Introducing Reflexibility as a Path towards Society 5.0

TEA GOLOB & MATEJ MAKAROVIČ [1]

Abstract We introduce the concept of reflexibility, which merges the notion of reflexive thinking and responsible behaviour. It is based on Archer's view on reflexivity, seeing it as the mediator between structure and agency and as the crucial component of social change. Reflexibility is seen as the leverage towards more favorable social conditions. As an analytical proxy for sustainable settings on a macro and micro level we take the idea of Society 5.0 which superimposes the industry 5.0. We analyze the dynamics of the emergence of Society 5.0 in the evolutionary context by considering historical and synchronic factors.

Keywords: • reflexibility • sustainability • society 5.0. • morphogenetic approach

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1 Introduction

The concept of reflexibility emphasises the macro structural conditioning on the one hand, and reactions of agents whose motivation is shaped by the existing socio-cultural settings to the other. It is based on Archer's view on reflexivity seeing it as the mediator between structure and agency and as the crucial component of social change. In addition, the concept of reflexibility is intertwined with the outcomes of reflexive deliberations leading to behavioural practices contributing to sustainable systemic and living conditions. With the concept, we shed a light to the structural, cultural and agential relations through examining emergent properties of each social stratum separately and observing how they interact with each other. In that regard, we deploy the morphogenetic approach to discern the complex interplay between all societal levels.

As an analytical proxy for sustainable settings on a macro and micro level we take the idea of Society 5.0 which superimpose the concept of Industry 5.0. We analyse the dynamics of the emergence of Society 5.0 in the evolutionary context by taking into account historical and synchronic factors.

2 Why reflexibility?

"In this world, nothing is certain except death and taxes". A famous quote attributed to Benjamin Franklin has somehow humorously cemented our beliefs about the society we live in. The effects and consequences of our taken-for-granted societal processes are, however, about to bring yet another unavoidable fact in our lives. If we, as a global society, as a predominant species on the Earth, are not going to fundamentally change the ways of our production, consumption (Uršič Džajić, et al., 2024) and the underlying norm and values legitimizing our social actions, we are going to get extinct. Or, in a less nightmare scenario, our civilisation will cease.

The worse-case scenarios are unfortunately not something that many other species of our planet can avoid due to human exploitation of natural resources and corresponding effects on the natural environment. By 2070, a third of plant and animal species could become extinct (Román-Palacios & Wiens, 2020) as a result of global warming, massive deforestation and monocultural agriculture. According to mathematical models, the massive extinction is predicted to occur by the end of the century (Rothman, 2017).

Those facts are, however, not something we should get surprised of. Almost half a century ago, in 1972, there was United Nations Conference on the Human Environment organised dealing with inadequately addressed environmental issues. In 1983, the Brundtland commission was established, which issued the famous report on Sustainable development in 1987, stating that it is a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (UN. Secretary-General; World Commission on Environment and Development, 1987). Since then, the

concept has become a perennial issue in scientific and policy endeavours. And it still is. Here, we can lean on yet another saying "hope springs eternal".

In the chapter, we introduce the concept of reflexibility, which merges the notion of reflexive thinking and responsible behaviour. It is considered as a key towards more sustainable and prosperous living conditions on planet. It is fuelled by the recognition that current situation ranging from depletion of natural resources to deprivation of people are calling for a new social order to emerge. It is not only about technological solutions, and new policy intervention, but it is also about a new paradigmatic shift in ways of imaginingand steering new society (Rončević and Modic 2011; Makarovič, et al. 2014, Boshkoska et al., 2018,; Fric and Rončević 2018; Džajić Uršič 2020; Fric et al., 2023).

The concept of reflexibility emphasises the potentiality that eco-social crisis has on the emergence of novel and more favourable social (i. e. co-depending policies for workers' living conditions, in Pandiloska Jurak, 2021) and working conditions. Current turmoil on a macro societal level is precipitating disturbances, disorientation and stress on a level of individuals, but is, however, also an opportunity to thrive (Sahtouris, 2014), while encouraging actors on different social levels to act properly within the contested social conditions.

People are choosing every day between the actions that contribute to environmental protection and social solidarity, and the actions that contribute to their destruction. But the crucial question is who are the people making the choices? And even more important, who is supposed to be responsible to make sustainable choices?

People in general think that their actions cannot change the world, or, that they are not powerful or influential enough to make any visible transformations. Many just feel trapped in social forces determining their lives. But this is not exactly the case. How each of us is capable to make certain impact on our society and ecosystem can be illustrated by words of famous – but also controversial – Canadian intellectual, Jordan Peterson. During an interview in 2018, he was asked by a journalist of the Slovenian public television if he belonged to "the one per cent", which refers to the wealthiest and most important people in the world. The question was not meant as an admiration of Peterson's personal success, but clearly as an assignment of responsibility or even blame for the global social problems. The journalist seemed rather confused and uncomfortable when he replied: "Yes. And so are you, by the way".

It is hard to say, whether Peterson was technically fully correct. The total wealth of 871,320 USD placed a person in the top one per cent of the global population, while 93,170 USD was sufficient to belong to the top ten per cent of the global population ('Global Wealth Report 2018', 2018). A three-room apartment in the Slovenian capital Ljubljana or a house, combined with some tens of thousands of Euros in savings should be enough to belong at least to the global top three per cent, if not directly to the top one per cent. The vast majority of Slovenians and Europeans, who typically see themselves

as "average" could hardly imagine, how close we are to "the top" in global terms. And how far we are from the most of the rest of humanity in these terms.

One may easily feel discomfort similar to the one by the Slovenian journalist, when our assumed belonging to the victims is questioned and our belonging to the perpetrators implied. The moral burden of responsibility may reasonably be seen as dependent on wealth, power and influence, as huge asymmetries exist and are increasing in this regard. However, the one per cent notion – with the one per cent always being somebody else – commits two major errors.

First, it is the *othering* approach based on building one's own identity by pointing the finger on somebody else. Such perspectives ignore the fact how close not only the authors of this chapter but also (perhaps all) of its readers are to the global per cent of those who should feel the most responsible to contribute to sustainability by their practices.

Secondly, it is a *seIf-victimisation* approach presuming one's own helplessness when confronted with the destructive environmental and social trends. Extreme inequalities in wealth are combined today by the extreme interdependencies and dispersion of practices that make such inequalities possible. Socially and environmentally destructive practices of the billionaires are supported by billions of "ordinary" consumers. More and more of them have sufficient access to information and sufficient purchasing power to make a difference. The fact that a difference made by a single individual is rather small in global terms is hardly an excuse to reproduce the status quo by continuing "business-as-usual".

