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Insights into Socioeconomic and Political Transformations
in the Euro-Mediterranean Region

Jaka Vadnjal

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Consumer Behavior During the COVID-19 Pandemic

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and Christianity on Religiosity and Governance
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INFORMATION FOR AUTHORS

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Insights into Socioeconomic and Political Transformations in the Euro-Mediterranean Region

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The *International Journal of Euro-Mediterranean Studies* is proud to present a diverse collection of articles that address pressing issues shaping the socioeconomic, political, and cultural landscapes of the Euro-Mediterranean region. From the evolving consumer behaviours driven by global crises to the interplay of politics, religion, and economic development, this issue highlights critical research that contributes to our understanding of a region characterized by both its historical richness and contemporary challenges.

‘Innovative Marketing Approaches and Transformation of Slovenian Consumer Behaviour During the COVID-19 Pandemic.’ Pucelj et al. provide a timely and insightful analysis of consumer behaviour in Slovenia during the COVID-19 pandemic. The study explores innovative marketing strategies that emerged as businesses adapted to unprecedented disruptions. The authors emphasize how digital transformation and creative engagement strategies reshaped consumer habits and preferences. By identifying key behavioural shifts and adaptive practices, this research offers valuable lessons for businesses navigating post-pandemic recovery. Importantly, the study situates Slovenia’s experience within a broader global context, demonstrating how agile marketing approaches can foster resilience during periods of economic uncertainty.

‘Integrating Spirituality and Politics: Insights from the Moroccan Model of Religiosity and Governance in Contemporary Society.’ Houssaini’s exploration of Morocco’s unique model of religiosity and governance is a significant contribution to the study of politics and spirituality in the

[192] region. The article delves into the integration of religious values within Morocco's political framework, offering a nuanced understanding of how spirituality shapes governance. By analysing Morocco's approach, the study underscores the potential for coexistence between modern political systems and traditional religious structures. This insightful work not only advances scholarly discussions on religion and politics but also highlights Morocco as a model of stability and innovation in the Arab world.

'Democratization in Tunisia: Negotiating the Interplay of Policy and Economic Development.' Selmi's article examines the complex relationship between policy and economic development during Tunisia's democratic transition. Tunisia's experience as a post-Arab Spring nation is marked by both hope and challenges, as the study reveals. Selmi highlights the policy debates that have emerged in the wake of Tunisia's democratization, particularly those related to economic reforms and growth. The article sheds light on the controversies surrounding governance, policy implementation, and socioeconomic disparities, offering critical reflections on the successes and shortcomings of Tunisia's transitional journey. This work is essential for policymakers and scholars seeking to understand the intricate dynamics of democratization and economic transformation.

'The Impact of the Audit Committee on Financial Performance in Moroccan SMES: An Empirical Examination.' In their empirical study, Laaroussi et al. investigate the role of audit committees in enhancing the financial performance of Moroccan small and medium-sized enterprises (SMES). The research underscores the importance of strong corporate governance mechanisms in fostering transparency, accountability, and financial stability. By examining Moroccan SMES, the study provides robust evidence that effective audit committees contribute significantly to improved financial outcomes. The findings are particularly relevant for emerging economies, where SMES play a vital role in economic growth and employment. This article makes a valuable contribution to the discourse on corporate governance and its impact on business success in the Euro-Mediterranean context.

'The Impact of Tourism, Foreign Direct Investment, Trade, Economic Growth, and Renewable Energy on Carbon Emission.' El Menyari's research addresses one of the most pressing global challenges: the rela-



tionship between economic growth and environmental sustainability. Focusing on tourism, foreign direct investment, trade, and renewable energy, the study examines their collective impact on carbon emissions. Using case-specific analysis, the author highlights the delicate balance between fostering economic growth and mitigating environmental harm. This research is particularly timely as nations across the Euro-Mediterranean region grapple with sustainable development goals. By emphasizing the role of renewable energy, the study provides actionable insights for policymakers seeking to align economic strategies with environmental priorities.

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‘Emotional and Social Intelligence and Its Impact on the Business Success of Bulgarian Enterprises.’ Todorova et al. explore the critical role of emotional and social intelligence in driving business success in Bulgaria. The study highlights how leaders’ emotional awareness, empathy, and interpersonal skills contribute to organizational performance and competitiveness. By analysing Bulgarian enterprises, the authors demonstrate that emotional and social intelligence are not merely soft skills but strategic assets that foster employee engagement, innovation, and business growth. This research bridges the gap between psychology and business studies, offering practical implications for leaders and managers aiming to enhance organizational outcomes.

The articles featured in this issue collectively reflect the diverse and dynamic challenges facing the Euro-Mediterranean region. Whether addressing economic resilience, governance, democratization, or environmental sustainability, each study contributes valuable insights that advance our understanding of this multifaceted region. By examining case studies from Slovenia, Morocco, Tunisia, and Bulgaria, the authors provide both localized and globally relevant perspectives.

We hope that this issue inspires further research and dialogue among scholars, policymakers, and practitioners committed to fostering progress in the Euro-Mediterranean space. As we navigate the complexities of a rapidly changing world, the knowledge shared in these articles serves as a foundation for informed decision-making and innovative solutions.



Innovative Marketing Approaches and Transformation of Slovenian Consumer Behavior During the COVID-19 Pandemic

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The COVID-19 pandemic has presented unparalleled difficulties, requiring flexible and adaptive responses from both societies and enterprises. This study aims to analyze new marketing techniques and operational adjustments that have emerged in response to the global crisis, focusing on their impact on customer behavior and purchase choices. Utilizing an abductive paradigm with a sequential exploratory design, we combined qualitative and quantitative research approaches. We gathered data from a sample of 204 Slovenian respondents through an online survey, which underwent rigorous examination using structural equation modeling (SEM). This study is based on consumer behavior theory and frameworks innovation marketing. Our findings reveal significant shifts in customer behavior, notably a transition towards online retail platforms. Education also appears to play a crucial role in influencing consumer behavior changes, especially within the pandemic's complex context. Additionally, changes in income distribution directly affect product demand dynamics in the market. The practical significance of this study is emphasized by the actionable suggestions it provides to policymakers and organizations. These recommendations equip them with the necessary understanding to effectively adjust their strategies to meet the changing demands and preferences of customers to prepare for future possible crises.

Key Words: COVID-19 pandemic, consumer behavior, online shopping, education, structural modeling equation (SEM)

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[196]

INTRODUCTION

The COVID-19 pandemic has led to unprecedented global challenges that have transformed numerous aspects of daily life and exerted a significant influence on business operations across multiple industries and markets (Vadnjal 2024). In this environment, our study examines the novel marketing strategies and corporate advancements that have emerged as a result of the pandemic. Our goal is to thoroughly examine the impact of these factors on consumer behavior and purchasing decisions in particular. To do so, we employed both theoretical models and empirical evidence to assess the extent of their impact.

Retailing has long been an important subject of economic and marketing studies. The academic pursuit and curiosity to understand consumer behavior can be traced back to the 1930s and 1940s (Schwarzkopf 2015). The retail industry has changed significantly in recent years, especially in the 21st century. These changes include the rise of non-traditional retail options, the growth of e-commerce, and the emergence of a digital marketing revolution (Rita, Oliveira, and Farisa 2019).

Nevertheless, the retail industry has experienced significant and profound change due to the unexpected and far-reaching impact of the global COVID-19 pandemic. The current crisis has not only brought significant health and economic difficulties but also triggered profound changes in consumer behavior. Previous studies have recognized the transition from offline to online shopping, exacerbated by various psychological stressors that contribute to compulsive buying tendencies. However, there is currently a lack of comprehensive research in this specific area. Choura and Abou Jeb (2021) identified a gap in the academic literature and emphasized the need to examine changes in consumer behavior resulting from the epidemic.

This study aims to fill the existing knowledge gap by investigating the impact of the pandemic on consumer behavior, focusing specifically on changes in consumer channel preferences associated with the crisis.



In addition, we aim to clarify consumer criticisms and provide suggestions that can guide companies facing similar problems in the future.

LITERATURE REVIEW AND HYPOTHESES
DEVELOPMENT

[197]

Consumers' Behavior in Pandemic Periods

Throughout history, infectious diseases with pandemic potential have emerged and dissipated. The transition from hunter-gatherer cultures to agricultural cultures has led to an increasing spread of infectious viruses in human societies (Dobson and Carper 1996). Extensive commerce and trade relationships across various geographic regions have accelerated and intensified human-animal interactions, leading to the widespread transmission of contagious animal diseases to humans, including plague, cholera, influenza, and pandemics (Lindahl and Grace 2015).

COVID-19 was a profoundly disruptive pandemic that deeply harmed all countries and their economies globally (Barai and Dhar 2024; Rop 2024). Consequently, e-commerce has surged, with consumers increasingly buying goods online. As a result, it is critical to identify and assess the impact of these behavioral changes. According to Fihartini et al. (2021), health risk was found to be more important in triggering online purchasing behavior than elements related to the ethics of online retailing; therefore, consumers are more concerned about their health when making purchases. Laato et al. (2020) argued that the business environment changed significantly after the pandemic outbreak. Due to the impact of this pandemic on online retailing and the current economic climate, customers' purchasing habits have changed.

According to the findings of Kajzer (2020), the outbreak of the pandemic in the second quarter of 2020 caused a sharp decline in economic activity despite stringent measures to contain it. While many countries implemented measures to preserve jobs, companies also responded by downsizing their workforce, especially temporary workers, and greatly increased the number of workers dispatched by companies to wait for work temporarily. These measures have largely cushioned the impact of the decline in economic activity on the fall in employment and the rise in unemployment.

At the beginning of the pandemic, young and less educated people, especially women, were most affected. Young people are more likely than other age groups to be affected by temporary employment, which

[198] is particularly the case in Slovenia (student employment). The greater vulnerability of the less educated is also influenced by the high proportion of workers with low education in the sectors of activity that were most affected by the restrictive measures (Kajzer 2020). Thus, in this study, we contend that differences in consumers' educational levels have resulted in differences in their feelings and perceptions of the impacts of the pandemic on their spending decisions.

During the pandemic, people's behavior also changed – they socialized less, avoided physical contact, and their mental health deteriorated. All of this, along with country-imposed restrictions on movement, also led to changes in consumer spending patterns. Before the pandemic, consumers physically traveled to do their grocery shopping, bought clothes in stores, and ate in cafés and restaurants. During the pandemic, global populations experienced and endured months of lockdowns and extreme social distancing measures, resulting in decreased accessibility to physical stores and heightened consumer health concerns. Consequently, people began to alter their spending habits, prioritizing essential purchases and transitioning from traditional in-store shopping routines of Slovenian consumers to online shopping and ordering take-outs. The fact that the pandemic is forcing consumers to store differently and swap the check-out line for online shopping more than ever before has also been noted by various researchers such as J.P. Morgan (2020a), Barua (2021), Gu et al. (2021), Das, Sarkar, and Debroy (2022), and Tymkiw (2022). This is also reflected in data from the Statistical Office of the Republic of Slovenia (2021), which admits that one of the main effects of the pandemic on the spending habits of Slovenian consumers is the significant increase in online shopping. They also note that, according to their 2021 data, the share of e-shoppers has increased in most age groups – most among 65–74-year-olds (to 37%; 22% in 2020) and least among 16–24-year-olds (to 87%; 84% in 2020). There were 86% of e-purchasers among 25–34-year-olds (88% in 2020), 90% among 35–44-year-olds (80% in 2020), 77% among 45–54-year-olds (64% in 2020), and 53% among 55–64-year-olds (40% in 2020) (Statistical Office of the Republic of Slovenia 2021). This is consistent with the findings of Pantano et al. (2020), who found that older consumers who are less computer literate also use online shopping because it gives them a greater sense of security. In a research study by Morales (2021) about pandemic consumer behavior towards e-commerce and retail stores in the United States, individuals aged 70 and older exhibited a notable decrease in



online shopping preferences. This shift can be attributed to the challenges they face in using electronic devices and in navigating online shopping platforms and networks. Therefore, this paper argues that the pandemic and its associated precautionary measures have shifted consumer purchasing behavior – from traditional physical shopping to online shopping – regardless of the literacy and preferences of older consumers towards such changes. [199]

Travel restrictions, social isolation, limitations on the sale of particular commodities, and customers cutting costs and postponing projects severely impacted global sales. This dramatic drop in sales has made it challenging for retail businesses to recover, especially with fixed expenses remaining unchanged amid stagnant income growth. According to data from the financial accounts at JPMorgan Chase (JPMc), small business revenues fell by 30–50% at the end of March and the beginning of April, and by 40% in May 2020 (Farrell, Wheat, and Mac 2020; Kim, Parker, and Schoar 2020). As governments worldwide mandated confinement measures and significantly reduced in-person customer interactions in stores, the retail sector has been particularly adversely affected. This has necessitated a significant shift in how consumers live and interact with businesses. Some small firms were able to transition to alternate channels, such as online platforms, and many were able to cut expenses to offset revenue loss. The accessibility of online marketing played a crucial role in driving sales, as advertisements could be designed and customized to suit consumer preferences based on activities, age, education, and geographic location. A study conducted in India by Murugan et al. (2020) revealed that the pandemic has led to significant lifestyle changes for everyone. Anxiety about the future is widespread, with particular concerns focused on family, friends, festivals, and society as a whole. As a result, people make an effort to acclimatize to the new normal. Because they are all more worried about the effects of the pandemic, the pandemic outbreak has forced them out of their daily routines and disrupted their way of life from an economic and health outlook. The coronavirus epidemic has caused customers to change how they behave in terms of their purchasing habits. Consumers panicked as a result of the unexpected shutdown and hurried to stock up on necessities. It has altered both the custom and practice of shopping in a basket.

Previous studies have found that the pandemic evoked a range of psychological and emotional responses among consumers, such as fear

[200] of contracting the virus from others, anxiety related to unvaccinated or ill individuals, uncertainty of income generation due to economic instability, and fear of job loss, all of which are factors that have influenced consumer spending habits to varying degrees (Di Crosta et al. 2021). An Indian research study done by Jamunadevi et al. (2021) underlined that in terms of age group, consumers between the ages of 21 and 30 are the ones who purchase online the most. A connection exists between the age of the respondent, shopping cart activity, and product buying criteria. Lenka Svajdova (2021) has demonstrated in her research study how restrictions imposed during the pandemic have altered consumer behavior in the Czech Republic. Through Internet platforms, sales volumes have expanded in a variety of industries, including the food and drugstore industries. According to the Nielsen Company's study, the spread of the pandemic led to a globally manifested change in spending levels in relation to consumer behavior (Nielsen 2020; Di Crosta et al. 2021). Various studies, including those by Burroughs and Rindfleisch (2002) and Duhachek (2005), have highlighted that stress can trigger active responses, potentially increasing impulsive spending behavior.

The 'E-Commerce Report 2022' (Heureka!group 2022) shows a significant increase in the frequency of online shopping in Slovenia, with 76% of respondents regularly shopping online. According to the mentioned research, the majority of online buyers are members of Generation X, i.e. those over 45 years old, and they most often buy clothes, footwear, and fashion accessories. An increase in the average purchase value, which is currently €100, was noted. The shift towards online shopping can largely be attributed to restrictions that hindered physical store visits, prompting many businesses to offer online shopping services to adapt to the evolving environment. Consequently, the pandemic has spurred digital transformation in shaping Slovenian consumers' spending habits, resulting in increased reliance on online platforms. This shift is evident in changes to purchasing channels and changes in consumer preferences, as highlighted in the 'E-Commerce Report 2022' (Heureka!group 2022). The report reveals that in 2022, Slovenians made the most online purchases in categories such as clothing and footwear, electronics, and home and garden products. Electronics and home and garden items maintained their top positions in terms of value in online shopping. This reveals that Slovenian consumers increased their purchases of convenience items during the pandemic; with reduced mobility, consumers sought products that facilitated their daily activi-



ties. Di Crosta et al. (2021) found a different pattern emerge in Italy, as they observed a rising trend in the sales of essential items. They highlighted that consumer priorities shifted towards basic needs such as food, hygiene, and cleaning products. Additionally, unlike the findings in Slovenia, the pandemic led to decreased sales in certain product categories (e.g., clothing) and increased sales in others (e.g., entertainment products) in Italy.

[201]

The 'E-Commerce Report 2022' (Heureka!group 2022) also highlighted that the pandemic had a lasting impact on the behavior of online shoppers. During the pandemic, COVID-19 measures brought domestic online consumers closer to local online stores. This shift is reflected in the declining share of purchases from foreign stores: in 2019, 36% of purchases were made from foreign stores, decreasing to 26% in 2020, 16% in 2021, and further dropping to only 14% in 2022. Although online shopping was already a significant alternative before the pandemic and emerged as the most significant substitute, it now plays an even larger role in our daily lives. Youn, Lee, and Ha-Brookshire (2021) claimed that consumers have been looking for alternate methods of acquiring goods and services in order to protect themselves and their families from contracting the coronavirus. According to J.P. Morgan's (2020a) research, consumer spending habits during the pandemic have undergone significant changes. Health considerations have become paramount, leading to increased sales of household cleaners and disinfectant products like Dettol and Lysol. With work shifting online and restaurants and cafés closed, sales of coffee and other food items have also surged. Conversely, sales of hair color, moisturizers, sun creams, and cosmetics have seen double-digit declines.

Another major change in Slovenian consumers' spending habits is the increased demand for take-out food services. Due to the shutdown of cafés and restaurants, people searched for a way to ensure the enjoyment of their favorite dishes, which manifested in a surge of delivery services such as E-Food (Slov. E-hrana), Wolt and Glovo, which was confirmed also by STA (2020) and Meden (2020). Also, many cafés and restaurants were offering take-out options, which allowed customers to enjoy their meals without leaving their homes, which was confirmed also by Rabuza (2020).

In summary, research suggests that the pandemic and its related precautionary measures had a lasting effect on altering consumers' spending habits. Some studies show that consumer spending focused

[202] primarily on essential items such as food, hygiene products, cleaning supplies, and disinfectants. This shift is attributed to job losses, reduced income, and lower levels of well-being. Conversely, an alternative perspective suggests that the pandemic and its associated precautionary measures, including social isolation, prolonged periods spent at home, and the curtailment of life events and celebrations, have shifted consumer spending habits towards increased expenditures on convenience products that facilitate daily activities. Based on the preceding academic discussion, we aim to address the central question about how retail organizations implemented innovative marketing strategies to cater to diverse demographic groups of Slovenian consumers during the COVID-19 pandemic. To explore this, two research questions emerged as follows:

- RQ1 *How did the pandemic crisis and its associated precautionary measures transform Slovenian consumer spending habits?*
- RQ2 *How did Slovenian consumers' educational level influence their shopping habits during the pandemic period?*

Innovative Marketing in Crisis Periods

In this section, we review relevant literature to establish a theoretical foundation for understanding the relationships among innovation, marketing, and consumer behavior, particularly during times of crisis like the COVID-19 pandemic. Despite the significant disruption caused by the COVID-19 pandemic to the global economy, Slovenia has been acknowledged for its resilience, both during the pandemic and in its post-pandemic recovery efforts (Rostan and Rostan 2024).

A central feature of resilience is innovation, which is widely regarded as a critical driver of organizational success (Nouairi et al. 2024). Competitive advantage, manifested through factors like profitability, cost efficiency, and human and structural capital, often hinges on innovation (Jeong and Chung 2023). In today's rapidly evolving business environment, innovation is not merely an option but a necessity. Innovation is essential for an organization's adaptation to external pressures and competition, and a means to achieve a competitive edge and foster success.

Historically, crises such as financial recessions, health emergencies, and natural disasters have spurred significant innovations that benefit humanity (Phillips, Roehrich, and Kapletia 2023). Examples range



from vaccines for infectious diseases to GPS technology and antibiotics like penicillin. However, crises also pose immediate challenges to businesses, including cash flow issues, supply chain disruptions, and the need for branch closures. Therefore, companies must incorporate innovation into their operations, especially in marketing, to ensure their survival (Jeong and Chung 2023). During crises, a customer-centric approach becomes paramount. Pilukiene and Spudiené (2022) stress the importance of focusing on customer needs and desires, as customer-centric businesses are better equipped to ensure satisfaction and loyalty. Innovative marketing approaches that prioritize customer-centricity can significantly impact consumer behavior and purchasing decisions.

[203]

Businesses responded to the COVID-19 pandemic with innovative marketing approaches and business innovations, and these adaptations influenced consumer choices (Di Crosta et al. 2021). Virtual experiences, in particular, emerged as a creative and effective way for businesses to connect with consumers, while adhering to social distancing and safety measures. Virtual events and experiences provide interactive and immersive opportunities for consumers to engage with brands and products (Jamunadevi et al. 2021). For example, a fashion retailer could organize a virtual fashion show, allowing customers to explore clothing lines and accessories from the comfort of their homes. Similarly, sports teams hosted virtual fan nights that facilitated interactions between fans and players, coaches, and team personnel. These virtual experiences not only maintained brand engagement but also provided innovative ways for consumers to interact with products and services.

According to the 'E-Commerce Report 2022' by Heureka!group (2022), during the COVID-19 epidemic, health concerns made physical shopping restricted or less desirable. Consequently, many consumers turned to online platforms to meet their shopping needs, necessitating the development of user-friendly and effective e-commerce solutions. As a way to cater to changing consumer behavior, businesses employed various strategies in e-commerce. Companies improved their e-commerce platforms to ensure a seamless shopping experience, incorporating features like user-friendly interfaces, secure payment options, and comprehensive product information. Businesses leveraged multiple channels, including social media and email campaigns, to reach a broader audience of potential customers and inform them about their online

[204] offerings. Companies adapted their product offerings to align with shifting consumer preferences, focusing on items suitable for home use, such as home fitness equipment, furnishings, and home office supplies. E-commerce innovations played a pivotal role in reshaping consumer shopping habits during the pandemic, as convenience and safety became paramount considerations for consumers.

Data-driven marketing strategies gained prominence during the pandemic, as businesses sought to make the most of the customer data at their disposal. Leveraging customer data allowed companies to create more targeted and personalized marketing messages, improving the overall consumer experience. According to J.P. Morgan's research (2020b), businesses tailored their offers based on individual customer preferences, thereby ensuring that consumers received promotions and discounts relevant to their interests. Data analysis enabled companies to recommend relevant content to consumers, such as product recommendations, articles, or videos, enhancing their engagement with the brand. Pricing strategies were adjusted dynamically based on factors like demand, inventory levels, and consumer behavior, optimizing pricing for both the business and the consumer. Gathering feedback from customers provided valuable insights for product and service enhancements, ensuring that businesses met evolving consumer needs effectively.

Data-driven marketing not only influenced immediate purchasing decisions by presenting tailored and relevant offers but also contributed to long-term customer loyalty and retention. To further investigate the impact of innovative marketing approaches and business innovations during the COVID-19 pandemic, we analyzed statistical data and research findings. This empirical evidence provides insights into how these innovations influenced consumer behavior and purchasing decisions. Analysis of data from the Statistical Office of the Republic of Slovenia (Statistični urad Republike Slovenije 2023) sheds light on changes in business expenditures related to marketing, innovation, and research and development (R&D) during the pandemic.

Innovative marketing approaches and business innovations significantly impacted consumer behavior and purchasing decisions during the COVID-19 pandemic. Virtual experiences provide businesses with a unique opportunity to maintain consumer engagement and influence purchasing decisions. By offering immersive and interactive events, companies could bridge the gap created by restrictions on physical gath-



erings. According to Youn, Lee, and Ha-Brookshire (2021), consumer feedback and engagement metrics indicated that virtual experiences positively influenced purchasing decisions. Attendees of virtual events often reported an increased desire to purchase products or services showcased during the experience. This illustrates the power of virtual engagement in shaping consumer behavior and driving sales. The accelerated adoption of e-commerce during the pandemic significantly reshaped consumer shopping habits. With physical shopping becoming less accessible or desirable due to safety concerns, consumers turned to online platforms for their shopping needs. [205]

Data-driven marketing strategies, including personalized offers and content recommendations, played a pivotal role in influencing consumer behavior. By leveraging customer data, businesses could target their marketing messages more effectively and create better experiences for customers (STA 2020; Meden 2020). Innovative marketing approaches and business innovations proved crucial for the survival and resilience of businesses during the pandemic. Companies that adapted quickly to changing circumstances and consumer behavior were better positioned to weather the crisis.

Customer-centric innovations were key to enhancing business resilience. Companies that prioritized customer safety and satisfaction by implementing safety measures, contactless deliveries, and responsive customer support were viewed favorably by consumers. These customer-centric innovations not only retained existing customers but also attracted new ones, contributing to business resilience and growth. Consumers appreciated businesses that demonstrated empathy and responsiveness during uncertain times.

The COVID-19 pandemic underscored the critical role of innovation in business survival and success. Businesses that adapted and embraced innovative marketing approaches not only navigated the crisis effectively but also shaped consumer behavior in ways that will likely have lasting impacts on the business landscape (Rabuzo 2020). These lessons in innovation and consumer-centricity provide valuable insights for businesses preparing for an uncertain future. In this study, we explored how innovative marketing approaches, including virtual experiences, e-commerce, and data-driven marketing, influenced consumer behavior and purchasing decisions during the COVID-19 pandemic. Our analysis of empirical evidence, theoretical insights, and consumer feedback revealed that these innovations played a pivotal role in shaping con-

sumer choices and driving business survival and resilience. Theoretical foundations highlighted the importance of innovation as a driver of competitive advantage and success, especially during crises. Innovations that prioritize customer-centricity were shown to be particularly effective in influencing consumer behavior positively.

Hypotheses

Based on the theoretical findings, we formulated two hypotheses to guide our study:

- H1 *The pandemic transformed Slovenian consumers' spending habits.*
- H2 *Education is positively correlated with the pandemic effect on Slovenian consumers' shopping habits.*

METHODOLOGY

The methodology employed in this research is crucial for ensuring the validity, reliability, and relevance of the study's findings. It involves quantitative data collection and analysis methods, as well as rigorous validation procedures. Below is an overview of the key aspects of the methodology. This study utilizes a quantitative research approach, which emphasizes the use of numerical data to draw conclusions. Quantitative research is systematic and objective, making it suitable for investigating the influence of innovations on diversified businesses during the COVID-19 pandemic on consumers' purchase decisions. This approach enables researchers to generalize findings to a larger population based on a carefully selected sample. The research began with the development of a questionnaire. This questionnaire was crafted after an extensive review of existing scientific and professional literature. By aligning the questions with existing knowledge and theory, the questionnaire ensures that data collection is focused on relevant variables and constructs. Before administering the main survey, the research team rigorously tested the questionnaire to ensure its validity and reliability.

Measurement Scales

The scales used in the study were adapted from previously validated instruments, which measured consumer behavior in times of crisis (e.g. Laato et al. 2020). We modified mentioned instruments to fit the specific context of the COVID-19 pandemic and Slovenian consumers, like



the addition of items related to health concerns, online shopping preferences and pandemic-related restrictions. The scale was pre-tested to ensure its reliability and validity. Cronbach's alpha for each construct was above 0.76, indicating strong internal consistency.

Cronbach's alpha is a statistical measure that assesses the internal consistency of a questionnaire. It checks if the questions in the survey are measuring the same construct. A high Cronbach's alpha value indicates good reliability. In this study, Cronbach's alpha was employed to ensure that the questions consistently measured the intended variables. Factor analysis is a statistical technique used to identify underlying factors or dimensions within a set of variables. This step helped determine if the questions in the questionnaire aligned with the research objectives. It also identified any variables that might need to be excluded. [207]

Sample Size

The sample size of 206 participants was determined with the aim of ensuring robust and reliable results based on both practical and theoretical considerations. Although a minimum number of 65 respondents would have been sufficient for a study with 13 questions, we opted for a significantly larger sample size in accordance with the guideline for a 5 to 1 ratio to increase the confidence level of 80% in our analysis.

Furthermore, it is generally accepted that a minimum sample size of 200 respondents is recommended for Pearson correlation analyses and structural equation modeling (SEM) to obtain stable and generalizable results. By recruiting 206 participants, we ensured that we both met the required minimum sample size and exceeded the 5 to 1 ratio, which ensures greater reliability of the results.

Participants were recruited via online platforms (such as Facebook and Instagram) and email distribution lists. Although a random sample was used due to time and resource constraints, it was verified that the sample was representative of the Slovenian population in terms of gender and age distribution, which was confirmed by chi-square tests.

The primary data collection method used in this research was an online survey conducted via the 1KA survey tool. The online platform offered respondents anonymity, encouraging candid responses. The survey was executed over a substantial period, running from October 26, 2022, to January 20, 2023, to allow for a diverse range of participants to contribute. Convenience sampling was employed to select survey

[208] participants. This non-probability sampling technique involves selecting participants based on their accessibility or availability. The research team distributed the survey through multiple channels, including social media platforms (such as Facebook), emails, pre-existing groups (e.g., college student organizations affiliated with the Faculty of Organization Studies), and in-person recruitment by students in various Slovenian cities (Ljubljana, Maribor, Koper, and Kranj). While this approach limits the generalizability of the results to the broader population, an analysis comparing the sample to the population was conducted to assess representativeness.

The research team determined the sample size based on statistical calculations. The aim was to achieve a confidence level of 80%, requiring a minimum of 164 respondents to ensure that the actual values fell within $\pm 5\%$ of the surveyed values. Kaiser-Meyer-Olkin (KMO) measure assesses the sampling adequacy for factor analysis. A high KMO value (closer to 1) indicates that the data is suitable for factor analysis. In this study, the KMO measure produced a value of 0.729, confirming the appropriateness of the data. Bartlett Test of Sphericity test determines whether the correlation matrix is an identity matrix, indicating that factors are uncorrelated. A significance level of less than 0.05 suggests that the data is suitable for factor analysis. The Bartlett test produced a significant result, further confirming the suitability of the data.

RESULTS

The chi-square test regarding gender did not yield any statistically significant results ($p > 0.05$), indicating that the observed sample values do not significantly deviate from the predicted population values. As shown in table 1, males constitute 51.5% of the sample, compared to 50.2% of the overall population. Meanwhile, females make up 48.5% of the sample, versus 49.8% of the population. Thus, the sample data appears to be consistent with the demographic distribution of the Slovenian population.

The chi-square test results for age were not statistically significant ($p > 0.05$), as indicated in table 2. This suggests that there is no noticeable difference between the observed values in the sample and the expected values in the population. According to the data, 8.3% of respondents are aged between 20 and 24, slightly higher than the corresponding figure in the general population, which is 8.2%. Similarly, 10.3% of respondents fall between the ages of 30 and 34, just under the 10.4%



TABLE 1 Gender Comparison between the Sample and the Populat.

Gender	Sample	Population
Male	51.5	50.2
Female	48.5	49.8
Total	100.0	100.0

NOTES In percent. $\chi^2 = 0.018, p = 0.893$.

TABLE 2 Age Comparison between the Sample and the Population

Age	Sample	Population
20-24	8.3	8.2
25-29	8.8	8.9
30-34	10.3	10.4
35-39	11.8	11.7
40-44	12.7	12.9
45-49	12.3	12.4
50-54	11.8	11.8
55-59	12.3	12.3
60-64	11.8	11.5
Total	100.0	100.0

NOTES In percent. $\chi^2 = 3.706, p = 0.883$.

[209]

observed in the general population. Moreover, a higher proportion of respondents (11.8%) compared to the general population (11.7%) are in the age group of 35 to 39 years old. In the sample, 12.7% of individuals are between the ages of 40 and 44, which closely matches the 12.9% in the overall population for this age group. Similarly, the sample includes 12.3% of individuals aged 45 to 49, compared to 12.4% in the population. Both the sample and the population have 11.8% of individuals aged 50 to 54. This pattern continues for individuals aged 55 to 59, with 12.3% in both the sample and the population. Additionally, 11.8% of the sample’s participants are aged 35 to 39, slightly higher than the 11.5% observed in the entire population for this age group. Based on the sample data, it can be inferred that the demographic distribution among Slovenian citizens is reflective of the broader population.

The reliability of the entire questionnaire can be determined from table 3, which indicates exceptionally high reliability. This is evident from the Cronbach’s alpha value of 0.951. The Cronbach’s alpha coefficient was calculated for each construct and shows a satisfactory level of reliability ($\alpha > 0.76$) for all constructs.

H1 *The pandemic transformed Slovenian consumers’ spending habits.*

The suitability of the data for factor analysis is confirmed by the KMO measure (0.710) and Bartlett’s test for sphericity (sig. < 0.05), as shown in table 4. The strategy used in our study involved the use of primary axis factorization followed by varimax rotation with Kaiser nor-

TABLE 3 Cronbach's Alpha

Variables	α	N
How the pandemic transformed Slovenian consumer's spending habits?	0.951	36
[210] Effect of the pandemic on consumers' shopping habits	0.764	7
Effect of pandemic on more frequent purchases of sports, leisure, electronics, and home goods	0.883	11
Effect of pandemic measurements (like mask usage, disinfecting and the vaccination, testing or recovery proof) on consumers' shopping habits	0.924	13
Effect of retail sale and consumer services on consumers' shopping habits during the pandemic	0.838	4

TABLE 4 KMO and Bartlett's Test

Kaiser-Meyer-Olkin measure of sampling adequacy		0.710
Bartlett's test of sphericity	Approx. χ^2	1334.399
	DF	595
	Sig.	0.000

malization. All observed variables have a correlation coefficient greater than 0.2, indicating that they jointly contribute to the understanding of the phenomenon under study and that none of the variables need to be excluded from the analysis.

According to the findings presented in table 5, SPSS recommends excluding four factors due to their values above 1. In a similar vein, it can be observed that four factors account for approximately 60.174% of the shared variance.

- Factor 1: Effect of retail sales and consumer services on con-

TABLE 5 Total Variance Explained

Factor	Initial Eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
1	12.322	35.207	35.207	11.958	34.166	34.166	8.351	23.861	23.861
2	5.771	16.488	51.695	5.400	15.428	49.594	6.204	17.726	41.586
3	2.295	6.557	58.252	2.000	5.713	55.307	3.699	10.569	52.155
4	2.022	5.776	64.028	1.704	4.867	60.174	2.807	8.019	60.174

NOTES Column headings are as follows: (1) total, (2) percentage of variance, (3) cumulative percentage.



sumers' shopping habits during the pandemic (Sale offer, A more diverse online selection of goods and services; Food and drink; Personal hygiene products; Cosmetics; Clothing and footwear; Technical products; Kids products; Health products and food supplements; Advertising increased during the pandemic in comparison to the time before the pandemic; The communication from the goods and services providers was more effective; The company offers were wider; Accessibility to goods and services providers was better; The pandemic has permanently changed my shopping habits).