Such errors are not that surprising. Expecting from people to act responsibly is far from new. Traditionally, responsibilities of different members of a society were clearly defined by social values and norms (Džajić Uršič 2020; Rončević, et al., 2022). For most of the humankind history, people knew what is expected from them based on their social positions. This is the baseline for societal steering of societies (Rončević and Besednjak Valič 2022). However, today, such expectations are increasingly blurred, due to rapid social and technological change. Who should be responsible for what and to what extend? What actions are truly responsible and what actions are just an illusion of responsibility? When am I doing bad things with good intentions? How much informed should I be to be able to act responsibly? How can I select proper information from the increasing scope and variety of sources? Whom to trust and whom not to trust? Never before, an ordinary individual had so many possibilities to do the right thing. Never before, she or he had so many possibilities to do the wrong thing. Both the potential of choice and the potential of manipulation have reached unprecedented levels (on the role of media landscape in this respect see more in Rončević et al., 2023). In this complex discourse, the concept of human dignity (Kleindienst 2017; 2019; Kleindienst and Tomšič 2018; 2022) often becomes paramount. Recognizing and respecting the inherent worth of each individual can guide responsible behavior and decision-making.

This calls for another perspective on responsibility. As the extreme social and technological dynamics prevents it to be clearly prescribed by pre-given norms, responsibility increasingly depends on individuals' abilities to critically observe and reflect the social order as well as their own behaviour and their collaboration with others. This implies that people today need to be reflexive in order to be truly responsible.

This kind of responsibility – we will call it *reflexibility* – is inevitable for a sustainable future if rapid technological development, societal dynamics and sustainability are supposed to coexist. The concept of reflexibility takes into account the macro structural conditioning on the one hand, and reactions of agents whose motivation is shaped by the existing socio-cultural settings to the other. It is based on Archer's view on reflexivity seeing it as the mediator between structure and agency and as the crucial component of social change. In addition, the concept of reflexibility is intertwined with the outcomes of reflexive deliberations leading to behavioural practices contributing to sustainable systemic and living conditions. With the concept, we shed a light to the structural, cultural and agential relations through examining emergent properties of each social stratum separately and observing how they interact with each other.

As an analytical proxy for sustainable settings on a macro and micro level we take the idea of Society 5.0 which superimpose the concept of Industry 5.0. We conceptualise some of the key features and the emergence of Society 5.0 in the evolutionary context by taking into account historical and synchronic factors.

3 Reflexibility and Society 5.0 as a path to a new social order

The concept has been introduced as Japan's core growth strategy taking into account the needs for technological innovations, which are able to comply with the challenges of sustainable development. It is focused on achieving the UN development goals, and it is therefore seen as the "a human-centred society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space" (Higashihara, 2018; Nakanishi, 2019).

In the European Union policy documents, a similar concept is Industry 5.0. (Breque et al., 2021). Society 5.0, however, is a semantically different, broader and more holistic that the industry as such. It goes beyond the sphere of production and takes into account the role of technology not just as an industrial developmental force, but as a support to human development as well. It seeks to integrate technology and digitalisation into improving the quality of life, health care, business infrastructure, easing the working conditions, encouraging learning and creativity, improving trust towards decision-making institutions, connecting people through the means of communication and transport - and encouraging synergies between all that listed.

We embrace the concepts of Society 5.0. in order to develop a holistic theoretical perspectives and empirical approaches for understanding and exploring current societal

challenges. So far, the Society 5.0 has been more a policy, strategic concept than a scholarly one. As such, it has a strong public relations dimension declaring (political) commitment to change in terms of broadly likeable phrases but lacking a firmer support in terms of theory and empirical research. Applying the concept and its extensions into scholarly endeavours should thus be taken with some precautions to avoid the populistic stream of discourses.

In order to apply Society 5.0 in rigorous scholarly study, we build our theoretical framework from the composition of various sociological perspectives and concepts, which serve also as the pathway for our empirical research. We therefore define Society 5.0 in terms of:

1) The notion of Society 5.0 from technological and productive perspective linked to **Industry 5.0.**
2) The emphasis on human agency, innovativeness and creativeness in terms of **reflexivity** as an imperative of late modernity (Archer, 2012).
3) Society 5.0 as a dynamic social order as a result of **morphogenesis.**
4) Society 5.0 based on relational networks of ethical collaboration generating **relational differentiation** (Donati, 2011).

Table 1: The key concepts of the Socety 5.0

Society type	Predominant technology	Morphology of social structure	Predominant differentiation mode	Predominant reflexivity mode	Responsible behaviour
Society 1.0	Hunting-gathering	Morphostasis	Segmentary	Communicative	Normative responsibility
Society 2.0	Agrarian		Stratified	Communicative	
Society 3.0	Industry 1.0; 2.0		Functional	Autonomous	
Society 4.0	Industry 3.0; 4.0		Functional	Autonomous / Meta	
Society 5.0	Industry 5.0	Morphogenesis	Relational	Meta / Relational	Reflexibility

Source: authors own, 2023.

Industry 5.0 as the innovative, sustainable, human-centric and resilient drawing on the digital, data-driven and interconnected industry 4.0.

The notion of Society 5.0 is based on conceptualising the social orders and their changes in terms of technological development interacting with socio-economic settings. Imagining the future social order based on the categorisation of pre-existing social orders or developmental stages has a long tradition in sociology. The historical socio-economic formations introduced by the classical theory of Karl Marx have been subsequently upgraded by the considerations on post-industrial and information society (Bell, 1976;

Touraine, 1971). Society 5.0 is seen as a new stage of merging technological development with production processes, services and consumption.

The predecessors of Society 5.0., namely, Societies 1.0 and 2.0 correspond to pre-industrial social orders. Society 3.0 corresponds to a classical industrial society of the first (steam engine and textiles) and the second industrial revolution (heavy industry, Fordism, fossil fuels and electricity). Society 4.0 is seen as the information society based on the third (digital and post-Fordist) and partly the fourth industrial revolution fusing digital, physical and biological (Breque et al., 2021). Society 5.0 is thus supposed to play the role of the significantly improved future social order, technologically building further on from the fourth industrial revolution. While the Marxist utopia of socialism/communism (Marx & Engels, 2022) was supposed to reorganise human society within the existing (industrial) technological framework and bring "the end" to history, Society 5.0 is a much more dynamic "utopia" – presupposing very complex and delicate balances between humans, ever-developing technology, society and nature. However, although its goals are aiming to balance natural, economic and social dimensions of human society, the question remains if this is sufficient. Is the transformation fundamental enough in all pores of society to actually contribute and provide the proper change?

In terms of production, Society 5.0 corresponds to Industry 5.0. Both concepts are supposed to build upon the current mutual dialectical influence between technology and society enhanced especially by digitalisation, which is causing a great impact on human interactions (Rončević and Besednjak Valič, 2022), cognition, organisations (Besednjak Valič 2022), and institutions (Besednjak Valič et al., 2023). With the fourth industrial revolution (Industry 4.0), new technologies have fused the physical, digital and biological worlds (Schwab, 2017). Together with its enormous positive potentials, digitalisation has also produced critical challenges for all aspects of human society, in terms of dehumanisation, alienation and anomie, social and political instability, fragmentation and polarisation, excessive manipulation, surveillance and repression, deepening inequality and exclusion. Industry 5.0. has been suggested as one of the solutions for the concerning role of humans in the automatic production (Žižek et al., 2021).