[211]

- Factor 2: Effect of the pandemic on consumers' shopping habits (I have been shopping less often during the pandemic; I have avoided visiting physical shop locations during the pandemic; I have visibly altered my shopping habits during the pandemic; I have paid for products and services during the pandemic, which I wouldn't have paid for normally; I have used a credit card for payments instead of cash during the pandemic; I have been shopping online more frequently during the pandemic; In my opinion, the pandemic has altered the habits of goods and services consumers; Health care; Fear of infection; Fear of relatives getting infected; Product price; Availability of goods; Other).
- Factor 3: Effect of pandemic on more frequent purchases of sports, leisure, electronics, and home goods (Furniture; Home appliances; Gardening products; Computing; Sports and leisure).
- Factor 4: Effect of pandemic measurements (like mask usage, disinfecting and the vaccination, testing or recovery proof) on consumers' shopping habits (Face mask usage; Use of disinfectants; Proof of vaccination, testing or recovery).

It can be concluded that the questionnaire ensures appropriate validity and is therefore suitable for conducting the survey. The statistical significance of the Kolmogorov-Smirnov and Shapiro-Wilk tests (sig. < 0.05) indicates that the variables considered are not normally distributed. Therefore, we used nonparametric tests in our analysis.

The results from table 6 indicate that gender differences were statistically significant for several statements in the Mann-Whitney test. Women tended to agree more with statements about avoiding physical stores, using credit cards instead of cash during the pandemic, and expressing fear of infecting relatives. In contrast, men showed stronger

TABLE 6 Mann-Whitney Test

Item	Gender	(1)	(2)	(3)
I have avoided visiting physical shop locations during the pandemic	Male	105	91.80	4074,500
	Female	99	113.84	(0.005)
	Total	204		
	Female	99	97.33	
	Total	204		
I have used a credit card for payments instead of cash during the pandemic	Male	105	94.66	4374,000
	Female	99	110.82	(0.040)
	Total	204		
	Female	99	107.65	
	Total	204		
Fear of relatives getting infected	Male	105	93.61	4264,500
	Female	99	111.92	(0.018)
	Total	204		
	Female	99	95.05	
	Total	204		
Accessibility to goods and services providers was better	Male	105	110.15	4394,000
	Female	99	94.38	(0.046)
	Total	204		
	Female	99	104.49	
	Total	204		

NOTES Column headings are as follows: (1) *N*, (2) mean rank, (3) Mann-Whitney test (sig.).

agreement with the statement about better accessibility to goods and services providers. Other statements did not show statistically significant differences based on gender (sig. > 0.05).

The findings from table 7 show that the Kruskal-Wallis test revealed statistically significant differences (sig. < 0.05) for several statements related to age. Respondents aged 30 to 34 were more likely to agree with statements about avoiding physical stores and fearing infecting relatives, while those aged 20 to 24 were least likely to agree with these statements. Those aged 50 to 54 were most inclined to use credit cards instead of cash during the pandemic, whereas those aged 60 to 64 were least likely. Respondents aged 55 to 59 were most likely to express fear of infection, with those aged 20 to 24 showing the least concern. Additionally, respondents aged 45 to 49 were most likely to agree that the pandemic permanently changed their shopping habits, compared



TABLE 7 Kruskal-Wallis Test

Item	Age	(1)	(2)	(3)
I have avoided visiting physical shop locations during the pandemic	20-24	17	67.41	20,397
	25-29	18	96.83	(0.009)
	30-34	21	132.48	
	35-39	24	91.42	
	40-44	26	98.17	
	45-49	25	130.16	
	50-54	24	99.83	
	55-59	25	102.30	
	60-64	24	95.21	
	Total	204		
I have used a credit card for payments instead of cash during the pandemic	20-24	17	86.68	20,701
	25-29	18	109.17	(0.008)
	30-34	21	124.95	
	35-39	24	95.02	
	40-44	26	108.85	
	45-49	25	111.96	
	50-54	24	128.96	
	55-59	25	79.62	
	60-64	24	77.19	
	Total	204		

[213]

Continued on the next page

to those aged 50 to 54, who were least likely to agree with this statement. Other statements did not show statistically significant differences based on age (sig. > 0.05).

The Kruskal-Wallis test indicated significant differences (sig. < 0.05) in respondents' agreement with several statements based on their formal education, particularly regarding avoidance of physical spaces during the pandemic, belief that the pandemic has permanently altered consumers' behaviors of acquiring goods and services, health care, fear of becoming sick, fear of infecting relatives, and perceptions about the increased efficacy of advertising and communication efforts. Respondents with the SOK Level 10: Doctoral Education most agreed with the statements about avoiding physical stores, health care, and fear of becoming sick, while respondents with the SOK Level 2: Elementary Education least agreed with those same statements. Respondents with SOK Level 3: Graduation Certificate agreed the most with

TABLE 7 *Continued from the previous page*

Item	Age	(1)	(2)	(3)
Fear of infection	20-24	17	54.09	18,275
	25-29	18	108.56	(0.019)
	30-34	21	113.43	
	35-39	24	103.65	
	40-44	26	91.08	
	45-49	25	108.96	
	50-54	24	97.48	
	55-59	25	120.38	
	60-64	24	113.58	
	Total	204		
The pandemic has permanently changed my shopping habits	20-24	17	110.65	19,225
	25-29	18	85.83	(0.014)
	30-34	21	121.07	
	35-39	24	90.60	
	40-44	26	106.96	
	45-49	25	128.32	
	50-54	24	73.83	
	55-59	25	114.58	
	60-64	24	89.23	
	Total	204		

NOTES Column headings are as follows: (1) *N*, (2) mean rank, (3) Kruskal-Wallis test (sig.).

statements about ongoing changes to consumer behavior and perceiving an increase in advertising during the pandemic. Respondents with SOK Level 9: Specialization diploma after academic/professional higher education; research master's degree most strongly agreed statements about fear of infecting relatives, while respondents with SOK Level 2: Elementary Education were least likely to agree. The Kruskal-Wallis test did not show statistically significant differences for other statements (sig. > 0.05), indicating no significant differences based on formal education for those specific statements.

Descriptive statistics data indicate that respondents agree ($M = 3.8$; $SD = 0.975$) with the statement that the pandemic has affected the change in consumer buying habits of products and services, while they also agree ($M = 3.6$; $SD = 1.21$) with the statement that they paid with a credit card instead of cash during the pandemic ($M = 3.8$; $SD = 1.15$)



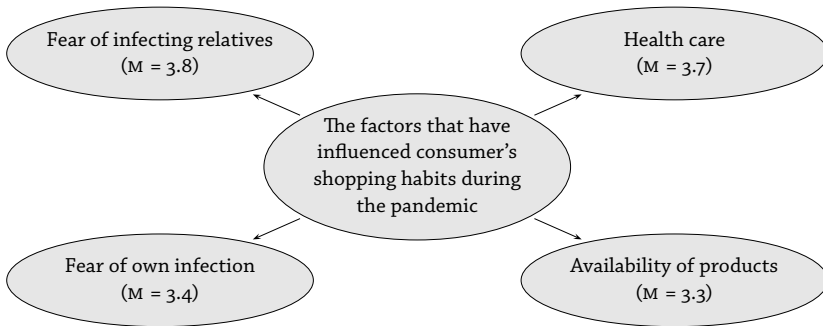


FIGURE 1 The Factors That Have Influenced Consumer's Shopping Habits during the Pandemic

and they shopped online more often during the pandemic ($M = 3.6$; $SD = 1.3$). Respondents also agreed that the factors that influenced their shopping habits during the pandemic were fear of infecting relatives ($M = 3.8$; $SD = 1.17$) and health care ($M = 3.7$; $SD = 1.06$). The lowest level of agreement among respondents was the statement that they bought products and services during the pandemic they would not have bought otherwise ($M = 2.3$; $SD = 1.01$). The factors that influenced the purchasing habits of Slovenian consumers during the pandemic are shown in figure 1, which shows that fear of infecting relatives had the greatest influence on Slovenian consumers' shopping habits during the pandemic, followed by health care, fear of contracting the disease themselves, and availability of products.

The Spearman correlation test in table 8 shows that respondents have permanently made significant changes with their shopping habits ($\text{sig.} < 0.05$), including shopping less often, avoiding physical locations, shopping online more frequently, and belief that the pandemic has led to long-lasting changes in their consumer habits.

As shown in table 9, the coefficient of determination (R^2) is 32.3%, which means that the independent variables have a fairly strong influence on the dependent variable (The pandemic has permanently changed my shopping habits.). A statistically significant ($\text{sig.} < 0.05$) influence is present for the variables: 'I have visibly altered my shopping habits during the pandemic,' 'I have used a credit card for payments instead of cash during the pandemic,' 'I have been shopping online more frequently during the pandemic,' and 'In my opinion, the pandemic has altered the habits of goods and services consumers.' The beta coefficient is positive for the variables, 'I have visibly altered my shopping

TABLE 8 Spearman's Correlation Coefficient (The Pandemic Has Permanently Changed My Shopping Habits)

[216]	I have been shopping less often during the pandemic	R	0.184**
		Sig.	0.008
		N	204
	I have avoided visiting physical shop locations during the pandemic	R	0.373**
		Sig.	0.000
		N	204
	I have visibly altered my shopping habits during the pandemic	R	0.449**
		Sig.	0.000
		N	204
	I have paid for products and services during the pandemic, which I wouldn't have paid for normally	R	0.178*
		Sig.	0.011
		N	204
	I have used a credit card for payments instead of cash during the pandemic	R	0.197**
		Sig.	0.005
		N	204
	I have been shopping online more frequently during the pandemic	R	0.459**
		Sig.	0.000
		N	204
	In my opinion, the pandemic has altered the habits of goods and services consumers	R	0.421**
		Sig.	0.000
		N	204

NOTES ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

habits during the pandemic' ($\beta = 0.228$), 'I have been shopping online more frequently during the pandemic' ($\beta = 0.292$) and 'In my opinion, the pandemic has altered the habits of goods and services consumers' ($\beta = 0.208$), indicating a positive influence, and negative for the variable: 'I have used a credit card for payments instead of cash during the pandemic' ($\beta = -0.146$), indicating a negative influence.

The Spearman correlation test presented in table 10 indicates that nearly all pairs of factors – Factor 1 (impact of vendors on consumer purchases), Factor 2 (impact of the pandemic on shopping habits), Factor 3 (more frequent purchases of sporting, recreational, electronic, and household goods), and Factor 4 (impact of the use of masks, disinfection, and vaccination, test, or recovery certificate on shopping) – are significantly (sig. < 0.05) positively correlated. However, there is no sta-



TABLE 9 Linear Regression

Item	B	β	Sig.
The pandemic has permanently changed my shopping habits	0.716		0.027
I have been shopping less often during the pandemic	-0.022	-0.025	0.724
I have avoided visiting physical shop locations during the pandemic	0.096	0.107	0.215
I have visibly altered my shopping habits during the pandemic	0.219	0.228	0.007
I have paid for products and services during the pandemic, which I wouldn't have paid for normally	0.031	0.029	0.644
I have used a credit card for payments instead of cash during the pandemic	-0.135	-0.146	0.046
I have been shopping online more frequently during the pandemic	0.239	0.292	0.000
In my opinion, the pandemic has altered the habits of goods and services consumers	0.227	0.208	0.004

[217]

NOTES $R^2 = 0.323$.

TABLE 10 Spearman's Correlation Coefficient

Factor		(1)	(2)	(3)	(4)
(1) Effect of sellers on your shopping during the pandemic	<i>r</i>	1.000	0.417*	0.668**	0.148*
	Sig.	-	0.011	0.000	0.034
	<i>N</i>	204	36	204	204
(2) Effect of the pandemic on your shopping habits	<i>r</i>	0.417*	1.000	0.191	0.443**
	Sig.	0.011	-	0.263	0.007
	<i>N</i>	36	36	36	36
(3) More frequent purchases of sports, leisure, electronics and home goods	<i>r</i>	0.668**	0.191	1.000	0.140*
	Sig.	0.000	0.263	-	0.045
	<i>N</i>	204	36	204	204
(4) Effect of mask usage, disinfecting and the vaccination, testing or recovery proof on shopping	<i>r</i>	0.148*	0.443**	0.140*	1.000
	Sig.	0.034	0.007	0.045	-
	<i>N</i>	204	36	204	204

NOTES ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

tistically significant correlation between Factor 2 (impact of the pandemic on shopping habits) and Factor 3 (more frequent purchases of sporting, recreational, electronic, and household goods) (sig. > 0.05).

As reflected in table 11, the coefficient of determination (R^2) is 35.0%,

TABLE 11 Linear Regression

Factor	<i>B</i>	β	Sig.
(2) Effect of the pandemic on your shopping habits	1.438		0,005
(1) Effect of sellers on your shopping during the pandemic	0.372	0.362	0.068
(3) More frequent purchases of sports, leisure, electronics and home goods	-0.086	-0.089	0.636
(4) Effect of mask usage, disinfecting and the vaccination, testing or recovery proof on shopping	0.289	0.422	0.008

[218]

NOTES $R^2 = 0.350$.

TABLE 12 Revenue from the Sale of Goods in Retail Stores in Slovenia

Category	2016	2017	2018	2019	2020	2021
Companies and other organisations	2176002	2305304	2633775	2664618	1981040	1894322
End consumers	8858921	10115700	10743306	10841382	10457774	11890323
Total	11034923	12421004	13377081	13506000	12438814	13784645

NOTES In 1000 EUR. Based on data from Statistical Office of the Republic of Slovenia (<https://www.stat.si/StatWeb/en>).

which means that the independent variables have a fairly strong influence on the dependent variable (factor 2: effect of the pandemic on shopping habits). A statistically significant (sig. < 0.05) influence is present for the variable: 'Factor 4: Impact of the use of masks, disinfection and the vaccination, testing or recovery certificate on shopping habits.' The beta coefficient is positive ($\beta = 0.422$), indicating a positive influence.

The observed positive correlation between the intensity and direction of the latent variables suggests that Hypothesis 1 is somewhat supported. Our research findings suggest that the shopping behavior of Slovenian consumers was indeed affected by the pandemic, albeit temporarily. However, it is important to note that this impact was not significant or permanent. Statistical data in Slovenia show a remarkable observation when examining the distribution of revenue from the sale of goods in a retail store (measured in 1000 EUR), as shown in table 12. In particular, a decrease in revenue was observed in 2020, which can be attributed to the impact of the pandemic. This decrease deviates from the previously observed trend of steady revenue growth in the sale of



TABLE 13 Increase of Revenue from the Sale of Goods by Product Group in Retail Trade in Slovenia

Item	2018	2019	2020	Δ (%)	2021
Food, beverages, and tobacco products	3,729,665	3,752,378	3,911,822	4.25	4,042,213
Furniture, lighting, carpets, and floor coverings	272,590	247,696	271,647	9.67	398,019
Household appliances and electrical devices for personal care	182,248	215,551	234,633	8.85	249,793
Computer, telecommunications, audio, video devices	413,719	389,772	460,932	18.27	485,384
Games and toys	76,898	77,561	82,047	5.78	103,735
Gardening equipment, seeds, seedlings, flowers, small animals	283,002	322,949	374,527	15.97	283,772
Cosmetic products and toiletries	409,910	393,649	394,852	0.31	383,003
Items for personal use	82,088	63,429	73,660	16.13	152,900
Construction and installation materials	388,761	349,356	386,158	10.53	262,710
Home maintenance and repair products	179,101	183,618	190,828	3.93	209,721
Tools and equipment for home and garden	254,670	233,850	239,230	2.30	284,749

[219]

NOTES In 1000 EUR. Based on data from Statistical Office of the Republic of Slovenia (<https://www.stat.si/StatWeb/en>).

goods in retail stores, as shown by a comparison with data from previous years.

As reflected in table 13, the biggest increase in revenue from the sale of goods by product group in retail trade in Slovenia in the year 2020, compared to the year 2019, can be noted in product group computer, telecommunications, audio, video devices (18,27%), items for personal use (such as watches, alarm clocks, jewelry, precious stones, travel cases, bags, wallets, baby carriages, car seats, umbrellas, sunglasses, wall thermometers, etc.) (16,13%), gardening equipment, seeds, seedlings, flowers, small animals (15,97%) and also in purchase of construction and installation materials (10,53%).

H2 *Education is positively correlated with the pandemic effect on Slovenian consumers' shopping habits.*

TABLE 14 Spearman's Correlation Coefficient (Formal Education)

[220]	I have been shopping less often during the pandemic	<i>r</i>	0.174*
		Sig.	0.013
		<i>N</i>	204
[220]	I have avoided visiting physical shop locations during the pandemic	<i>r</i>	0.351**
		Sig.	0.000
		<i>N</i>	204
[220]	I have visibly altered my shopping habits during the pandemic	<i>r</i>	0.223**
		Sig.	0.001
		<i>N</i>	204
[220]	I have paid for products and services during the pandemic, which I wouldn't have paid for normally	<i>r</i>	0.062
		Sig.	0.379
		<i>N</i>	204
[220]	I have used a credit card for payments instead of cash during the pandemic	<i>r</i>	0.181**
		Sig.	0.009
		<i>N</i>	204
[220]	I have been shopping online more frequently during the pandemic	<i>r</i>	0.210**
		Sig.	0.003
		<i>N</i>	204
[220]	In my opinion, the pandemic has altered the habits of goods and services consumers	<i>r</i>	0.206**
		Sig.	0.003
		<i>N</i>	204

NOTES ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

The Spearman correlation test, as shown in table 14, indicates a statistically significant positive correlation (sig. < 0.05) between Slovenian customers' shopping behavior and their level of formal education. No statistically significant correlation was found between formal education and the statement 'I have paid for products and services during the pandemic which I wouldn't have paid for normally' ($p > 0.05$).

We chose structural equation modelling (SEM) because it is able to test complex relationships between multiple dependent and independent variables simultaneously. SEM also allows the integration of latent variables, like changes in consumer behavior and marketing strategies, which cannot be directly observed but are inferred from the data. SEM can also provide a comprehensive overview of how different factors, like income and education, interact to influence consumer decisions.



Shapiro-Wilk test in order to further investigate univariate normality. Age, Gender, and Education all have p -values of 0, which denote a departure from the normality assumption.

[222] This section begins an investigation into the connections between the many variables covered. The evaluation demonstrates high skewness (3650.8784) and kurtosis (23.9004) using the Mardia test. Both skewness and kurtosis' corresponding p -values of 0 signify significant departures from normality. The 22 variables are subsequently subjected to univariate Shapiro-Wilk tests, and in every case, the p -values are recorded as 0, supporting the non-normal distribution.

Using the Mardia test once more, significant deviations from normality are shown by strong skewness (4438.2873) and kurtosis (30.2513), both of which have p -values of 0. This section begins an investigation into the connections between the many variables covered. The evaluation demonstrates high skewness (3650.8784) and kurtosis (23.9004) using the Mardia test. Both skewness and kurtosis' corresponding p -values of 0 signify significant departures from normality. The 22 variables from Article 1 are subsequently subjected to univariate Shapiro-Wilk tests, and in every case, the p -values are recorded as 0, supporting the non-normal distribution.

Using the Mardia test once more, significant deviations from normality are shown by strong skewness (4438.2873) and kurtosis (30.2513), both of which have p -values of 0. A variety of fit indices are shown, serving as metrics to assess the agreement between the model and the patterns in the data that have been observed. The degree to which the model accurately reproduces the observed covariance patterns is indicated by the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI). Both indices have low values, which could be interpreted as a sign that the model and the data don't fit together well. The model provides relatively high values of 0.180 and 0.159 for the Root Mean Square Error of Approximation (RMSEA), which measures how accurately the covariance patterns in the data are reproduced. These numbers are outside the range that a strong model fit requires. The strong RMSEA values, which are over the advised cut-off point of 0.176, support the idea of poor model fit.

Estimates of the associations between latent and observable variables are provided by this aspect. Despite not being observable, latent variables are inferred from several observed variables. The parameter estimates, shown as standardized coefficients, explain the strength and



pattern of the relationships between the variables. These coefficients represent the expected change in the dependent variable that results from a change of one unit in the independent variable.

The results of this SEM analysis highlight two key issues: poor model fit and violations of normality assumptions. The dataset does not conform to the assumptions of a normal distribution, as shown by the results of the Mardia test, which highlights significant skewness and kurtosis, as well as the univariate Shapiro-Wilk tests, which consistently demonstrate non-normality. This finding raises questions about whether it is appropriate to use parametric procedures that are based on these presumptions. [223]

The results of the model fit indices confirm that the proposed structural equation model and the patterns of the observed data do not fit together satisfactorily. A poor alignment between the model and the actual data is suggested by low CFI and TLI values along with high RMSEA values, highlighting the potential distortion of underlying relationships between variables. Although useful, the parameter estimations should be used with caution due to the model's poor normality and fit. These estimates' validity could be called into question, and their interpretation might not accurately reflect the true relationships in the population. Exploratory factor analysis (EFA) was conducted to determine the underlying structure of the consumer behavior variables, despite the relatively small number of items, and to ensure that the scales measuring different aspects of consumer behavior (e.g. online shopping, health issues, etc.) were unique and valid. This step was crucial for validating the constructs before testing the structural relationships with SEM.

Although the sample size of 204 may be considered small for some types of studies, SEM can still be used effectively when paired with EFA to identify latent factors. Previous research has shown that even a sample size of 150 can provide reliable SEM results, especially when the data have clear factor structures, as confirmed by the Kaiser-Meyer-Olkin measure and Bartlett's test in this study. This approach allowed us to refine the factor structure with EFA before testing the relationships with SEM to ensure a robust analysis despite the limited sample size.

In conclusion, our SEM study highlights significant issues caused by non-normality assumptions and poor model fit. Careful consideration is required due to the obvious non-normal distribution, which is highlighted by the Mardia and Shapiro-Wilk tests, as well as the poor model

[224] fit, which is shown by the fit indices. To find more precise underlying patterns in the data, alternative analytical techniques that might include non-parametric methodologies should be explored. It is crucial to provide a thoughtful interpretation that recognizes the restrictions imposed by non-normality and poor model fit on the conclusions drawn from the research and accounts for these constraints.

Conceptual Model

We relied on the conceptual model shown in figure 3 as the primary framework for our research. A conceptual framework serves as the fundamental basis for the entire research project. In this study, a conceptual model is proposed to shed light on the factors that influence customers’ buying behaviors when deciding between online and brick-and-mortar stores. The model was developed by drawing on relevant theories, concepts, and empirical findings from surveys.

A conceptual model from figure 3 has elaborated the practicability of factors affecting consumer behavior. On the one hand, the suggested factors have frequently been identified by earlier studies concerned with the influencing factors on consumer purchasing behavior; however, the combined findings of the earlier studies have built the significant cornerstones on which the analysis of the empirical results has been based. However, the factors addressed in the conceptual model are supported by the survey results in the suggested conceptual model utilizing two separate methods. The first strategy entails directly endorsing a factor that has been addressed. This was done by employing one or more survey statements that did so. For instance, it has been noted in surveys that making offline purchases can be an entertain-

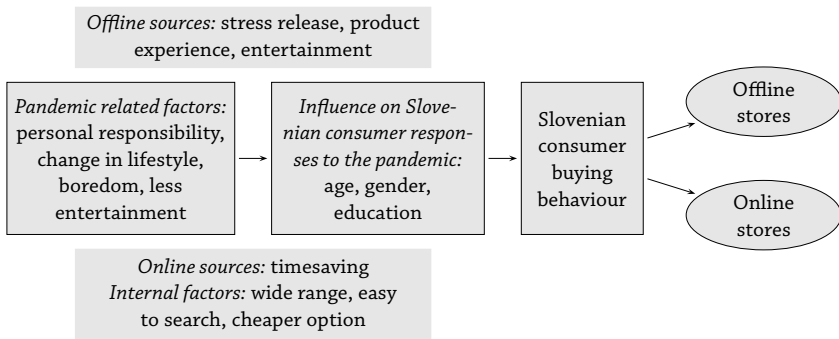


FIGURE 3 Conceptual Model



ing pastime for some people, as the survey comments have explicitly supported this finding. Shopping is a social activity because people go shopping for fun and to hang out with friends, and this statement was supported by 39 participants.

The second statement, that people typically go shopping alone for entertainment and to observe people around them, was supported by 17 participants. In that, the addressed factors are supported by comments that would indirectly confirm the factors, the second technique is somewhat comparable to the first way in terms of directly verifying the elements. It is possible to indirectly affirm a component that has been addressed by employing assertions that exile a factor that lies on the other extreme from the treated factor. People may prefer making off-line purchases since they can physically experience the product, as was directly supported by 58 participants who stated that they shop offline so they can physically inspect and test the products. However, the issue was indirectly supported by 66 of the participants who stated that they would not make an online purchase if they could not physically touch and examine the object. Based on the findings of these surveys, researchers were able to develop this conceptual model. Therefore, this model will help researchers gain in-depth knowledge about influencing consumer behavior under pandemic situations. [225]

Theoretical Foundation of Conceptual Research Model

The theoretical framework of this study is based on the theory of consumer behavior and innovation marketing. In particular, the theoretical foundations relating to the impact of a pandemic on consumer and retailer decision-making form the basis for the conceptual model. Previous research, such as that by Schwarzkopf (2015) and Rita, Oliveira, and Farisa (2019), shows that consumer behavior in times of crisis is influenced by psychological stress and economic changes. In addition, innovation theory, as discussed by Phillips, Roehrich, and Kapletia (2023), provides a framework for understanding the role of innovative marketing approaches in times of disruption. This theoretical work guided us in developing our hypotheses, which focused on how the COVID-19 pandemic changed the behavior of Slovenian consumers.

DISCUSSION

The COVID-19 pandemic has resulted in significant changes in consumer behavior and retail sales patterns, necessitating a thorough ex-

[226] amination and comprehension of these changes. This discourse aims to provide a more comprehensive analysis of our empirical results, elucidating the intricate complexities and consequences inherent in the observed phenomena. The research conducted revealed a notable disparity in sales patterns across many product categories throughout the pandemic. In the fiscal year of 2020, several sectors such as computers, telecommunications equipment, gardening tools, and personal use products demonstrated a notable increase in revenue. Conversely, other sectors encountered a fall in sales during this period. The observed patterns align with prior research, particularly in contrast to the results reported by Vukasović (2020), which indicated a substantial increase in food expenditures during the pandemic. It is of utmost importance to acknowledge that the effects of the pandemic on sales went beyond the immediate health crisis, embracing other dimensions like economic, social, and behavioral aspects (Vukasović 2020).

The gender disparities in consumer behavior identified in our study are consistent with larger societal trends. Females demonstrated a heightened propensity to refrain from visiting brick-and-mortar establishments, preferred credit card transactions, and voiced apprehensions over the transmission of infection to their family members. The aforementioned findings are consistent with prior studies that have demonstrated women's tendency to perceive health hazards with greater severity and exhibit higher levels of compliance with preventative actions (Tan et al. 2022; Moran and Del Valle 2016; Muto et al. 2020). Recognizing and understanding these gender distinctions is crucial for organizations seeking to customize their strategy to effectively address the varied requirements and concerns of their consumer base.

Age-related variations have been identified as an essential factor influencing consumer behavior in the context of the pandemic. The age cohort ranging from 30 to 34 years demonstrated the highest level of concurrence about statements about the avoidance of stores and concerns about transmitting the infection to their family members. In contrast, 20–24-year-olds exhibited reduced concurrence with these assertions. The discrepancy in preferences about cash and credit card payments was also observed among individuals belonging to different age groups. The observed variation in behavior related to age is consistent with prior studies that have shown older persons, especially those who are more susceptible to risks, tend to exhibit more cautious and risk-averse behaviors in times of health crisis (Bruine de Bruin 2020). More-



over, the inclination towards digital payment methods among younger participants reflects the societal transition towards technologically advanced payment options, as noted by Iftode (2019).

The study conducted by our research has revealed the significant influence of educational level on customer behavior in the context of the ongoing pandemic. There was a positive correlation observed between those possessing advanced educational credentials, specifically doctorates, and their inclination to endorse comments about store avoidance, health care concerns, and fear of infection. On the other hand, individuals who possessed secondary school certificates demonstrated a decreased level of concurrence with these propositions. Bruine de Bruin (2020) asserts that the impact of external variables on consumer behavior is significantly influenced by one's educational degree. [227]

The characteristics that have been found as crucial in altering shopping habits during the epidemic align with previous research findings. Prominent factors motivating individuals include apprehension regarding the transmission of the virus to their family members, concerns about overall health, personal anxieties around infection, and the availability of essential products (Vukasović 2020). The aforementioned findings highlight the persistent importance of psychological and health-related elements in the process of consumer decision-making amidst periods of crises. Gaining comprehension of these factors enables firms to acquire the necessary knowledge for developing messaging and strategies that are in line with consumer attitudes and priorities.

Our research has broad implications for the fashion retail industry and potentially other sectors, encompassing more than just understanding the effects of the pandemic on consumer behavior. Moreover, the findings of this study have direct implications for the fashion industry, particularly regarding the shift towards e-commerce and online consumption. The rise in online shopping during the pandemic, as evidenced by a significant increase in purchases of clothing and accessories via online platforms, emphasizes the need for fashion retailers to improve their digital presence. In addition, virtual experiences such as online fashion shows and augmented reality fitting rooms can bridge the gap created by the closure of physical shops. By adapting to these changes, fashion businesses can not only survive but thrive in a post-pandemic retail landscape.

Organizations, specifically those operating within the fashion retail

[228] industry, have the opportunity to utilize this valuable information to customize their product offerings, marketing approaches, and operational frameworks to align with an altered market environment. In the context of the post-pandemic period, it is crucial to prioritize adaptability and responsiveness to effectively address the changing preferences of consumers. Organizations that acknowledge these transformations and adjust their strategies accordingly are well-positioned to flourish in a context marked by unpredictability and swift alterations (Vukasović 2020).

CONCLUSION

The two hypotheses of this study are closely linked to the central research objectives, namely understanding the change in consumer behavior and the adoption of innovative marketing strategies during the COVID-19 pandemic. Hypothesis 1 examines how the pandemic has fundamentally changed the consumption habits of Slovenian consumers, which is key to identifying shifts in market dynamics. Hypothesis 2 focuses on the role of education and hypothesis that higher levels of education are positively correlated with behavioral changes. Both hypotheses contribute to the overall goal of identifying key factors influencing consumer decisions and the effectiveness of new marketing techniques during the global crisis.

Based on the extensive research and empirical observations of the comprehensive study, it is evident that the COVID-19 pandemic resulted in significant changes in consumer behavior. The complex changes, which are closely tied to the structure of our society, are supported by a variety of important elements such as gender, age, education, and various contextual circumstances. Changes in consumer behavior have, therefore, affected purchasing habits and shed light on the complex interplay of sociological, economic, and health-related factors. This study makes a significant contribution to the current scientific debate on the significant impact of the pandemic on (Slovenian) consumer behavior. It successfully combines theoretical concepts with their practical implications in the real world. The study's observations and conclusions offer important recommendations for businesses and policymakers and provide a comprehensive understanding of the complex processes that drive consumer behavior in times of crisis.

The COVID-19 pandemic exerted a notable influence on the heightened adoption of virtual commerce within the context of Slovenia. As a



result of the constrained accessibility of physical retail establishments and growing apprehensions regarding the welfare and security of customers, there has been a discernible surge in the utilization of online platforms by consumers to conduct their purchases. The observed shift in consumer purchase patterns was marked by a transition from discretionary items to critical daily necessities, as well as goods related to professional needs and home entertainment. In addition, the crisis led to a significant change in consumer support for local businesses. Slovenian consumers showed a collective sense of solidarity with the local economy, clearly tending to favor local businesses as opposed to their online counterparts from abroad. The study provides a compelling argument that challenges the widely held assumption that people with higher levels of education would change their purchasing behavior more significantly in times of crisis. This observation underscores the need for further research to examine additional elements that may have an impact on consumer behavior during times of turmoil. The multi-layered nature of individual psychology requires the inclusion of sensory components in the context of the shopping experience.

[229]

An in-depth examination of gender discrepancies found that women spend a greater proportion of their expenditures on health and protection items such as masks, hand sanitizers, and disinfectants compared to men. This discrepancy highlights women's higher awareness of risk and their propensity to implement health protection measures with greater care. The influence of age on consumer behavior during the pandemic was identified as an important factor. Significant differences in behavior were found across age groups, including 30- to 34-year-olds and 20- to 24-year-olds, in terms of store avoidance and concern about disease transmission to family members. One notable observation concerned the divergent propensity to use credit cards as opposed to cash (digital payments), with Generation Z proving more flexible on this point than older customers.

Individuals' education levels were identified as an important element in shaping consumer responses to the epidemic. Individuals with higher levels of education, particularly those with doctoral degrees, tended to agree more with statements related to avoiding business, concern about health care, and fear of infection. On the other hand, respondents with secondary education were least likely to agree with the above statements. Significantly, respondents with master's degrees agreed more strongly with concerns about infecting their families com-

[230] pared to their peers. This comprehensive study categorizes the factors affecting consumer spending during the pandemic into four different dimensions. These dimensions include the impact of retail and consumer services on consumer spending behavior during the pandemic; the impact of the pandemic itself on consumer spending behavior; the impact of the pandemic on increased purchases of various goods such as sporting, recreational, electronic, and household goods; and the impact of pandemic measures such as the use of masks, disinfection protocols, vaccination efforts, testing procedures, and recovery evidence on consumer spending behavior.