It builds on the emerging technological components that include individualised human-machine-interaction, bio-inspired technologies and smart material, digital twins and simulations, data transmission, storage and analysis, artificial intelligence and energy efficiency, renewability, storage and autonomy (Breque et al., 2021).

Morphogenesis referring to new social formations in society based on the complex interchanges within a system ensuing from the positive feedback loop. It occurs when such changes prevail over the negative feedback reproducing the existing social order – morphostasis (Archer, 2017; Buckley, 1967).

We draw on Archer's (1995) morphostatic/morphogenetic (M/M) framework of society, which analytically disentangles the effects of structure, culture and agency. According to

Archer (1995, p. 9), these levels are interrelated in terms of having their own emergent and irreducible properties and generative mechanisms. Consequently, every social outcome is the emergent product of their interplay. Each of them has its own causal forces, given that structural ones are operating automatically, while those of agents work through their reflexive deliberations (Archer, 1996).

The interaction between all levels presupposes temporal sequences, in terms that social structures and culture always predate social action. Agents respond to given context by elaborating it and enabling structural change to occur. Social context, in which actors find themselves, is thus the outcome of their past social interactions (Archer, 1995). Social structures are in that regard of historical nature, and are based on previous human actions.

Agents respond to given context by elaborating it and enabling structural change to occur. Social context, in which actors find themselves, is thus the outcome of their past social interactions (Archer, 1995).

The contemporary late-modern society is bound to multiple, ambivalent and complex structures hardly offering a stable referential point for individual to act. The erosion of shared normativity ignites new morphogenetic cycles of society that not only expands the variety of meanings for people to select but also encourages them to develop new perspectives and skills to act upon them properly.

As Archer (2012, p. 64, 2017, p. 1) says, due to the mutual reinforcement of social change ensuing from an inconsistency between structure and culture through positive feedback, we live in an anormative society. This anormativity (cf. Archer) encourages individuals to develop new perspectives and skills to act upon them properly. It also enhances their deliberation on a social context through reflexive internal conversation (Archer, 2003; 2012). Social actors are forced to counteract specific social settings and are encouraged to contribute to more favourable social condition, which enables them to respond to challenges of globalisation and market demands. In that regard, morphogenesis can provide space for a social change towards a good society, in which "flourishing of one is depended on flourishing of all" (Lawson, 2017).

The fundamental novelties in social practices linked to late-modernity lead to the emergence of a new social structures, exposed to the increasing dynamics of social change. Such radical changes are bound to a morphogenesis of the society, which is nowadays not just a necessity, but also encouraged by social structuresmile themselves. This kind of society implies the generative mechanism providing diversity, which subsequently leads to further morphogenesis.

Relational differentiation as a new structuring of society ensuing from on intensive social morphogenesis towards Society 5.0. Emerging social order is based on relational networks of ethical collaboration, which are supposed the transcend isolated logics of functional subsystems.

The idea has been adapted by Pierpaolo Donati (2011) from Niklas Luhmann's (1995) social systems theory, which sees the primary mode of social differentiation as the key distinguishing feature between different archaic, traditional and modern societies. Functional differentiation as the prevailing organising logic of modern society refers to self-organizing functional subsystems (e.g., politics, economy, religion, science, etc.), each based on its own specific principles and specialized in performing its specific function(s).

Nowadays we can observe that subsystems are trapped within their functional principles, making their effects on the society significantly disproportionate causing major problem for humanity (Golob & Makarovič, 2020). For instance: a) the autonomous (market-based) logic of the economic subsystem has become increasingly destructive for the natural environment and social solidarity; b) the operations of the political subsystem seem to be severely isolated in space (i.e., focused on the demands of the segmentary national constituencies) and time (i.e., planning until the next electoral cycle or, at best, within the leaders' and their voters' expected lifespans). Since the functional logics of politics rewards nothing else (Golob & Makarovič, 2017), this encourages the selection of public discourses promoting radical nationalism and hegemony of provincialism etc (Hofkircher; Mikulan and Malinović 2024); c) the ecologies lack the self-organisation enabling to maintain a balance of life on Earth, which can be observed in deforestation, loss of biodiversity, climate changes etc.

Relational differentiation is seen as a key to go beyond the challenges and limits of the prevailing functional differentiation (Golob & Makarovič, 2020), by generating ethical collaboration enabled by new technological advances and expansion of communication. Its existence is conditioned by the emergence of the world wide web and increasingly advanced technological development. In a similar way as the printing press has enabled the creation of national 'imagined communities' (Anderson, 2016) connecting their members beyond direct presence and beyond stratificatory divisions, the Internet has opened unprecedented new ways of cooperation in the virtual space, such as the user-generated content of Wikipedia or open-source programming (Golob & Makarovič, 2020).

The relational differentiation is emerging from the relational subjects generating common relational goods based on their collective reflexive deliberations. Relational subjects are individuals, groups and/or networks, who share the same intentions, have common goals and take collective action to achieve them. In that regard, they are able to generate common relational goods through social relations (Donati, 2011). They do not share the same thought or beliefs in terms of collectivities in traditional society (Donati, 2011), but deploy into relational reflexivity, which is based on the unique inner dialogue of each individuals. Relational reflexivity requires conditions of the late-modern society enabling individuals to be empowered, free and socially mobile (Hofkirchner, 2017).

Donati (2011) sees the actions of relational subjects as a viable alternative to the prevailing systemic level based on the neo-liberal order, which does not encourage social solidarity and generates catastrophic consequences for the natural environment. The emergent nature of social relations implies that they are 'activity-dependent' and must be triggered by individuals, but have their own structure, whose causal powers work back upon the subjects (Donati & Archer, 2015, pp. 55–56). In that regard, social reflexivity playing »a key role in defining a network in which actors make use of relational feedback and are able to steer the network in a relational manner (Donati & Archer, 2015, p. 12).

Relational networks are seen as a way towards a new social order based on the new type of social differentiation – relational one (Donati, 2011). In order to apply Society 5.0 in rigorous research, we consider it in the context of this new type of structuring the society.

In that regard, it is able to provide more sustainable developmental performance on all social levels.

Reflexivity as the intrinsic feature of human psyche enabling individuals to consciously and strategically orient their actions to achieve their goals, having the potential to alter social settings to meet their needs.

The consideration of social change to Society 5.0 goes beyond mechanistic developmental patterns rooted in evolutionism or materialism claiming linearity and irreversibility for social processes (Sztompka, 1993). Instead, the focus is on the contingency of events emphasising human agency, innovativeness and creativeness (Modic and Rončević, 2018; Fric, O'Gorman and Rončević, 2023). These aspects are sociologically conceptualised in terms of reflexivity as an imperative of late modernity (Archer, 2012).