In summary, this study illuminates various aspects of consumer behavior during the COVID-19 epidemic in Slovenia. With these scientific insights, companies and policymakers can adeptly respond to evolving consumer demands in the post-pandemic period. However, it is crucial to acknowledge limitations stemming from our study, such as its regional focus and data collection timeframe. A more extensive study spanning multiple countries/continents and a longer duration, accounting for different pandemic phases, could offer broader insights. Our findings serve as a practical foundation for companies to adjust their strategic plans, especially in digital marketing and consumer engagement. This study contributes to existing literature by theoretically analyzing how health, economic, and sociological factors interact to shape consumer behavior during crises. Rigorous statistical methods ensure the robustness of our findings, alongside adherence to ethical standards for participant anonymity and informed consent. Connecting our findings with current research through insightful data visualizations aims to foster a coherent understanding. Addressing the profound implications of global crises requires thorough, detailed assessments by scientists, businesses, and governments alike. Therefore, our study could influence future research efforts aiming to further understand consumer behavior amidst the evolving post-COVID landscape.

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Integrating Spirituality and Politics: Insights from Islam and Christianity on Religiosity and Governance in Contemporary Society


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The purpose of this paper is to explore the relationship between the spiritual and the political in contemporary times through an analysis of two contrasting approaches linking the spiritual and political spheres. This is achieved through an examination of religious values, spiritual beliefs, political objectives, and an exploration of Sufism's interconnectedness between the spiritual and political realms. The study also examines the religious foundations of the Moroccan model of religiosity characterized by the institution of the Commandery of the Faithful and its principles in modern governance, with a focus on integrating spiritual values into leadership for societal harmony. The findings of this research, based on an analytical study of literary theories and a comparative study of governance and spirituality in Islam and Christianity, underscore the crucial importance of balancing spirituality and politics to address modern socio-economic and environmental challenges. The study also emphasizes the significance of balanced governance that respects religious diversity spiritual insights, and value-driven leadership for societal well-being.

Key Words: leadership, politics, spiritual, Sufism, Commandery of the Faithful, Vatican

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INTRODUCTION

This scientific paper addresses the relationship between the spiritual and the political in our contemporary era through two distinct approaches: linking the spiritual and the political spheres and examining religious values, spiritual beliefs, and political objectives. Additionally, it explores Sufism's interconnectedness between the spiritual and the political.

[236] The study explores the spread of Sufi culture through a distinctive logic grounded in timeless principles. This cultural framework evolves by adapting to the shifting spiritual needs of different eras. Historically, Sufism has served as a remedy for clan conflicts and a catalyst for the progressive development of individuals and societies, embodying a fundamental aspect of what is known as Muslim civilization.

To deepen this examination, the study includes a comparative analysis with the Vatican system. In this context, the research aims to delve into the core principles of the Moroccan model of religiosity, epitomized by the Commandery of the Faithful, and its application in modern governance. The focus is on how spiritual values are integrated into leadership to foster societal harmony and cohesion.

The question is particularly pressing: Should we politicize the spiritual or spiritualize the political? Which path offers the necessary wisdom to guide our contemporary societies? In this context, infused with spirituality and deep reflection, we are called to carefully examine the implications of this question for our contemporary society based on an analytical study of literary theories, emphasizing the crucial importance of balancing spirituality and politics in addressing modern socioeconomic and environmental challenges.

The first approach, politicizing the spiritual, involves using religious values and spiritual beliefs for political purposes. This can take various forms, from using religious rhetoric to justify political actions to exploiting religious sentiments to mobilize voters. However, this politicization can lead to situations where spiritual principles are distorted or manipulated to serve partisan interests, risking division rather than unity (Mubarak 2009).

In contrast, the path of spiritualizing politics proposes an approach where spiritual and ethical values guide political decision-making. This involves integrating principles such as justice, compassion, solidarity, and respect for human dignity into public policies. It means placing human beings and societal well-being at the heart of political actions, based on deep ethical foundations.

Spiritual governance aims to promote spiritual stability, a crucial aspect of societal well-being due to its deep connection to the nations' beliefs and convictions. Spiritual stability is fundamental because it not only shapes but also represents the identity and character of societies. Any shortcomings in spiritual stability can lead to behavioral and social deficiencies, which may subsequently manifest as acts of violence



and extremism. This underscores the profound impact of spiritual governance on maintaining societal harmony and stability.

To deepen the theoretical exploration of spiritual governance and ethical leadership, this research adopts an interdisciplinary framework, incorporating perspectives from sociology, political science, and philosophy. From a sociological perspective, spiritual values are critical in shaping social cohesion and impacting organizational behavior. Political science offers the structural context within which political values are legitimized, reinforcing the legitimacy of governance systems. In parallel, philosophical analysis of morality provides the foundation for the moral principles that guide leadership practices (Kim 2018).

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The research uses both theoretical frameworks and empirical case studies to illustrate how modern governance models, such as the Moroccan model, can be practically applied through the integration of spiritual values. This study concludes with a comparative analysis between the Commandery of the Faithful in Morocco and the Vatican's system to illustrate how spiritual leadership can significantly impact political governance and societal progress.

By combining spirituality with political theory, this study offers a forward-looking perspective on spiritual governance, highlighting its essential role in peacebuilding and fostering the development of contemporary societies.

SPIRITUAL GOVERNANCE AND ETHICAL LEADERSHIP

The intersection of spirituality, governance, ethics and leadership suggests that specific values and mindsets can significantly impact how a leader interacts with and guides their followers. Within this scope, we can mention values of tolerance, solidarity, respect, coexistence and forgiveness. The concept of spiritual leadership theory provides insights into how an individual's inner life and personal beliefs shape their effectiveness in leading others (Samul 2020).

This theory plays a crucial role for leaders who aim to guide people and foster a sustainable work environment within a community or an organization. In an era marked by constant fluctuation, leaders must cultivate stability and security to navigate external challenges effectively. Therefore, spiritual Governance is essential to cultivate a strong sense of identity among followers, understand the deeper significance of events and situations, and align the community's values with a coherent and purposeful vision (Samul 2020).

[238] The social values distinguishing right from wrong form the core of organizational behavior and establish the basis upon which leaders guide employees toward achieving organizational goals. Ethical leadership involves influencing employees through a framework of values, principles, and beliefs that align with the established norms of organizational conduct. These elements collectively define the essence of ethical leadership (Alshammari, Almutairi, and Thuwaini 2015).

Ethical leadership has emerged from the confluence of complex and extensive challenges that have shaped leadership research. The development of leadership concepts and the impact of globalization have significantly influenced the evolution of ethical leadership, moving beyond traditional leadership models. Thus, the normative inquiry into what defines a good leader highlights the importance of value-based leadership in enhancing contemporary organizational performance. Consequently, the theoretical exploration of ethics and leadership has become a foundational principle for various organizations and fields. This emphasis on ethical considerations has led to a focus on charismatic, transformational, and visionary leadership as essential elements of effective leadership within ethical frameworks (Alshammari, Almutairi, and Thuwaini 2015).

Throughout history, many scholars and philosophers have reflected on the complex relationship between the political and the spiritual. Their teachings and writings have enriched our understanding of these two spheres of human life and their interaction. Among these thinkers, several figures stand out for their significant contributions to this multidimensional reflection.

Paul Thibaud, the French philosopher and writer, addressed the relationship between the political and the spiritual by emphasizing their complementary roles in the shared pursuit of hope. For him, the political and the spiritual should not be opposed or separated but rather interconnected and cooperative in striving for the ideal of a more just and humane society (Thibaud 2014, 3).

Thibaud posits that politics addresses practical and material aspects of societal life, such as political, economic, and social organization, resource management, and conflict resolution. The spiritual, on the other hand, concerns questions of meaning, values, transcendence, and human destiny. Both dimensions are essential as they address fundamental human needs that are both material and spiritual (Thibaud 2014, 3).

Thibaud insists that politics should be driven by spiritual values such



as justice, solidarity, compassion, and respect for human dignity. Similarly, spirituality should not remain abstract; it must be actualized in concrete actions to transform society and improve human conditions. He considers the political and the spiritual to be interdependent and advocates for their collaboration to promote hope by building a better world where the material and spiritual dimensions of human existence are balanced and harmonious (Thibaud 1978). [239]

Plato, a prominent figure in ancient Greek philosophy, profoundly reflected on the relationship between the political and the spiritual in his dialogues. His work, notably in dialogues such as *The Republic* and *The Laws*, explores the ethical and spiritual foundations of political governance to guide the establishment of a just and balanced society. For Plato, harmony between spiritual wisdom and political governance is essential for creating an ideal society. He believes that political leaders should be philosophers or wise individuals imbued with moral and spiritual values, capable of guiding society toward the common good. In *The Republic*, he describes the philosopher as one who has access to truth and knowledge of the ideal forms, enabling him to have an enlightened vision for governance (Lane 2023).

Plato also highlights the importance of education in shaping leaders and citizens. For him, education should aim to cultivate virtue, wisdom, and justice, values that transcend the political domain, and are rooted in the spiritual realm. He proposes an educational system in which philosophy plays a central role, allowing individuals to develop their reasoning and moral sense (Plato 1998).

In his dialogues, Plato warns against the excesses of unenlightened political power, emphasizing the risks of corruption and injustice when governance is not guided by ethical and spiritual principles. He invites deep reflection on the nature of justice, virtue, and the concept of good, each of which has both political and spiritual dimensions (Plato 1998).

Aristotle, as Plato's disciple, further explored these reflections by examining the ethical and political virtues necessary for just governance while recognizing the importance of spiritual values in shaping the character of individuals and leaders (Maurya 2021).

Ibn Khaldun, the renowned 14th-century Arab historian, sociologist, and philosopher, made a significant contribution to the discussion on the relationship between political power and religion in his works, notably in his monumental work *Al-Muqaddima*, where he explored the complex dynamics that emerge when political power and religion in-

teract within a society. He points out that these two spheres are closely linked and can exert reciprocal influence, but notes that this relationship can also be a source of tension and conflict if not managed in a balanced way (Marouani 2017).

[240] Ibn Khaldun observes that when political power is closely tied to religious authority, it can gain increased legitimacy from the population by relying on spiritual and moral principles to justify its actions. However, he warns against the potential abuses of this relationship, emphasizing that the mixture of political and religious power can lead to authoritarianism and fanaticism that are detrimental to society (Pišev 2019).

Furthermore, Ibn Khaldun acknowledges the importance of religion in social and political life as a source of values, norms, and social cohesion. He notes that societies often need an ethical and moral framework provided by religion to maintain order and stability (Garrison 2012).

However, Ibn Khaldun also cautions against the risk of political manipulation of religion, where leaders may exploit religious beliefs for power and control. He calls for a clear separation between spiritual and political institutions while recognizing the importance of a constructive dialogue between these two spheres to promote societal well-being. Ibn Khaldun highlights the nuances and challenges of the relationship between political power and religion, emphasizing both the potential benefits of a balanced collaboration and the dangers of the abusive instrumentalization of religion for political purposes. His analyses continue to inspire reflection on these crucial questions in the contemporary world (Pišev 2019).

Saint Augustine, in the Christian tradition, developed a theory of the relationship between the City of God and the earthly city, offering a profound perspective on the relationship between the political and the spiritual. He emphasized that just and enlightened governance must be rooted in moral and spiritual values to address humanity's deepest needs and aspirations (Tornau 2024).

These thinkers share a common concern for the importance of spiritual and ethical values in political governance. They all recognize that religion can play a crucial role in social and political life, providing a moral and ethical framework for society. However, their perspectives differ on the modalities and practical implications of this relationship.

While Plato insists on the idea of an ideal harmony between the political and the spiritual, Saint Augustine underscores the necessity of



aligning political governance with spiritual values. Ibn Khaldun, for his part, warns against the potential abuses of this relationship and advocates for a clear separation between religious and political institutions while recognizing their interdependence.

Although these thinkers share common concerns about the relationship between the political and the spiritual, their perspectives vary according to their specific historical and philosophical contexts, offering a diversity of analyses and approaches to understanding this complex issue (Peccoud 2004).

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INTEGRATION OF SPIRITUAL VALUES INTO POLITICAL LEADERSHIP

Spirituality can be effectively integrated into the workplace without resorting to proselytism or pressure. True leadership often reflects spiritual principles through actions rather than mere rhetoric, emphasizing qualities like integrity and behaviors that convey authentic empathy and support. Core spiritual values, including integrity, honesty, and humility, are consistently identified as crucial factors that contribute to successful leadership (Reave 2005).

In the context of politics, spiritual values have a significant impact when they shape individuals' worldviews, influence their assessment of conditions, and guide their actions. When individuals view democratic processes positively, recognize their effectiveness, and engage actively to support their institutions, these spiritual values enhance their support for the fundamentals of democracy (Kim 2008).

Religious beliefs can significantly benefit individuals by offering clarity in an unpredictable world, enhancing social cohesion, and shielding them from perceived threats. However, if devout practitioners of mosques, churches, or other religious institutions interpret difficulties as divine punishment, rely on exclusive religious affiliations, and adopt defensive stances towards marginalized groups, their commitment to democratic values may weaken. Although spiritual values can provide personal meaning and a sense of solidarity, they might have a reduced impact on nurturing democratic attitudes, especially in more industrialized societies (Kim 2008).

From a religious perspective, the monotheistic religions – Islam, Christianity, and Judaism – have addressed various aspects of the relationship between the political and the spiritual, each providing its own teachings and perspectives (Firestone 2005).

[242] In Islam, the Quran and the teachings of the Prophet Muhammad emphasize justice, equality, compassion, and respect for human rights. Muslim leaders are called to govern with fairness and to protect the rights of citizens, following the principles of Sharia (Ebrahimi and Yusof 2017).

In Christianity, Jesus Christ taught principles such as love for one's neighbor, forgiveness, and the importance of justice and peace. Christians are called to be witnesses to these values in society, including in the political domain (Pontifical Council for Justice and Peace 2005).

In Judaism, the Torah and its teachings offer guidelines for just and ethical governance. Concepts such as social justice, the protection of the vulnerable, and the responsibility of leaders before God are recurring themes in Jewish texts (Rosen 2022).

These religions share common values such as justice, compassion, and moral responsibility, which are fundamental to political governance. They also emphasize the importance of ethical governance that respects human dignity and the rights of all individuals (Gilabert 2018).

The values and teachings of monotheistic religions provide a crucial source of inspiration that guides political choices and promotes the overall well-being of society. They highlight fundamental principles such as justice, equity, compassion, and solidarity, which are essential for ensuring just and inclusive governance (Niazi 2023).

Even in secular countries, where there is a strict separation between religious institutions and the state, promoting religious neutrality in public affairs, it is still valuable to examine the individual and spiritual dimension through the experiences of everyone (Martínez-Torrón and Durham 2014).

These values can guide political decisions by encouraging equitable resource distribution, protecting the rights of all citizens, and implementing social policies that foster inclusion and support marginalized populations. Additionally, they promote the peaceful resolution of conflicts, interfaith dialogue, and cooperation between different religious communities to enhance mutual understanding, respect for diversity, and the construction of more harmonious and resilient societies (United Nations 2008).

By emphasizing these values in our political actions, we can create environments where everyone feels valued, where diversity is celebrated as a richness, and where decisions are made with a spirit of goodwill and collaboration for the common good.



SUFI'S INTERCONNECTEDNESS BETWEEN
THE SPIRITUAL AND THE POLITICAL

Sufism, a mystical tradition of Islam, addresses the relationship between the political and the spiritual in a unique way by teaching that the essence of all existence is a divine unity, where the spiritual and the political are merely different aspects of a broader reality. Thus, in the Sufi vision, there is no absolute separation between these two spheres, but rather a complementarity in the pursuit of truth and perfection (Bilqies 2014).

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Sufism emphasizes teaching ethical values such as compassion, tolerance, and kindness towards all human beings. This ethical approach guides the conduct of Sufis in all spheres of life, including the political realm, aiming to promote balance and harmony between the inner and outer aspects of human existence. This means that the spiritual quest should not be separated from responsibilities and commitments in the material world, including political, economic, and social domains (Thibdeau 2021). It also encourages the pursuit of inner truth and self-knowledge. Applied to the political realm, this means an awareness of the deep motivations behind political actions, fostering more authentic governance aligned with spiritual values.

In this perspective, we can mention Ibn Arabi, one of the most influential Sufi thinkers in history. He delved deeply into the spiritual and metaphysical dimensions of existence, and his writings often carry an implicit political scope by emphasizing the importance of ethics and wisdom in managing human affairs. His teachings inspired a holistic approach where spirituality and ethical conduct are closely linked, offering valuable perspectives for governance and social life (Thibdeau 2021).

Al-Ghazali, a prominent Sufi of the 11th century, profoundly reflected on the relationship between religious faith, morality, and political governance. His writings highlight the paramount importance of just and ethical governance founded on spiritual principles. For Al-Ghazali, public affairs should be guided by the pursuit of justice, compassion, and integrity – essential values that emanate from the spiritual dimension of human life (Alavi 2010).

Jalal ad-Din Rumi, although primarily known for his mystical poetry, also addressed political and social themes in his writings. He promoted compassion, universal love, and the quest for truth as fundamental values to guide human relations, including those in the political

domain. For Rumi, public affairs should be conducted with compassion and tolerance, enabling peaceful and harmonious coexistence among individuals and communities, regardless of religious, cultural, or political differences (Cihan-Artun 2016).

[244] After exploring the teachings of religions and thinkers on the relationship between the political and the spiritual, let us now consider how these ideas resonate in our present time.

In our era, marked by the complexity of social, economic, and environmental challenges, the path of spiritualizing politics seems to offer valuable wisdom. By integrating spiritual values into our decision-making processes, we can aspire to governance that is more just, equitable, and respectful of human diversity.

Historically, it is known that all Sufi orders in Western Africa, and more broadly in the Islamic world, originated from Morocco. Since the 15th century, Africa has been a major hub for Sufi orders. The impact of Sufi orders on African countries is significant, starting with the spread of Islam and the establishment of numerous educational institutions. Furthermore, these Sufi orders have had a profound influence on the political and economic management of certain African countries, even before European colonialism (Davis 2020).

Despite colonial interventions that led to Christianization and Westernization in many African regions, and the ideological influence of various political systems, Sufi orders have maintained a strong influence on the political and economic spheres of Muslim-majority African countries, and even those with smaller Muslim communities (Clarke 2005).

Sufism is founded on the principles of loyalty and obedience to the 'Sheikh,' who serves as the spiritual leader. Given that many of these 'Sheikhs' hail from Morocco, this allegiance extends to their country of origin as well. As a result, Morocco has developed strong cultural and economic connections with African nations where Sufi traditions are influential. This relationship fosters a sense of interconnectedness and mutual support between Morocco and these countries (Abdul Jalil 2019).

In Sufism, the focus is on collective spiritual development rather than individual self-improvement. Followers, or 'Al-Murids,' are nurtured and educated under the guidance of a 'Sufi Sheikh,' preparing them to become imams and reformers. This approach contrasts with solitary practices and emphasizes community, spiritual brotherhood,



'Dhikr' (remembrance of God), and worship. This collective spiritual education has led to the formation of mausoleums, which are centers of spiritual, educational, social, and political reform. These centers definitely play a crucial role in shaping and guiding the Sufi community (Abdul Jalil 2019).

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Sufis have consistently respected the legitimacy of existing political authorities, which, in turn, have not sought to hinder their religious practices. Moroccan Sufi teachings have even spread to other regions, mainly sub-Saharan Africa and other countries in North Africa. Today, Sufism continues to invigorate traditions of mercy, love, and openness in Morocco, particularly towards Mediterranean countries, with which Moroccans have historically maintained bonds of friendship, mutual respect, and cooperation (Sbai El Idrissi 2005).

The Sufi influence is evident in Morocco's social relations, explaining the country's enduring traditions of openness, moderation, and tolerance. These traditions prevent the exploitation of religion for purposes other than its intended spiritual role and reject the use of violence to impose ideas or doctrines foreign to Moroccan society. Since the Berbers, or Amazighs, appointed Moulay Driss, a descendant of the Prophet, as their leader twelve centuries ago, Sufi teachings have helped integrate the spiritual and temporal aspects of life in Morocco. This integration has made Morocco a notable example of how spirituality and governance can coexist harmoniously (Sbai El Idrissi 2005).

The enduring influence of Sufi orders like the Tijani, Qadiri, and Mourids has profoundly shaped the relationship between Morocco and other African countries. Presently, any interaction – whether political, economic, cultural, or religious – between Morocco and those nations, mainly in West Africa, is framed by a common narrative: their centuries-old religious connections have established a bond so deep that they consider each other not merely as 'friends' but as 'brothers' (Lanza 2015).

THE COMMANDERY OF THE FAITHFUL:
THE MOROCCAN MODEL OF RELIGIOSITY
AND HARMONIOUS GOVERNANCE

The experience of the Commandery of the Faithful 'Imarat Al Moumine' in the Kingdom of Morocco, embodied by 'Amir Al Moumine' who is also the King of the country, offers an insightful perspective on this issue. By safeguarding spiritual values while maintaining a

clear separation between the spiritual and the political, this approach demonstrates that it is possible to harmonize these two spheres in a balanced and beneficial way for society (Mbaye 2021).

[246] The vision of the Commandery of the Faithful, embodied by King Mohammed VI of Morocco, offers an enlightening perspective on this issue. Amir Al Mouminine, meaning ‘Commander of the Faithful,’ is a historical title in Islam that acknowledges the spiritual and moral responsibility of the leader towards the Muslim community (Triantaphyllidu and Magazzini 2021).

As Commander of the Faithful, the King of Morocco enjoys both religious and political legitimacy, as specified by the 2011 Constitution. This dual legitimacy allows him to serve as a link between the spiritual and the political, thus contributing to stable governance that respects religious values (Toufiq 2022).

The Commandery of the Faithful ensures the protection of spiritual values by integrating the ethical and moral principles of Islam into political governance. This ensures that political decisions and public policies are aligned with spiritual values and the precepts of theology ‘Sharia’ (Abdul Jalil 2019).

Furthermore, the Commandery of the Faithful fosters dialogue and harmony between the different components of Moroccan society, including religious and political institutions, while ensuring the protection and respect for religious institutions in Morocco, allowing them to fulfill their role in society while maintaining a clear separation between religious and political domains. This constructive dialogue creates a harmonious collaboration for the well-being of society as a whole (Toufiq 2022).

By harmoniously integrating the spiritual and the political, the Commandery of the Faithful contributes to social and political stability in Morocco. This approach fosters trust in institutions and strengthens the social fabric of the nation. Given its roles and missions, the institution of the Commandery of the Faithful is the most solid guarantee of freedom of religion, since the King of Morocco, in his capacity as the Commander of the Faithful, is commander of all believers – Muslims, Christians, and Jews. He is therefore the guarantor who ensures that all followers of the three monotheistic religions have the right to practice their religious rituals freely. This is, therefore, one of the most important and distinctive features of Morocco’s Islamic identity, which combines divine right and true human rights (Toufiq 2022).

Moreover, the Commandery of the Faithful guarantees all people



the opportunity to exercise their religious rights and fully live their faith in African communities, their hearts brimming with spiritual peace and tranquility (Ministry of Foreign Affairs, African Cooperation and Moroccan Expatriates 2023).

To promote stability and counteract extremist threats, the Commandery of the Faithful can assume various roles. It can function as a political entity, enabling the King, in his capacity of religious leader and head of state, to make political and strategic decisions. Additionally, the system can serve as a religious framework for social purposes or as a religious role engaged within specific religious contexts depending on the global vision of the state (Rachik 2016).

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These are immutable religious values commonly embraced by Morocco and the rest of Africa. They can be consolidated only through the achievement of spiritual security in African societies, by transforming human behavior, adhering to divine prescriptions, and upholding the everlasting Message of the revealed religions, under the auspices of the institution of the of the Commandery of the Faithful (Hminmat 2024). These incontrovertible values are based on the behavioral principles fostered by the theology of Sufi orders and religious prescriptions.

The Commandery of the Faithful allows the King to reference the sacred beyond legal norms to structure the political realm. This institution acts as a lever for peacebuilding and addressing other sacred concepts. The King's preeminence is not merely about referring to the sacred, as seen in some Western monarchies (Rachik 2016).

This spiritual system also includes the freedom to reference the sacred at will, invoke tradition at any time, and interpret it for political purposes. Through the Commandery of the Faithful, the King can enforce political and social order while asserting himself as a supreme normative authority and an agent of constraint (Rachik 2016).

The vision of the Commandery of the Faithful insists on the necessity of not politicizing the spiritual. This involves respecting religious freedom and spiritual diversity, refraining from using religion for partisan political purposes, and maintaining spirituality as a source of inspiration and guidance for ethical conduct in all aspects of life.

VATICAN'S AUTHORITY: THE INTERSECTION
OF RELIGIOUS LEADERSHIP AND POLITICAL
SOVEREIGNTY

To understand how spiritual values shape governance, it is insightful to examine the Vatican's approach to leadership and Christianity. The

Vatican, as the heart of Christian spirituality, provides a unique perspective on how spiritual beliefs can influence political stability, institutional development, and social harmony (Altmann, Bunta, and Mazimpaka 2012).

[248] This study aims to explore how Christian principles and spiritual leadership impact governance in this theocratic setting. By examining the strengths and challenges of this model, we gain a clearer picture of how spiritual values affect political and social outcomes in different contexts (Altmann, Bunta, and Mazimpaka 2012).

The Vatican captivates both Catholics and non-Catholics with its historical depth and ongoing influence. This storied institution continues to capture public attention as it strives to guide the Catholic Church and shape global events according to its distinct vision (Reese 2003).

Over the past two millennia, the role of Christians in various aspects of life has undergone significant transformation. One notable dimension of this involvement is their participation in political activities. The Church celebrates numerous saints who devoted their lives to active roles in politics and governance. Among these figures is Saint Thomas More, recognized as the Patron Saint of Statesmen and Politicians (Ratzinger and Bertone 2002).

His martyrdom underscored the 'inalienable dignity of the human conscience.' Despite facing severe psychological pressure, Saint Thomas More remained resolute, demonstrating unwavering commitment to legitimate authority and institutions. His life and death illustrate the inseparable link between faith and morality (Ratzinger and Bertone 2002).

In modern democratic societies, it is commendable that individuals, regardless of their religious beliefs, have the opportunity to engage in shaping political life. These democratic settings require varied and enriched forms of participation from both Christian and non-Christian citizens. Every person can contribute to the formulation of policies and legislative decisions that, in their view, promote the common good. The health of a democracy relies on the active, responsible, and generous involvement of all its members, encompassing a diverse range of roles, levels of responsibility, tasks, and duties (Ratzinger and Bertone 2002).

Leadership doesn't follow a one-size-fits-all model, but a notable difference often emerges between leaders driven by personal ambition and those guided by a deeper sense of purpose. Leaders motivated by personal gain tend to view their wealth, positions, and relationships as



their own possessions. In contrast, those who lead with a sense of calling see everything they have as a gift from God. They recognize God as the Creator and understand that all things are under His will (Marek 2015).

For Catholic leaders, God plays a central role in their lives, shaping their work, decisions, and actions. They see their efforts not just as a path to personal or worldly success but as part of a larger mission to advance God's Kingdom. This mindset leads them to approach their responsibilities with a spirit of stewardship, viewing their resources and roles as something entrusted to them temporarily. Like the Biblical parable of the talents in Matthew 25:14, they are expected to manage these gifts wisely and return them with added value (Marek 2015). [249]

In the realm of papal leadership, the Vatican adheres to the principle of papal primacy, which underscores the pope's superior role within the Church. This principle means that the pope, as the bishop of Rome, is considered the universal shepherd and the ultimate authority in the Catholic Church. He possesses comprehensive, supreme, immediate, and global authority to direct the Church (Trigilio 2013).

Christian leaders across the globe increasingly agree on the crucial role of the pope, and there are three main reasons for this. First, looking at history, Christianity was originally organized with major apostolic sees, with the see of Rome occupying the top of the hierarchy. Second, from an ecclesiological perspective, discussions have highlighted the need for both primacy and synodality at every level of the Church's structure – local, regional, and global (De Senneville 2024).

In Catholic social teaching, the common good stands as a central value. Consequently, Catholic leaders are expected to prioritize the well-being of all in their organization over personal benefits. Their goal should be to bring their team together in pursuit of the organization's mission, thereby supporting the growth and prosperity of the Christian community. By focusing on these collective efforts, leaders help advance broader societal progress and contribute to global development (Marek 2015).

FINDINGS

It is undeniable that religion profoundly impacts the development of individuals, societies, and nations. Max Weber highlighted the role of cultural influences rooted in religion as a key factor in the emergence of capitalism. Today, it is noteworthy that many secular organizations

and governments engaged in humanitarian and development work increasingly acknowledge the crucial role of spirituality (Hitzler 2015).

[250] Religion shapes not only individual and societal values but also guides social attitudes, economic activities, and political engagement. In many ancient cultures, religion was not merely a distinct aspect of life but, in fact, served as the central organizing principle. Unlike the contemporary understanding of religion as something separate from daily life, in these societies, it was intertwined with every aspect of existence. The belief in god was integral to the framework through which reality was understood and navigated (Hitzler 2015).

A fundamental distinction between these two approaches lies in their treatment of spirituality and politics. In the religious framework, authority is anchored in divine laws that are considered immutable and not subject to human modification. In contrast, the pragmatic political approach advocates for societal evolution, encouraging adaptation and change in response to emerging challenges and circumstances (Mubarak 2009).

Indeed, it must be said that the wisdom for our time lies in balancing the political and the spiritual, aiming to spiritualize governance through ethical values while respecting religious diversity and avoiding conflicts motivated by religion. This requires a commitment to interfaith dialogue, the promotion of universal values, and the pursuit of inclusive and equitable solutions for all (Schoenberger 2024).

It is essential to spiritualize the political sphere while preserving the integrity of the spiritual domain, thereby avoiding any instrumentalization for political or self-serving ends. This approach emphasizes that the spiritual dimension should illuminate and enrich political conduct rather than be exploited for partisan interests. It thus underscores the importance of maintaining a clear distinction between the practical aspects of social affairs, which belong to politics, and the values, morals, and quest for meaning inherent in the spiritual domain.

By infusing the political with a spiritual dimension, we seek to incorporate ethical principles, moral values, and spiritual teachings into the decisions and actions of political leaders and citizens. This implies a governance approach founded on justice, compassion, solidarity, and respect for human dignity, inspired by religious or philosophical teachings.

The Commandery of the Faithful is an element seen as instrumental in fostering progress and prosperity and in nurturing African societies



that are capable of rising to future challenges, with a forward-looking vision that considers development needs.

The dissemination of Sufi culture follows a distinctive logic grounded in timeless principles. This cultural framework evolves to meet the changing spiritual needs of different periods. Historically, Sufism has acted as a remedy for clan conflicts and a catalyst for the positive and progressive development of individuals and societies, serving as a crucial component of what is recognized as Islamic civilization.

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In Morocco, the Commandery of the Faithful represents a distinctive blend of spiritual and political authority. The King, who holds the titles of Commander of the Faithful and Head of State, combines religious and political roles into a unified form of legitimacy (Triantaphyllidu and Magazzini 2021). This fusion ensures that governance is closely aligned with Islamic principles and spiritual values, creating a stable and cohesive political environment. By integrating these roles, Morocco aims to harmonize spiritual security and political governance, and to foster social stability and coherence (Abdul Jalil 2019).

The Moroccan system emphasizes the importance of dialogue between religious and political institutions to enhance social harmony. The King's dual role acts as a conduit between spiritual and political spheres, promoting collaboration for the common good. This approach helps manage societal diversity and maintains stability by aligning various aspects of Moroccan society (Toufiq 2022).

The Commandery of the Faithful integrates Islamic ethical and moral principles into its governance framework. This integration influences public policies and societal norms, ensuring they are consistent with spiritual values. Such alignment of governance with spiritual and ethical principles contributes to a stable and cohesive political system (Abdul Jalil 2019).

The Vatican similarly merges spiritual and political authority through the role of the Pope. As the supreme leader of the Catholic Church, the Pope holds significant influence both within the Church and in global affairs. This integration of spiritual and political dimensions allows the Pope to shape Church doctrine and influence international relations, demonstrating how spiritual leadership can affect political and social spheres (Trigilio 2013).

The Vatican prioritizes social harmony through its moral teachings and social doctrines, aiming to promote peace, justice, and communal welfare on a global scale. By advocating for social justice and ethical gov-

ernance, the Vatican's influence extends to shaping societal development and fostering global cohesion (Pontifical Council for Justice and Peace 2005).

[252] Similarly, the Vatican's impact on governance is significant, though it operates through a different mechanism. Papal teachings and social doctrines guide both Church and secular leaders in making ethical decisions and shaping governance. The Vatican's authority extends into ethical governance, influencing policies and societal development through its moral and doctrinal teachings (Seidler 1986).

Based on our comparative study, it is evident that the Commandery of the Faithful and the Vatican system exemplify how spiritual authority can shape political governance and societal development. Both demonstrate similarities in combining political and spiritual authority, promoting social cohesion, and guiding leadership with ethical and moral principles. However, their methodologies and contexts differ, highlighting the unique integration of spirituality and politics (Fry 2005).

The Moroccan model centers around the King's dual role within an Islamic framework, primarily influencing a predominantly Islamic population. In contrast, the Vatican's approach is rooted in the global tradition of the Pope's influence over the Catholic Church. Understanding these differences and similarities offers valuable insights into how spiritual and political roles can be effectively integrated in contemporary societies (Nejjar 2018).

It becomes evident that the mission of both models is to spread values of peace and coexistence. This commitment drives religious leaders, both Muslims and Christians, to ardently stand up for the world's spiritual security, preserving and protecting it from any flaw or weakness that may lead to vulnerability, division, strife, confusion, or dispute over immutable religious values or doctrinal choices.

The study of spirituality and politics explores how religious perspectives shape development processes. Its unique contribution lies in its focus not just on religious institutions and organizations, but on the ideas and beliefs within religions. Religion plays a crucial role in fostering social trust and cohesion, which are essential for development. In communities where religious belief is deeply ingrained in daily life, religion serves as a significant asset. It can be harnessed for various purposes, whether by those seeking to dismantle societal structures or by those aiming to construct and improve them (Haar 2011).



Spirituality naturally invokes feelings of goodness, kindness, love, and peace – toward oneself, others, and the divine. It serves as a powerful tool for cultivating integrity within society. In contrast, politics encompasses the activities of gaining and exercising power in public life, including the ability to influence decisions that affect the community. The connection between politics and religion is profound, as there is often an intersection where they converge (Olumide 2021).