We draw on the sociological conceptions of the reflexivity, which has been grounded by Margaret Archer. Based on critical realism, she has rejected the ideas that the ontological domain of existence can be reduced to the epistemological domain of knowledge, which works against both positivist and constructivist ideas. She argues that there is an ontological subjectivity of every individual (Archer, 2003). There is no structural determination directly influencing individual subjectivity. If the whole of reality can be divided into the social realm, the physical realm and the psychological realm, the first two have an objective ontology. In contrast, the psychological has a subjective ontology, meaning that 'objectively it exists, but subjectivity is its mode of existence' (Archer, 2003, p. 38). The psychological systems have their own personal emergent properties, and reflexivity is one of them.

Her approach strongly opposes the stream of scholarly thinking that has been called 'extended reflexivity' (Adams, 2006), which stems from interpretations of social transformations and increased individualization linked to the expansive changes in communication technologies and structures. It was explored by Anthony Giddens (1986)

in his structuration theory, which emphasizes the duality and dialectical interplay of agency and structure, and sees structural properties as both the medium and outcome of practices. On a basis of critical realism, Archer not only rejects his conflation between structure and agency being two sides of the 'same coin' but also points to the flawless of reflexivity as being a mere observation and monitoring of the continuing flow of activities and structural settings.

Archer sees reflexivity as 'the regular exercise of the mental ability, shared by all normal people, to consider themselves in relation to their (social) contexts and vice versa' (Archer, 2007, p. 4). Through inner dialogue, they are able to define their concerns, develop projects and establish practices. Therefore, on the basis of reflexivity, individuals adopt certain 'stances' towards society, which constitute the micro-macro link and produce the 'active agent'. In that sense, reflexivity is a mediator between structure and agency (Archer, 2003; 2007).

Reflexivity as a process of inner dialogue is also changing through time and differing among individuals. By using a qualitative approach, Archer was able to recognize different modes of reflexivity, which preceded the quantitative tool ICONI, enabling her to determine consistent practitioners of each mode (Archer, 2007; 2012). As Archer says, reflexivity takes place through inner dialogue, which is common to all people, but quite heterogeneous. Based on biographical interviews, she defined four different modes of reflexivity: communicative, autonomous, meta and fractured (see Archer, 2003, 2007). Differences in modes exercised by individuals refer to a nexus between a context contributed by the socio-cultural structure, and concerns contributed by active agents:

- Communicative reflexivity is defined by internal conversation, which needs to be confirmed and completed by others before they lead to action. The context is stable and continuous.
- Autonomous reflexivity stems from the internal conversation, which is self-contained, leading directly to action and characterized by instrumental rationality. The initial context itself lacks stability.
- Meta-reflexivity is based on the inner dialogue, which critically evaluates previous inner dialogues and is critical about effective action. It acquires an ultimate driving concern: to go no further than insisting upon relative autonomy of the structural and the cultural domain.
- Fractured reflexivity stems from an internal conversation that cannot lead to purposeful courses of action and only intensifies personal distress and disorientation.

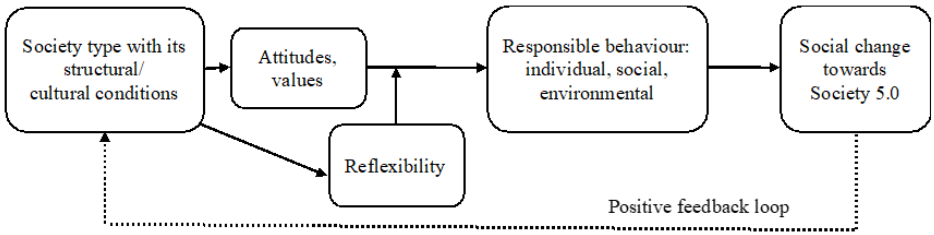
All those modes are practised in late modern society; however, there is a certain connection between the modes and social change. Archer (2003; 2007) has, for instance, argued that different periods induce particular modes of reflexivity. In traditional societies, the dominant mode of reflexivity is the communicative one, as it is collectivistic towards the social. Because of social transformations, uncertainties and 'contextual incongruity' between new openings and the expectations emanating from individuals'

family backgrounds (Archer, 2007), one can see communicative reflexivity to be in decline, as young people are compelled to establish their own modus vivendi. In recent decades, new unpredictable and uncertain social areas have emerged that have influenced various transitions in everyday life. Modernity enabled autonomous reflexivity, which is accommodative towards social settings. Structural uncertainties have increased the importance of meta-reflexivity, which is transcendental towards the social, and also allow defining a sub-category of fractured reflexivity.

We argue that when reflexivity refers to critical considerations towards the social contexts it can cater to more sustainable social practices and society. Meta-reflexivity is seen as a precondition for responsible behaviour, which leads to specific dynamics of social change enabling morphogenesis of the society to occur.

Meta-reflexivity is an important path towards responsibility, which has been consistently confirmed by our previous survey research on representative Slovenian national samples. This way, we have demonstrated that meta-reflexivity is a significant factor on the paths towards socially and environmentally responsible behaviours (sustainability). The same conditioning has been confirmed in the domain of media practices and media education. We have thus shown that meta-reflexivity makes one significantly more likely to check media content through additional media sources. In addition, parents with higher meta-reflexivity scores tend to be more responsible in educating their children for the media. They are more likely to discuss media content with their children, limit their access to the media, and watch the media together with them (and with that giving them necessary skills to combat disinformation and fight cyberbullying; in Džajić and Pandiloska Jurak 2023).

Figure 1: Path towards Society 5.0 through reflexibility



Source: Authors own, 2023.

To underline the connection between meta-reflexivity and responsibility, we coin a new concept of reflexibility on this basis. Being responsible may be matter of routines, habits and internalised norms and values. However, in an extremely dynamic complex morphogenetic society, responsibility can no longer rely on that only. On this basis, we emphasise the contrast between normative responsibility and reflexibility. While both of them may be present in any society, the former is more typical for traditional societies

while the latter mostly characterises late modern ones – especially Society 5.0. Reflexibility can thus be related to Archer's concept of anormative society – being an active and empowered response to the ever-emerging inconsistencies between structure and culture.

4 Discussion

The concept of reflexibility refers to sustainable and responsible behaviour that no longer relies on pre-existing norms, as they are undermined by intensive morphogenesis. Reflexibility is also a key for morphogenesis to emerge, and also a crucial factor for igniting responsible behaviour. New social configurations based on intensive morphogenesis lead to unstable and ambivalent rules with no clear legitimacy in firm values. This calls for individuals' on-going reflexive deliberations on the not yet tested solutions for responsible social action. The concept of reflexibility refers to sustainable behaviour that no longer relies on pre-existing norms, but is increasingly based on reflexive deliberation of individuals.

Reflexibility should be centred on social relations, as changing the world is not one-man job. In order to act responsibly and to achieve radical social transformation, individuals have to cooperate and to pursue certain joint-commitments. It is therefore not only individual meta-reflexivity playing an important role, but also a collective one, which pertains to concept of the relational subjects (Donati & Archer, 2015, p. 61).

Reflexibility is a crucial component of the new social order, which we seen as the Society 5.0. This kind of society is defined by four sociological concepts referring to society type, predominant morphology of social structure and predominant differentiation mode. In our conceptual model Society 5.0 is related to Industry 5.0, meta-reflexivity, morphogenetic forces of society and relational differentiation.

When compared to Industry 5.0, Society 5.0 attempts to provide a broader social perspective that may go beyond industry, production and economy. This is clearly a step in the right direction, but it is questionable if it is sufficiently broad and clear. At least some of the interpretations of Society 5.0 (or even 6.0) still tend to reduce humans to "employees" and members of organisations (Žižek et al., 2021, p. 11), thus contributing to some additional confusion through simplistic and reductionist views on human and social reality. Obviously, human's existence and co-creation of the reality goes far beyond the economy, productive work and formal organisations. Any serious attempt to picture the contours for a better social order should clearly take this into account.

However, even the concept of Society 5.0 fails to grasp the wholistic nature of change that is required to adapt to the new challenges. A truly sustainable solution requires more than just another version in the long line of societal development – all typically implying the development of technologies enabling better harnessing of the natural resources. During the recent decades, this line of development has reached its peak: by operating on

the level of our entire planet and by accelerating technological change to an unprecedented level.

This calls for a more dramatic change that would establish completely new ways of connecting humans to each other, of connecting them to technology and connecting them to the other living beings and the natural aspects of our planet. While these connections might have been previously anchored in traditional values and norms in pre-industrial Society 1.0 and 2.0, they have been seriously disrupted by the rapid technological and social change brought forward by Society 3.0 and 4.0. They may be re-established in a new and dynamic way through a new paradigm of responsible and reflexive relations not only between ourselves but with our planet as a whole.

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LEX LOCALIS

The Contemporary Paradigm of Human Dignity in the European Union Context

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Abstract The European Council adopted a strategic agenda for the period 2019-2024 focused on protecting citizens and freedoms while promoting European interests and values on the global stage. In this regard, the concept of human dignity is crucial given that the first article of the Charter of Fundamental Fights of the EU states »Human dignity is inviolable. It must be respected and protected«. This chapter presents traditional and contemporary paradigms of human dignity relying on its cultural and historical aspects and highlights its relevance in the context of the EU today.

Keywords: • human dignity • European Union • human rights • democracy • pluralism • human being • Charter of Fundamental Rights • Lisbon Treaty

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1 Introduction

One of the European Union's cornerstones is the agreement on a set of shared values, such as respect for human dignity, freedom, democracy, equality, the rule of law, and observance of human rights. These principles are reiterated in the EU's main strategic documents and in its founding (constitutional) framework. A core tenet of the EU - human dignity - is directly mentioned in the EU's Charter of Fundamental Rights. It is also embedded in the Lisbon Treaty, which acts as the European Union's founding document. Human dignity serves as an indispensable dimension of the Union's architecture.

Human dignity is not simply some abstract idea or theoretical concept but instead actively guides the EU's policies and legislation. All EU policies and actions are underpinned by the fundamental premise of human dignity. The concept of human dignity is pivotal, serving as a compass guiding legislative, judicial and human rights-related endeavours taken by the European Union. Many human rights are based on it, which implies respect for every individual's intrinsic worth and autonomy.

The way the EU approaches both internal and external actions clearly builds on this idea. Respect for human dignity extends beyond the EU's internal affairs, where it governs how member states treat their populations and their interactions with each other. It also shows up externally in how the EU and its population interact with non-member populations, influencing migration policies, trade policies, international cooperation, different areas of diplomacy etc.

For several reasons, it is vital to comprehend the cultural and historical facets of human dignity. First, from a legal perspective, the idea of human dignity is the foundation of the EU's legal system. Understanding how this concept has been shaped may offer insights into the interpretation and application of European Union law and policies. Second, from a historical perspective, major historical occurrences like the Second World War and the Cold War have profoundly impacted Europe's understanding of human rights and dignity. Knowing about this historical progression is useful for grasping the basis for the EU's dedication to human dignity. Third, comprehension of the cultural and historical facets of human dignity is beneficial for development and implementation policies concerned with migration, integration, education, social inclusion etc. Finally, the European Union is characterised by the promotion of cultural diversity, pluralism, tolerance and unity. While following these guiding principles, the EU must recognise the distinctions between the member states and its citizens and consider them when drafting and implementing EU legislation and policies. These efforts can be strengthened by comprehending human dignity, ensuring respect for cultural variety, taking the different experiences and characteristics within the Union into consideration.

The aim of this chapter is to explore the traditional and contemporary paradigm of human dignity on the theoretical level while illustrating the importance of the individual human

in the European Union context, relying on the concept of dignity, itself made up of initial and realised dignity. In this respect, the chapter considers a few aspects of the human dignity concept that are relatively ignored, yet at the same time essential for the individual and their functioning as well as for future research.

2 Historical Overview of the Human Dignity Concept

2.1 Antique Beginnings

The Greeks used the terms "axia" (lat. dignus) and "axioma" (lat. dignitas), which were connected with value, merit ("worth", "desert", "value" − see Echeñique, 2012; Lebech, 2004; 2009; Owens, 1971), on whose basis one counted either more or less so (Lebech, 2004). The term "axia" was also used by Aristotle in Nicomachean Ethics in which he follows the principle of distributive justice. According to Aristotle, dignity must be earned because it does not exist by itself. (Lebech, 2004) notes that Aristotle does not convey the idea that all human beings, simply because they are members of the human species, possess the same "axia". Instead, says Lebech, human beings are not equal and do not have equal status. The justice of existence in distribution is thus determined by their different "axia" (ibid.). (Kraynak, 2008) explains Aristotle saw man as a rational being with a human soul, and is therefore at the top of the hierarchy of the conscious beings. Yet, Aristotle did not see human beings as unique absolute beings within the cosmos of unlimited value as the celestial bodies are more perfect than human.

According to (Siedentop, 2014), in ancient times the centre of society was represented by the family, which was not only a civil but also a religious institution, headed by the "pater familias" who held the role of family judge and priest. The family's greatest concern was to prevent its extinction and conserve its worship - the family represented an instrument of immortality. Caring for one's fellow man was not considered a virtue and probably would not have been understood in that way at the time. The ancient citizen enjoyed a special honour, which according to Ober (2012) means that during classical antiquity dignity in most communities was based on privileges. Hence, according to (Siedentop, 2014), ancient thought was based on natural inequality and hierarchical order. The exception was Athens following the introduction of Athenian democracy, where ‘civic dignity’ was the norm within a democratic system in which mutual respect and public participation were encouraged (see Milllett, 1989).

In Roman society, dignity (dignitas) was related to social reputation, position and status, people were basically not equal to each other, but had to achieve a certain level of dignity. (McCrudden, 2008) states that at the time honour and respect were given to a person who was worthy of these two due to their special status. For example, the appointment of an individual to a particular public office also brought dignity with it. In this sense, dignity was closely related to social honour.