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Integrity is central to this study; it is highlighted when both spirituality and politics exemplify it as they support and advance democratic principles. This is done by promoting and upholding values such as tolerance, coexistence, justice, and freedom. Despite various development strategies and efforts by religious and political leaders to foster integrity, many initiatives aimed at achieving significant development and integrity have often proven ineffective (Olumide 2021).

Religious beliefs and political leadership are deeply interconnected. Achieving political success is often seen as a sign of divine favor or spiritual blessing. Many religious traditions hold that a leader's effectiveness and legitimacy are reflected in how well their actions align with spiritual principles. This perception suggests that political achievements can be interpreted as endorsements of one's adherence to religious values (Serrano 2023).

However, focusing solely on religious aspects without considering political realities can undermine effective governance. Leaders who concentrate only on religious practices may find it challenging to address practical political and social needs, which can affect their effectiveness. To govern successfully, leaders must balance their spiritual values with the practical demands of politics (McKay and Whitehouse 2015).

Belonging to a religion can encourage leaders to integrate sacred principles into their political decision-making. This integration can significantly influence how public affairs are managed. Effective political leadership involves not only tangible achievements but also alignment with ethical and spiritual values. In other words, successful governance should reflect a harmony between spiritual values and political decisions, fostering a cycle where spiritual principles guide policy-making, and political outcomes, in turn, support religious practices (Fernando and Jackson 2006).

From a social standpoint, religion and faith continue to serve as vital sources of inspiration and motivation, particularly in the context of

[254] welfare and humanitarian efforts. Many religious communities leverage their beliefs as a foundation for advocating justice and equitable living. Religion remains a potent tool for mobilizing people against cultural abuses and excesses that marginalize and oppress others. Thus, it is evident that religious ideas, institutions, and practices play a crucial role in achieving the comprehensive and meaningful life that individuals and societies strive for (Mtata 2015).

Policymakers must implement principles that encompass universal social and human values, particularly equality, tolerance, and ethics, ensuring their integration across all sectors of governance. These policies should be carefully tailored to meet the diverse needs of society, allowing for the expression of individual identities and beliefs while safeguarding against the misuse of spirituality for political ends.

In conclusion, the spiritual and political realms share a common vision for society, one that prioritizes human well-being, collective prosperity, and social harmony. This convergence is rooted in the belief that moral, political, social, and economic dimensions should be integrated into a cohesive system, where each aspect supports the others to promote sustainable development and a high quality of life for all.

The creation of clear and focused policies that uphold universal values, such as equality, tolerance, and ethics, is essential for their effective application in governance. These policies must be responsive to the specific needs of society, respecting diverse identities and beliefs, and preventing the exploitation of spirituality for political purposes.

The adoption of a multidimensional approach that covers social, economic, political and spiritual aspects serves contemporary society in accordance with the values of a national governance system that prioritizes citizens' well-being, social cohesion, and harmony.

The results of this study ought to be a wellspring of inspiration and motivation for regional and international organizations, governments, policymakers and religious leaders, anthropologists, and cultural experts to deepen their analysis, collaborate, and consider the correlation between the political and the spiritual in contemporary society within their projects and decisions, while balancing their values in governance and considering religious values. Dialogue, in this case, will be the only facilitator of preserving respect and promoting communication through the involvement of both political and spiritual actors.

Within the scope of this study, it should be noted that the ideas expressed in this paper result from well-supported opinions based on thorough reflections and research. It is essential to continue exploring



and debating these questions with an open mind and mutual respect in order to promote inclusive societies that respect the spiritual diversity of everyone.

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Democratization in Tunisia: Negotiating the Interplay of Policy and Economic Development


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This study examines the implications of the Tunisian revolution in 2011 and its subsequent democratic evolution within the context of prerequisites for democratic transition during the Arab Spring. The inquiry delves into two primary dimensions: firstly, an exploration of the objective rationales and contributing factors leading to the impediments in Tunisia's democratic metamorphosis. This involves identifying the elements of foreign intervention and the political and social forces that have played a role in the setback, with specific emphasis on entities such as the Tunisian General Labor Union (UGTT), media outlets, civil society organizations, and influential entities within the bureaucratic administration. Secondly, the study seeks to assess the economic advancements that have fallen short of anticipated outcomes, evident in the decline across various economic indicators and the deteriorating socioeconomic landscape, foreshadowing an imminent economic crisis with profound social and security implications. The research contends that attributing the developmental setbacks, economic downturn, and insufficient economic progress alone cannot be solely accountable for impeding the trajectory of democratic transformation in Tunisia. It is imperative to also comprehend the pivotal role played by ideological conflicts and the inadequate consolidation of democratic culture.

Key Words: democratization, economic development, Middle East, North Africa, Arab spring, Tunisia

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INTRODUCTION

Scholars have extensively examined the pivotal role of democratic transitions in reshaping societies (Wang and Lo 2021). The dissolution of authoritarian regimes presents formidable challenges (Lachapelle and

[260] Hellmeier 2024). However, the attainment of democracy mirrors societal aspirations and facilitates more inclusive governance structures (Yerkes 2023). Furthermore, scholarly discourse continues to underscore the intricate relationship between democratic transitions and a nation's economic well-being and income levels (Epstein et al. 2006; Acemoglu et al. 2019). This relationship was established, in 1959 by Lipset, who proposed a link between democracy and economic development. Despite recent empirical studies, from post-Arab Spring contexts to experiences in South Africa, Pakistan, Poland, Spain, Portugal, Greece, Latin America, Indonesia, Malaysia, and beyond, which underscore the importance of economic dynamics in democratic transitions (Holmes 2023; Yerkes 2023; Langston 2023; Oztig 2023; Papadogiannis and Ramos Pinto 2023; Ufen 2023; Saidin and Storm 2024), this domain warrants further scholarly inquiry. Additional research is needed to elucidate nuanced aspects.

This article seeks to bridge existing research gaps by scrutinizing the nexus between democratic transition and economic development (Kabir and Alam 2021). Theoretically, it aims to elucidate the catalytic role of economic achievements in facilitating successful democratic transitions. Empirically, it examines the determinants underlying the democratic regression in Tunisia, with a particular emphasis on economic factors. Through a meticulous examination of Tunisia's post-revolutionary landscape, this study enhances our comprehension of democratization processes and their multifaceted nature. Additionally, this research, alongside its scrutiny of internal determinants, explores the impact of external actors in shaping a nation's political (Krüger and Stahl 2016; Maryon 2023), economic, and social trajectories during democratic transitions (Fentahun 2023). According to House (2020), Tunisia is the only free country in the Arab world. Thus, the Tunisian case study offers valuable insights into promoting democratic governance and fostering economic development, especially within the Arab world and other developing regions.

LITERATURE REVIEW

The Determinants of Successful Democratization

Researchers have identified several essential conditions necessary for successful democratic transitions (Marzo 2020). The extensive literature on this topic categorizes these factors into three main groups: social and economic factors, political and institutional factors, and demo-



graphic, cultural, and international factors (Rød, Knutsen, and Hegre 2020). Key elements in driving democratization include grassroots mobilization, effective interactions among political parties and figures, and the socio-economic structure (Langston 2023; Teorell 2010).

In addition to this general classification, long-term autocratic regimes are less likely to be overthrown, which affects democratic transition (Rød, Knutsen, and Hegre 2020). Successful democratization often requires exploiting divisions within the authoritarian regime, as confronting a strong, unified autocratic regime is more difficult (O'Donnell, Schmitter, and Whitehead 2013). Moreover, exploiting divisions within the incumbent regime is considered one of the conditions for establishing democracy (Teorell 2010), and democratic forces must carefully understand these divisions (Lowenthal and Bitar 2016) and interact accordingly. [261]

Opposition political elites and civil society must identify and collaborate with regime insiders who support change (Henneberg 2024). Building bridges with these individuals is crucial for developing a shared vision for transition (O'Donnell, Schmitter, and Whitehead 2013). However, this collaboration requires assurances that the rights and possessions of regime supporters will be protected under the rule of law (Lowenthal and Bitar 2016). Effective negotiation skills are essential for democratic elites (Hassan, Lorch, and Ranko 2020), who must also resist public demands for radical measures against former regime members (Teorell 2010; Lowenthal and Bitar 2016). Managing relationships with security services and armed forces is another critical task for reformers. Successful democratization hinges on placing the armed forces under democratic civilian control, which requires consensus among civilian elites and effective oversight mechanisms (Hassan, Lorch, and Ranko 2020; McCarthy 2023; Mietzner 2014). Reformers should respect military leaders, protect them, and provide necessary resources to ensure their roles are fulfilled effectively (Lowenthal and Bitar 2016).

The political environment during the transition is a significant determinant of democratization success (Holmes 2023; Langston 2023). Political parties and elites must be willing and able to engage effectively with the autocratic regime. Pro-democracy forces should remain united and pragmatic, avoiding internal conflicts and building coalitions to focus on governance fundamentals (Lachapelle and Hellmeier 2024; Lowenthal and Bitar 2016; Mietzner 2014). Post-transition, po-

[262] litical and civil society actors must assess the performance of new officials while considering inherited corruption and inefficiencies (Yom 2005). Disruptive behavior and negative attitudes from these groups can pose threats to democracy (Holmes 2023; Lowenthal and Bitar 2016; Albrecht et al. 2021). The form of government adopted post-democratization, whether presidential or parliamentary, can significantly influence the success of the transition (Cheibub 2007). The effectiveness of a democratic government hinges on its capacity to deliver top-notch public services, gather political backing, and demonstrate robust public sector capabilities (Fukuyama 2014). Well-organized democratic political parties that represent the needs of all social classes are essential for effective mobilization and support (Lowenthal and Bitar 2016).

The media play a crucial role in democratization (Rennick 2023). Establishing press freedom is vital, as the media serve as a guardian of democracy and can mobilize peaceful demonstrations (Teorell 2010). However, violent opposition can undermine democratization efforts by legitimizing regime suppression. International factors, including the support of democratic countries and organizations, are crucial for successful transitions (Teorell 2010). The breakdown of autocratic regimes often leads to new autocracies rather than democracies, making the interplay of these factors vital (Narayan, Narayan, and Smyth 2011; Lachapelle and Hellmeier, 2024). Economic factors also significantly influence democratic transitions. The availability of natural resources can reduce society's inclination toward political change, even under authoritarian regimes (Rød, Knutsen, and Hegre 2020). Economic growth and inflation can adversely affect democracies (Kennedy 2010).

Democratization and Economic Development

Empirical studies exploring the link between economic development and democracy offer diverse viewpoints but fail to establish a consensus (Pelke 2023; Mohammadi, Boccia, and Tohidi 2023). Despite extensive theoretical and empirical literature, results cannot be universally applied to all situations worldwide (Doucouliagos and Ulubaşoğlu 2008). The main viewpoints on this relationship include the compatibility view, conflict view, skeptical view (Carbone, Memoli, and Quartapelle 2016), and curvilinear view (Mohammadi, Boccia, and Tohidi 2023). The compatibility view suggests mutual reinforcement between democracy and economic development. Studies indicate that democra-



tization episodes can result in up to 15 per cent higher GDP per capita (Pelke 2023). The transition to permanent democracy has the potential to yield a significant 31 percent rise in income per capita (Acemoglu et al. 2019). However, the impact varies across different stages of democratic transition (Colagrossi, Rossignoli, and Maggioni 2020; Krieger 2022). [263]

The conflict view sees a negative relationship between democracy and economic performance. For example, strengthening democracy has been found to negatively influence real incomes in Gabon and Sierra Leone (Narayan, Narayan, and Smyth 2011). The skeptical view acknowledges that while democracy and economic development can be compatible, this is not universally applicable. The curvilinear view posits that democracy initially harms economic development in low-income countries but benefits it in high-income ones. Arguments supporting the positive impact of democracy on economic development are numerous. Democracy is associated with political and social benefits as well as economic gains, with slower economic development observed in the absence of democratic governance (Papaioannou and Siourounis 2008). Democracy establishes reliable accountability mechanisms, motivating governments to maintain high levels of economic performance (Carbone, Memoli, and Quartapelle 2016). It also fosters political stability and the rule of law, which are crucial for attracting investors and enhancing economic growth rates. The least-developed countries are advised to improve democratic practices to spur economic development (Kabir and Alam 2021).

However, some studies argue that democracy does not directly affect economic development, as various factors influence economic performance regardless of regime type, including cultural, social, political, and structural factors (Knutsen 2012; Imai, Kim, and Wang 2023; Murtin and Wacziarg 2014). Early studies found no significant relationship between democracy and growth (Helliwell 1994). The relationship, if it exists, is often non-linear (Barro 1996; Minier 1998). Research from the 2000s generally supports the idea that democracy promotes economic development (Baum and Lake 2003). Giavazzi and Tabellini (2005) acknowledge the fragility of this relationship. Cross-national studies find no significant differences in development associated with democracy but note decreases in economic volatility (Rodrik and Wacziarg 2005). Doucouliagos and Ulubaşoğlu (2008) infer that democracy influences economic growth indirectly via elevated hu-

man capital, reduced inflation, diminished political instability, and increased economic freedom.

[264] Democracy's indirect effects on economic development are explored through various channels. It can establish crucial institutions and structures that enhance economic progress (Govantes and Hernando de Larramendi 2023; Mohammadi, Boccia, and Tohidi 2023) and create environments conducive to collaborative economic efforts (Nosier and El-Karamani 2018). Wealthier nations are more likely to sustain democratic regimes (Przeworski et al. 2000), and economic growth reduces poverty and inequality, fostering a more favorable environment for democracy (Boix and Stokes 2003). These indirect effects include higher political stability, reduced inflation, increased human capital, and greater economic freedom (Doucouliagos and Ulubaşoğlu 2008).

Several determinants influence democracy's effects on economic development. One determinant is the stage of democracy. Initially, growth might proceed at a sluggish pace, yet it stabilizes at elevated rates over the medium and long term (Papaioannou and Siourounis 2008; Densumite 2022). Another determinant is the quality of democracy; high-quality democracies are more stable and less economically volatile than fragile democracies (Epstein et al. 2006). Country characteristics also play a role, with regional, cultural, and social structures affecting how democracy influences growth. In poor countries, democracy affects economic growth negatively, while in rich ones, the effect is positive (Elsässer and Schäfer 2023; Nosier and El-Karamani 2018).

Literature discusses democratization's effects on economic development from two viewpoints: beneficial and detrimental. Some scholars argue that democratization in poor developing countries might lead to political instability and poor economic performance (Rodrik and Wacziarg 2005). However, successful democratic transitions typically result in resumed economic growth (Papaioannou and Siourounis 2008), enhancing democratic consolidation and moving away from autocracies (Epstein et al. 2006). The economic costs and benefits of democratization vary according to the stage of democratic transformation, with short-term costs potentially giving way to long-term growth (Papaioannou and Siourounis 2008; Densumite 2022). Studies show mixed results, with some countries experiencing economic growth after democratization, while others face initial economic decline (Knutson 2012; Acemoglu et al. 2019).



Achieving successful democratization involves navigating a complex interplay of structural and institutional factors (Marzo 2020; Rød, Knutsen, and Hegre 2020; Govantes and Hernando de Larramendi 2023). Managing these dynamics effectively is pivotal for supporting democratic transitions (Holmes 2023; Pelke 2023; Lachapelle and Hellmeier 2024). A recurring inquiry in this realm, particularly post-Arab Spring, concerns the nature of the relationship between democracy and economic growth (Densumite 2022; Krieger 2022). Scholars continue to debate whether this connection is robust and direct, and whether its impact is short or long term (Hayek 1960; Helliwell 1994; Barro 1996; Minier 1998; Baum and Lake 2003; Giavazzi and Tabellini 2005; Rodrik and Wacziarg 2005; Doucouliagos and Ulubaşoğlu 2008; Tang and Yung 2008; Imai, Kim, and Wang 2023). Some studies suggest that sustained economic growth hinges on the enduring protection of civil and political liberties (Papaioannou and Siourounis 2008; Rachdi and Saidi 2015). Clearly, the relationship between democratization and economic development is intricate and multifaceted, shaped by diverse factors and developmental stages. A nuanced understanding of these dynamics is essential for policymakers and scholars alike, striving to foster both democratic governance and economic prosperity. [265]

These questions are more pertinent to the case of Tunisia than to other countries for several reasons. First, it was the Tunisian people who initiated the Arab Spring at the end of 2010 and the beginning of 2011. Additionally, Tunisia has the most successful democratization experience among all the Arab Spring countries. Recently, however, the Tunisian case has resurfaced with questions about the failure of its transition following the coup d'état by Kais Saied.

Tunisia is an Arab Muslim country, as well as a North African one. Its location in the Mediterranean, very close to Europe, gives it a strategic position despite its small size compared to its North African neighbors, Algeria and Libya. The Tunisian people are known for their openness, culture, and level of education. Political life in Tunisia was dynamic even during Ben Ali's dictatorship, characterized by active political parties and a vibrant civil society (Khakee and Weilandt 2021; Weilandt 2021). Despite difficulties, the Tunisian economy was diverse and took advantage of the country's geographical location to strengthen cooperation with foreign countries, particularly Europe (Mouhib 2014; Krüger and Stahl, 2016; Khakee and Weilandt, 2021). It developed sectors of high added value and foreign exchange earners, such as the export of

agricultural products (olive oil, dates, citrus fruits), services (IT, consulting), and tourism.