The concept of human dignity was somewhat expanded by the Stoics with the basic principle of equality. Thus, in the circle of the Stoics dignity was not tied to the status of the individual (Ivanc, 1999). Possibly under the influence of Stoicism (see Rosen, 2018), (Cicero, 1913) mentions the term "dignitas humana", albeit very rarely. Today, it is considered an important early source of dignity (Bloch, 1986). According to some authors, Cicero was the first to use the term dignity in order to express the idea that all human beings are endowed with dignity and that therefore human beings hold a superior position in the universe (Sensen, 2011). The described articulation of dignity (as an inherent and universal characteristic) was, however, not the majority opinion at the time of the Stoics (Glensy D., 2011).

2.2 Influence of Christianity

The Christian thinking that has dominated the West since the late Roman Empire thus placed the idea of the human being at the centre. Human beings are created in the image of God and hence endowed with human dignity (Erhueh, 1987; Kraynak, 2008). It is not essential that God is the creator of human beings since this does not yet distinguish man from all the rest of creation. What is important is that God created man in his own image, and it is exactly this element that enables the rise of human dignity and for humans to be distinguished from the rest of creation (Dan-Cohen, 2011). The essence of the Christian tradition is described by (Siedentop, 2014) who explains that following Jesus' crucifixion and his resurrection from the dead, the individual was given the opportunity to submit to the mind and will of God. Thus, the place of the ancient family with its characteristic of immortality was replaced by the individual. According to Christian teaching, human beings occupy a unique place in the universe (Grant, 2007).

When researching Christian thought and the Christian idea of human dignity, we must not overlook the Pope of the Roman Catholic Church, Leo I, also known as Leo the Great, his sermons and his two-part conception of dignity. (Miguel, 2002) says that Leon the Great categorises dignity as an ontological category, without moral content – man is born with a special value and accordingly all human beings have the same dignity. Similar to Cicero, Leo the Great bases this dimension of dignity on the special abilities of man, i.e., reason, which gives the individual the ability to control sensory stimuli. Unlike Cicero, Leo the Great connects human dignity with God and claims that human beings are created in God's image.

2.3 The Renaissance period

During the Renaissance, the importance of man, his value and his essence came to the fore, leading to many works emerging on the meaning of human dignity. Some authors (Donnelly, 2013) characterise Renaissance humanists and their ideas as predecessors of modern ideas about human dignity. Italian Renaissance author Giovanni Pico della Mirandola dealt with human dignity and should in particular be emphasised in this

context. From the point of view of human dignity, his work De hominis dignitate (English title: Oration on the Dignity of Man) from 1486 is worth mentioning. This work is often called a manifesto of Renaissance humanism. Pico della Mirandola sees human dignity in man's freedom to create his own destiny and essence. Man can degenerate into a lower vegetal or animal nature or elevate the soul to the angelic and divine level (Pico della Mirandola, 1997). With the aim of elevating the soul, Pico della Mirandola encourages man to suppress the stiffness and aggressiveness of the lion lurking within (Pico della Mirandola, 1997); therefore, man is encouraged to repress his own passionate tendencies and control the fury of the lion within himself. When Pico della Mirandola tempts a man to motivate him to attain dignity on the divine level, he actually elevates the human being to the level of divine creations and places the human alongside God and the angels.

The Christian Church, on the other hand, contradicts Pico della Mirandola by stating that people's actions are guided by God and people should follow the interpretation of the Holy Scriptures since this is the way to avoid the influence of the Devil and a pernicious life. Pico della Mirandola, in contrast, leaves man alone while giving him the power to make the most of himself with the help of the actions he is willing and able to do. In this context, Pico della Mirandola does not lead a man to a certain life path, but leaves a free path without guidelines for him at the same time as he generally believes that man will stay on the path.

When reading Pico della Mirandola's De hominis dignitate, one can perceive the beginnings of the process of individualisation, which then disappeared and flourished again a few centuries later. Still, these days we are certainly witnessing it more than happened at any time in history. Pico della Mirandola's encouragement of man to create oneself, one's essence and one's identity is more than a cue for the process of individualisation, which (Habermas, 2010) stresses in relation to human dignity. The existentialism of modern man, the individual's search for meaning, the search for an answer to the question of what a human being is, the pursuit of man's goals and plans - these are all typical questions that today occupy every individual and inspire many authors. (Habermas, 2010) explains that historically in terms of the original idea of the universality of human dignity (i.e., the idea of the equal dignity of all human beings) joined by the idea of the development of the human personality, their individual freedom, autonomy and self-improvement. Today's concept of human dignity thus combines the two: on one hand, the universality of human dignity and, on the other, it preserves the human being's uniqueness (see Kateb, 2014). This means that, first, the idea of equal human dignity of all is given to all human beings and, second, each individual is still interwoven with the idea of the individualisation process, i.e., self-realisation and the pursuit of one's goals or perfecting one's personality.

2.4 Enlightenment

In relation to the Enlightenment period, Immanuel Kant's philosophy is key to understanding the concept of human dignity. Immanuel Kant is described as the father of the modern concept of human dignity (Bognetti, 2005). While dignity in the Christian tradition is based on the idea that man is created in the image of God, in Kant's thinking human dignity is based on autonomy and reason. Kant's seminal work to be considered when explaining human dignity is the Groundwork of the Metaphysics of Morals (Kant, 2018). According to Kant, while human dignity is based on human reason or autonomy, a person must act according to the practical imperative, and when exercising their autonomy, they must always regard themself as well as their fellow human beings as the purpose of their actions. This means that man is always the goal (and not only the means) of human action, in relation to both his fellow man and himself.

Kant characterises dignity as an intrinsic, unconditional and incomparable value. (Donnelly, 2013) states that, according to Kant, a human being is a creation with value (dignity) that is truly beyond measure and is found outside the domain of the instrumental values. Many authors (e.g. Donnelly, 2013; Shell, 2003) contend that he had a significant influence on later ideas in human rights documents, including the Universal Declaration of Human Rights as well as the modern liberal mindset.

3 Traditional and Contemporary Paradigm of Human Dignity

Above, we described the 'traditional' paradigm of human dignity that has dominated throughout history and is primarily tied to the views of thinkers like Cicero, Leo the Great, Pico della Mirandola, and Immanuel Kant. (Sensen, 2011) analysed the philosophy of these thinkers and found certain similarities between them. Thus, Sensen describes how, in the traditional paradigm, human beings differ from the rest of nature or creation by their possession of certain abilities (reason, freedom, autonomy), which are either given to humans by nature or by God. These abilities vary according to author). Based on these abilities, human beings are guaranteed a special or exalted position in the universe (ibid.).

The contemporary paradigm of human dignity, in contrast to the traditional paradigm, did not exist before the 20th century and today can be seen in documents of the United Nations and other similar sources. This paradigm does not offer connections between human dignity and reason, the autonomy or any other traits of the human being. Namely, it is significantly different from the traditional paradigm that can be recognised in the philosophy of some of the above-mentioned thinkers. (Sulmasy, 2008) similarly claims that dignity cannot be defined on the basis of some characteristics or attributes of human beings, such as the capacity for rational decision-making and freedom, because that would mean that dignity does not belong to all living beings (e.g., not to mentally disabled people etc.).

In the contemporary paradigm, human dignity can today be understood as a concept with two dimensions, initial and realised dignity. Initial dignity, the first dimension of human dignity, implies the respectable status of a human being, or the status of the individual's absolute inner value. It indicates the dimension of human dignity that belongs to the individual only by virtue of the fact that they are placed in the group of the human species. It originates from human nature as such and distinguishes human beings from the members of other species. It thus means a kind of metaphysical element that is inseparably connected with man and hence exists in every time and space (Kleindienst, 2017). Considering that all human beings are endowed with inherent dignity, since they are human beings, we may conclude that it is initial dignity that represents the essence of a human being. We can say that the original dignity constitutes a human being and may therefore be characterised as a constitutive element of such a creature (Kleindienst & Tomšič, 2022). The inseparability of this element from a member of the human species makes a human being exceptional and ascribes them with a special value. Initial dignity thus goes hand in hand with some of Kant's designations of dignity as an internal, unconditional and incomparable value. For Kant, if an individual has human dignity they cannot be valued and he does not recognise any equivalent (Kant, 2018).

We can denote initial dignity as a characteristic that exists independently of anything else, i.e., a "non-relational property" (Sensen, 2011) as an objective and inherent value characteristic of a person that cannot change in any circumstances in which a person finds themself. A human being who possesses this characteristic has a special immanent and objective value as a result, which enables them to make demands to assert their rights vis-à-vis other people.

In terms of meaning, initial dignity is close to Cohn's understanding of human dignity: dignity is associated with man's exceptional position in nature and with a synonym for the value of a human, which represents their inherent excellence that differentiates them from other living beings (Cohn, 1983). It is a permanent, stable dignity that does not have different levels. Man simply carries it within himself, and its extent is unmeasurable; it belongs to every individual to the exact same extent: to the extent that makes humans exceptional and excellent. Being human thus means being the bearer of initial dignity, which means that it is their inalienable humanity that brings respect to the individual (Kleindienst, 2017; Kleindienst & Tomšič, 2022).

Initial dignity is inevitably associated with position or status of a human being. This allows a person to demand respect from his fellow man and respectful conduct and behaviour. In other words, such a position for a person brings with it the starting point of asking other people to treat them accordingly with the virtue of humanity. From this, the need to respect every human being arises simply due to the existence of the individual's initial dignity (Kleindienst & Tomšič, 2022).

Realised dignity is a dimension of human dignity that reveals the extent to which human dignity is achieved in the case of a certain individual. This means that it is not necessary that every human being naturally endowed by initial dignity at the same time also enjoys realised dignity. Unlike initial dignity, realised dignity is impermanent and unstable (it can only be temporary). It can have different degrees, which means that a given person has a larger or smaller volume of realised dignity than their fellow man. When we say agree that someone has lost their dignity, we are talking about their realised dignity (Kleindienst & Tomšič, 2022).

4 Human Dignity on the European Union Level

With references to human dignity and fundamental rights starting to increase in international legal acts after Second World War, the trend continued on the level of the Council of Europe. On this level, we should especially mention the very relevant document the European Convention on Human Rights (ECHR), which, despite its preamble referring to the Universal Declaration of Human Rights, does not explicitly refer to human dignity. Unlike the text of the ECHR, human dignity is much more distinctly mentioned in the case law of the European Court of Human Rights (ECtHR), which has denoted human dignity as the very essence of the Convention. This is, for example, emphasised in the ECtHR decision Pretty v. United Kingdom. Human dignity is also mentioned in certain later documents of the Council of Europe such as the European Social Charter (1996), the Convention on Human Rights and Biomedicine (1997) etc. (Kleindienst, 2017).

The beginnings of the European Union (the then European Community) may be characterised by the avoidance of human rights in the founding treaties rather than protecting them. Economic and political reasons were in particular at the forefront of the European integration, while the protection of fundamental rights was not so prominent early on. The European Union, which, compared to its member states and the Council of the Europe, for a long time did not have developed standards in place for the protection of human rights, later began to acknowledge that the development of its own standards for the protection of fundamental rights was inevitable for such an entity.

Only with the Treaty on European Union, i.e., Maastricht Treaty, in 1992 did culture appear on the edge of the ‘third wave’ of European integration (Akaliyski et al., 2022). The aim of the EU’s increased interest in culture, as identified by some scholars (e.g., Jarausch, 2010; Karlsson, 2010) was to strengthen European identity and increase the legitimacy of EU institutions by promoting shared values (Lähdesmäki, 2016; Akaliyski et al., 2022).

In the European Union context, human dignity is nowadays regarded as a general principle to be followed by all member states. In the primary law of the EU, human dignity was explicitly mentioned (in writing) only after the Lisbon Treaty (2007) was

adopted (Kleindienst, 2017). The Treaty on European Union provides that the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities which are »common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail« (Article 2). Some scholars argue that the values stated in Article 2 of Treaty on the European Union are not just lofty ideals but hold the status of legally binding principles and fundamental principles of EU law (Kochenov, 2017). In the preceding treaties, the wording had remained principles; only with the Treaty on European Union did the term values appear (Akaliyski et al., 2022), which led to some terminological confusion from a legal point of view (Kochenov, 2017).

Human dignity is also referred to in the preamble of the EU Charter of Fundamental Rights; moreover, its first article is entitled »Human dignity«: »Human dignity is inviolable. It must be respected and protected«. Human dignity is also mentioned in secondary European Union law and the case law of the European Court of Justice (ECJ). However, the first explicit formal recognition by the ECJ of human dignity as part of the general principles of the EU was observed in case C-377/98 The Netherlands v. European Parliament and the Council.

In the above-mentioned Article 2 of the Treaty on European Union (2007), respect for human dignity is positioned next to the following principles: freedom, democracy, equality, the rule of law, and respect for human rights, including the rights of persons belonging to minorities. Article 2 also mentions that these principles are common to the member states in a society in which six principles prevail: 1) pluralism; 2) non-discrimination; 3) tolerance; 4) justice; 5) solidarity; and 6) equality between women and men. In the rest of this chapter, we shall analyse the relevance of the human dignity concept in relation to some principles stated in Article 2 with a view to identifying their interconnections and relations.

Some authors (e.g., Plato, Aristotle, Rawls) identified freedom as the essence of democracy and equality (see Ober, 2012; Rawls & Kelly, 2001; Robinson, 2011). Yet, developments since the end of the Second World War further led to placing human dignity at the centre of the democratic system. This is not only evidenced by legal documents, but by the increasingly frequent use of the concept of human dignity by the constitutional courts that refer to it in connection with fundamental democratic issues and describe it as the essence of democracy. (Dupré, 2012) states that the special role of human dignity in connection with democracy dates back to the end of the Second World War when the protection of human rights was very much in the centre. The status of dignity and its connection with democracy was strengthened in every wave of democratisation in Europe; first in the south upon the fall of the military regime in Spain, Greece and Portugal, and then with the collapse of communism in 1989 in Central and Eastern Europe (Dupré, 2012; 2013; The EU Charter of Fundamental Rights, 2014). This led to the

creation of appropriate institutional forms within which the people have control over political power and where human beings are given a central place. This principle, as stated by Dupré (2012; 2014), also included the EU Charter of Fundamental Rights in the preamble, states that the European Union places the individual at the heart of its activities and thus characterises human dignity as the essence of European democracy.

The human dignity concept is closely related to two processes: universalisation and individualisation. First, the contemporary idea of human dignity can be connected to the universalising of the status held by human beings, i.e., the egalitarian idea that all human beings are equally endowed with human dignity for the mere fact that they belong to the human species. In this regard, human dignity is considered to be a natural endowment of all human beings. Second, (Habermas, 2010) explains that while the egalitarian idea is surely the result of the universalised position of human beings, the process of universalisation was followed by the process of individualisation. Hence the idea of the universality of man was joined by the idea of the development of the personality, individual freedom, autonomy and self-realisation of every individual. This new perspective concerning the development of the human being which came to the surface gave impetus to the values of self-expression (Inglehart & Welzel, 2001). Today's concept of human dignity combines the universality of human dignity on one side, while preserving the uniqueness of the human being on the other (see Kateb, 2014). This means that it features on one side given the idea of the equal human dignity of all human beings, but also on the other side since each individual is still part of the individualisation process, i.e., self-fulfilment, the pursuit of one's goals or self-realisation of one's personality.

The combination of the universality of human dignity and individualism is a very good starting point for encouraging the application of human dignity as a two-dimensional concept. Scientific literature implies the existence of two dimensions of human dignity, even though these dimensions are often interpreted in different ways. For example, (Waldron, 2007) states that human dignity expresses something related to status, position; yet, at the same time it also raises the demand that this status or position must actually be respected. Similarly, (Becchi, 2019) points out two meanings of human dignity: the first adopts the sense that, at least as a matter of principle, human beings possess it as a natural endowment. The second meaning refers particularly to the results of activities or services performed by certain individuals, but not by others. Whilst dignity is absolute in the first meaning in the sense it cannot be enhanced or reduced, it is conversely relative in the second in that it can be both acquired and lost (Becchi, 2019). Dignity is thus inevitably needed to follow the concept of human dignity consisting of the initial and realised dignity described in the third chapter.

As described in previous chapters, initial dignity is the essence or a constitutive element of a human. By placing initial dignity at the core of the democratic system a person is given the opportunity to realise their ability to determine their own goals (see Kant, 2018), develop their identity, or their self-fulfilment/self-realization. According to (Maslow,

1970), self-realisation means realising the essence of an individual's existence. As we are living in a pluralist society, there are many possible ways for the individual to engage in self-realisation. Yet, as stated in Article 2 of the Treaty on European Union (2007), pluralism is supposed to prevail in the member states. Pluralism must be separated from plurality since pluralism also predicts the recognition of the rights of other members of society and striving for the common good of society. Considering some authors (e.g., Dworkin, 2011; Rhonheimer & Murphy, 2013), we cannot talk about a truly democratic society if it represents a collection of egoistically oriented individuals and individualistic tendencies. Instead, a democratic society prefers to build on achievement of individual goals in a valuable way; in a manner that considers the common good and respect for one's fellow man. According to (Dworkin, 2011), it does not only mean the maximised self-realisation of the individual, but first of all, it is necessary to develop a critical attitude, to pursue good and to create ones own life in a meaningful way. A meaningful way to shape one's own life also includes some restrictions that are in line with the realisation of the human dignity of every individual. This allows us to conclude that initial dignity is the basis from which the tendency for pluralism in the European Union derives from, whereas the realised dignity of every individual is the final goal of pluralism and European democracy as such.

5 Conclusion

Throughout history the meaning of the human dignity concept was sometimes related more to initial and other times more to realised dignity. The overview of the historical development of human dignity in this chapter shows that without relying on history it would certainly be unable to develop patterns of thinking about human dignity as it appears in the contemporary paradigm. It was shown that human dignity was interpretated differently in various historical periods. Cicero was the first to visibly begin to spread the idea of the universality of human dignity. However, his ideas did not prevail in the society of that time. Christianity continued with the contribution to that idea, combining it with the fact that God created a human being in his own image and thus a human being is endowed with human dignity. It was the Renaissance with its emphasis on the excellence of man and his nature that indirectly led to the idea of a two-dimensional concept of human dignity, as reflected in the works of Renaissance authors. This is perfectly illustrated in the work of Pico della Mirandola (see Kleindienst, 2019). Pico della Mirandola indirectly revealed the importance of initial dignity. The latter was not related to the creation of man in God's image, as typical for medieval Christian thought, but to the freedom and excellence of man. At the same time Pico della Mirandola also implies the importance of realised dignity, yet in this respect he remains reserved as he seems to trust man to realise his dignity. It can be argued that Pico della Mirandola clearly indicated that human dignity is not to be understood as merely a one-dimensional concept. In the Enlightenment era, Immanuel Kant relates human dignity to man's capability for moral actions and reason. In the context of Kant, human dignity dictates a life of personal autonomy and empowerment. Donnelly states that Kant has not only offered a more

extensive and complete concept of human dignity, but has had a significant impact on later ideas and international documents concerned with human rights, including the Universal Declaration of Human Rights.

Although human dignity is placed next to some other values and principles listed in Article 2, it is clear that much more is to be attributed to human dignity. Not only should human dignity not be equally positioned alongside some other values and principles that pervade the European Union, but it should be understood as the origin of these values and principles and the objective to which they return. Therefore, the placement of human dignity in the first article of the Charter of Fundamental Rights of European Union is more reasonable since the greatest importance is ascribed to human dignity in the context of its placement within the document.

According to the Treaty on European Union and the Charter of Fundamental Rights of the European Union, from the legal point of view it is crucial that human dignity is respected and protected. Still, when considering the contemporary paradigm of human dignity we should not overlook the relevance of the realisation of human dignity (i.e., realised dignity) in the actual life experience of the individual. As this chapter has shown, the level of respect and self-respect of an individual is closely linked to their realised dignity. We may conclude that respect of human dignity of one's fellow man is the first step to the realisation of human dignity. Thus, one's feeling of being respected and a level of self-respect is essential while evaluating one's realised dignity in concrete life cases. In order to assess one's level of realised dignity, especially qualitative studies should be conducted as they are suitable for the in-depth study of cases (Ragin, 2007). Such efforts will enable a thorough understanding of the researched phenomenon, particularly if it is inevitably connected to the individual's perceptions and feelings. When researching the degree of realised dignity, a complete, detailed and content-rich picture of the individual's sense of dignity, notably its central elements of respect and self-respect, must be created. That can primarily be achieved through the application of qualitative research methods.

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