[266] In the few years following the 2011 revolution, there was almost a consensus that Tunisia would succeed in its democratic transition; with all signs indicating it could overcome obstacles. However, the current political, economic, and social situation is alarming. Some observers say Tunisia has returned to the conditions present at the end of Ben Ali's era, 20 years ago. This invites us to focus on the case of Tunisia to better understand the process of democratization and the dialectic between politics and economics in its experience.

METHODOLOGY

Our research methodology rested on three key foundations. The first pillar involved participant observation conducted by the researcher, who is a Tunisian politician with substantial experience in various Tunisian governments following the 2011 revolution. With roles extending from governmental positions to board memberships in financial institutions, the researcher's tenure from 2012 to 2020 provided unique insights for both participant observation and a detailed case study. This research adopted a participant observation methodology (Kurz 1983; Philip and Lambelet 2014) alongside a case study approach (Yin 2014) to address our research inquiries.

The second pillar consisted of a secondary study that relied on reports and official publications from national institutions such as the Tunisian Central Bank and the National Institute of Statistics, as well as international organizations including the World Bank, IMF, and OECD.

The third pillar involved semi-structured interviews conducted with a select group of high-ranking government officials, many of whom had served as ministers in various post-revolutionary governments. These interviews, totaling nine, were conducted in person between March and May 2024, including six former ministers, one deputy minister, and two governors. Most participants were directly engaged in economic and developmental issues across multiple ministries. These interviews were essential for providing nuanced insights into our study.

Interviews were conducted face-to-face with five participants (three in Paris and two in Doha), while the remaining four were conducted remotely. Interview durations varied from 45 minutes to two and a half hours. While participants declined to be audio-recorded, detailed notes were meticulously taken to accurately capture the discussions. The



semi-structured interview protocol covered key topics relevant to our research objectives, such as the democratic transition in Arab Spring countries, internal (economic and other) and external (international context) challenges faced by governments, and the role of economic achievements in the success or failure of democratic transitions.

[267]

This study sought to offer a comprehensive understanding of the trajectory of Tunisian democracy by integrating findings from participant observation, interviews, and secondary data sources. This analysis contributed to existing literature on democratization and added to ongoing discussions concerning the interplay between democratic change and economic development.

FINDINGS

This section presents the principal findings of our study on Tunisia's democratic transition, examining the country's journey since the coup d'état by Kais Saied. Drawing on participant observation, empirical evidence, and insights from high-level government officials, our research provided a comprehensive analysis of Tunisia's democratic evolution during the Arab Spring era. We uncovered a nuanced narrative that explored achievements, challenges, and the intricate interplay between political and economic dynamics.

Despite significant hurdles, Tunisia demonstrated notable progress, evidenced by its rise in global democracy rankings from 56th to 35th place between 2011–2012 and 2014–2015, respectively. By 2020, Tunisia had stood out as the sole democratic Arab nation within the top 100 of the Democracy Index, prior to Kais Saied's coup. Our study underscored the expansive scope for freedoms and robust civic participation, highlighting successful transitions of power and responsibilities through various elections.

While acknowledging these achievements, our research critically examined the major challenges encountered in Tunisia's democratic trajectory, particularly within the economic dimension. We explored whether democracy catalyzed economic development in a nascent democratic state, emphasizing the equitable distribution of power and economic resources as pivotal.

The study delved into the consolidation of power by democratically elected leaders, analyzing opposition to democratic transition from influential entities such as the Tunisian General Labor Union, media owned by business figures, and internal bureaucratic centers of power.

Additionally, we assessed external influences on Tunisia's democratic path, attributing resistance to democratic principles to political forces and elites within the country (Fentahun 2023).

[268] Furthermore, our research identified and analyzed four key factors that had impeded Tunisia's democratic experience: shortcomings in transitional justice and reconciliation processes, challenges in establishing constitutional courts and addressing constitutional issues, the limited roles played by civil society in the democratic transition, and the emergence of populist rhetoric (Lakhal 2022; Khaddar 2023).

In summary, this academic inquiry contributed a nuanced understanding of Tunisia's democratic experiment to the fields of political science and international relations. Grounded in empirical evidence and theoretical frameworks, it offered insights into the complex dynamics shaping Tunisia's democratic journey and enriched global discourse. Particularly significant was our examination of internal factors influencing democratic transitions, including the roles of political forces, the Tunisian General Labor Union (UGTT), media, civil society organizations, and bureaucratic structures. Moreover, we critically assessed factors related to transitional justice, the establishment of constitutional institutions, populism, and economic achievements (Lakhal 2022; Khaddar 2023).

Our study also provided valuable insights for international relations by contrasting Tunisia's democratization experience with that of Eastern European countries, which received robust Western support during the 1990s. Tunisia's unique geopolitical challenges during its democratic transition underscore its distinctive path.

Elite Failures, Union Power, and Media Meddling

The responsibility for obstructing democratic transition in Tunisia primarily lies with the political elite and various parties (Hassan, Lorch, and Ranko 2020; Govantes and Hernando de Larramendi 2023), who have failed to effectively engage and redirect forces opposed to democratic principles. Historical analysis reveals that during President Ben Ali's tenure, challenges faced by the opposition were exacerbated by party and ideological divisions, which impeded progress toward democracy.

We do not condemn the opposition political parties and elites during the Ben Ali era, as they were engaged in a continuous struggle against an authoritarian regime heavily reliant on security forces and the ruling



political party, the RCD, which dominated all levels of the state and administration (Maryon 2023). Ben Ali himself, with a background in security and having previously served as Minister of the Interior before his coup d'état in 1987, bolstered his rule through the Ministry of the Interior's security apparatus. Similar to Bourguiba, Ben Ali distrusted the military, leading to their marginalization under his regime, along with the Ministry of Defense. [269]

The systematic occupation of administrative positions by the RCD was a deliberate strategy of the Ben Ali regime. Following a widespread security crackdown on Islamists in the early 1990s, the regime swiftly consolidated control over public administration and various sectors of the economy within a few years. This prolonged control over the administration for more than two decades allowed the Ben Ali regime to establish a deep state, which obstructed Tunisia's democratic transition following the revolution.

In contrast to previous periods under Presidents Bourguiba and Ben Ali, where the Tunisian General Labor Union (UGTT) showed limited activism with notable exceptions like the 1978 confrontations and a brief strike in 2011, recent years have witnessed a surge in strikes, exceeding 35,000 in 2012 and 2013 alone. These strikes, notably affecting education, health, transportation, and phosphate production, underscore the UGTT's powerful influence despite its participation in post-2011 governments. However, as confirmed by Weipert-Fenner (2023), following the bloody repression of the 1978 general strike, the UGTT became increasingly obedient to the ruling elite at the national level. Nevertheless, after the revolution, instead of supporting the democratic transition, it often played a role of social, economic, and political blockage.

Several leftist parties, including the Popular Front, often aligned with the UGTT, have been accused of hindering governmental efforts since Ben Ali's departure. Scholars like Netterstrøm (2016) argue that the UGTT's role has been counterproductive to democratic ideals, echoing Prime Minister Youssef Chahed's accusations in 2018. Yerkes (2023) contends that the UGTT's historical alignment with regimes, exemplified by its avoidance of involvement in the 2008 Gafsa protests, illustrates its non-revolutionary stance.

Media outlets owned by figures with corruption allegations also played a significant role in undermining Tunisia's democratic transition, perpetuating anti-democratic sentiments and disparaging elected

[270] officials. Despite the establishment of the Higher Authority for Audio-visual Communication (HAICA), intended to regulate media impartially, its failures allowed media manipulation to flourish, influencing public opinion and favoring counter-revolutionary factions (Albrecht et al. 2021). Our findings corroborate those of several other studies on the Tunisian context regarding the negative role played by the media in the democratic transition. Contrary to their assumed role as a catalyst for democracy, our research supports the conclusions of Lynch (2013), Karolak (2020), and Rennick (2023): the media have promoted social division, fostered uncertainty, and amplified frustration during the transition. As Rennick (2023) elucidates, the media primarily assumed this negative role through manipulation by political parties from the radical left or remnants of the former Ben Ali regime.

Administrative resistance to reform within the Tunisian government further complicated democratic progress. The persistence of bureaucratic inertia and loyalty to past regimes hindered ministerial initiatives, perpetuating inefficiencies and obstructing meaningful change (Söyler 2013). Moreover, international indifference toward Tunisia's democratic struggles, in stark contrast to support extended to other post-revolutionary movements, exacerbated internal challenges.

The broader regional context, including the 2013 military coup in Egypt led by Abdel Fattah Al-Sissi on July 3, and ongoing crises in Libya, has also impacted Tunisia's democratic trajectory, with Algeria adopting a cautious stance towards its neighbor. These external factors, combined with internal challenges, have tested Tunisia's resilience and its commitment to democratic ideals amidst political, economic, and security uncertainties (Maryon 2023).

While our research addressed the issue of external actors and delved into interviews, the findings remain inconclusive, lacking clarity for definitive conclusions. Participants acknowledged the significance of foreign intervention but expressed ambiguity rather than certainty. They emphasized the positive impact of direct involvement from official channels like ambassadors and official delegations, who showed sympathy and support for Tunisia's emerging democracy. However, discussions also revealed concerns about indirect impacts, including distrust from certain countries toward the Tunisian revolution (such as France, the UAE, Saudi Arabia) and issues related to NGOs and civil society in relation to donors or foreign actors (Krüger and Stahl 2016; Weilandt 2021). Despite the clearly negative perceptions of these latter



actors, it is noteworthy that many respondents maintained cautious reservations, particularly concerning potential implications in the terrorist attacks or riots.

In conclusion, Tunisia's path to democratic consolidation remains fraught with internal and external challenges, necessitating comprehensive reforms, robust institutional frameworks, and international support to safeguard its democratic gains and foster sustainable development. This version aligns with the style and structure typically found in academic journals, emphasizing citations and objective analysis of events and scholarly perspectives.

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Political Failures and Populist Obstructions

In addition to the main entities that were presented in the previous paragraph and which hindered the democratic process in Tunisia, several critical factors linked to the political trajectory also played an important role. Previous research emphasizes comprehensive and inclusive reconciliation as essential for a successful democratic transition (Jeffery 2021). This reconciliation process should encompass a national dialogue, compensation for victims, accountability for those involved in the previous regime's abuses, and comprehensive institutional reforms. However, Tunisia has failed to implement these measures. The absence of reconciliation efforts will not only have adverse consequences for the current democratic transition but will also leave unresolved grievances for affected individuals and their families, potentially for decades (Albrecht et al. 2021).

There exists a significant gap between theory and reality in Tunisia concerning dialogue, reconciliation, and the outcomes of the democratic transition. This paradox becomes more pronounced when we examine the sociological characteristics of Tunisians and the events that have transpired during the democratization process.

Tunisia, known for its tourism and strategic geographic location, is a crossroads of diverse cultures. Tunisians are generally welcoming, open, cultured, and tolerant. Historical experience shows that Tunisians favor dialogue over violence, resolving successive crises through discussion. However, despite these attributes, Tunisians have struggled to achieve true reconciliation, remaining distinctly divided.

This division can be attributed to enduring ideological conflicts among political parties, which have deep roots. Many of today's political leaders were rivals or even enemies during their university years.

[272] For decades, Tunisian universities were frontlines for different political and ideological factions, particularly between Islamists and leftists. The overwhelming influence of ideology has hindered reconciliation, fostering a climate of distrust and even hatred. This environment ultimately facilitated the rise of Kais Saied, who exploited these divisions for his own ends.

We agree with Govantes and Hernando de Larramendi (2023), one of the critical missteps during Tunisia's democratic transition was the failure to establish a functional Constitutional Court and to consolidate other constitutional bodies. Despite significant progress in setting up various institutions and judicial bodies, their operations have been plagued by controversies and conflicts. These issues have allowed anti-revolutionary forces to undermine and, in some cases, terminate the functions of these bodies.

Several entities have utilized populist rhetoric to disrupt the democratic process (Lakhal 2022; Khaddar 2023). Following the 2014 elections, anti-democratic factions such as the Free Constitutional Party emerged. This party, supportive of the old regime, dedicated itself to obstructing parliamentary sessions and discrediting the legitimacy of the democratically elected parliament. Funded by various anti-revolutionary forces, these groups exploited their resources to destabilize Tunisia's political landscape, contributing to the current state of affairs.

The lack of neutrality among many civil society organizations has prevented them from fostering dialogue or national consensus on democratic principles, including the acceptance of election results (Ufen 2023). The retreat of most civil society components from the protest scene after July 25, 2021, is therefore unsurprising (Yom 2005). The politicization, ideological alignment, and pursuit of self-interest by entities like the Tunisian General Labor Union, the Tunisian Confederation of Industry, Trade, and Handicrafts, the National Bar Association, the Tunisian League for Human Rights, the National Union of Tunisian Women, and the National Union of Tunisian Journalists have hindered their endorsement of democratic transformation. This bias has profoundly negatively affected Tunisia's democratic transition, as civil society is fundamentally required to monitor and defend human rights and freedoms (Juan and Stepan 1996; Henneberg 2024).

In conclusion, these factors, alongside the obstructive actions of key entities, have significantly hindered Tunisia's progress toward a stable and functional democracy. The interplay of political missteps, lack of



reconciliation, and the detrimental role of both populist and civil society organizations underscore the complexity of achieving democratic consolidation in Tunisia (Lakhal 2022; Khaddar 2023).

Post-Revolution Economic Trials: Missed Opportunities and Structural Pitfalls

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Despite the talk of the Tunisian economic miracle that we heard during the Ben Ali era, several unfavorable factors affected the revolution, including unemployment, social injustice, regional imbalances and nepotism, corruption, and bribery. In 2011, under Prime Minister Beji Caid Essebsi, over 200,000 new employees were recruited into the public sector, mainly in the Ministry of the Interior. Additionally, about 40,000 individuals with questionable legal statuses were regularized. Appointments also included beneficiaries of the general legislative amnesty (5,850), and the martyrs and wounded of the revolution (2,480). This increased the number of government employees from around 450,000 to 650,000.

Political parties lacked precise economic programs and a clear vision for reform. Opposition parties, primarily focused on rights and freedoms against the Ben Ali regime, were unprepared to formulate economic policies. Consequently, economic policymaking was entrusted to individuals from the previous regime and unelected experts with no party affiliations. This lack of alternative visions led to a continuation of the previous regime's approach. Despite the revolution and global fascination with it, significant opportunities for Tunisia's economy were squandered locally and regionally (Selmi and Dornier 2017).

Engaging with international institutions such as the International Monetary Fund (IMF) and the World Bank was deemed essential, but these interactions frequently compromised Tunisia's sovereignty. For example, the IMF had access to detailed information through interviews with officials in state institutions, which weakened the state and all parties involved in governance.

To address urgent demands and continuous pressure on governments, there was a notable inclination toward borrowing and favoring a market economy without adequate controls (Govantes and Hernandez de Larramendi 2023). Many loans intended for investment were redirected to other purposes, such as salary increases or general consumption. This led to a gradual erosion of transparency, increased corruption, tax evasion, and the shadow economy. Business leaders and

[274] wealth owners were criticized for not showing enthusiasm for additional investment. Some influential families continued to dominate the country's economy (Statement by Patrick Bargamini, European Union Ambassador to Tunisia, to *Le Monde* on July 9, 2019). Government leniency toward corruption encouraged many businesspeople to infiltrate media and politics, establish parties, and run for elections, leading to inefficiency.

Public institutions in Tunisia face complex economic challenges, including precarious financial situations, poor management, and performance issues. Many public sector institutions are led by directors who were chosen without consideration of their competence. As a result, they are unable to implement effective strategies for improving performance and are often overwhelmed by union pressures, leading some institutions to bankruptcy. The large-scale disarray after the revolution had severe negative repercussions on the Tunisian economy. For example, the phosphate sector, a significant source of hard currency income, was almost entirely halted due to union demands and protests by residents around production sites.

Inconsistent policies of successive governments after the revolution detrimentally affected both the economy and the social situation of citizens. Continuous wage increases led to inflation rates exceeding 10 per cent for the first time, resulting in a deterioration of individual income levels and purchasing power. Despite growing debt, funding for many projects without thorough feasibility studies was justified by popular pressures or electoral objectives. Frequent changes in government created significant performance confusion, worsening economic conditions. Successive governments were weak against business leaders who exerted pressure on ministers, administration, and parliament for more benefits and favorable policies. Tax evasion was one of the most complex issues, with little progress made towards tax reform by various sectors. Governments were unable to resolve the subsidy issue, with much of it not reaching its intended recipients (electricity, fuels, and consumer goods). This created a suitable environment for smuggling and exploitation by many foreign companies, leading to Tunisia being listed on the European Council's 'tax havens' list in 2017. The volume of commercial fraud from invoice manipulation presented to customs authorities by importers and exporters was estimated to be \$374 million in 2021.

Certainly, the Tunisian economy faced numerous structural prob-



lems during the post-revolution period (Selmi 2017). However, although economic achievements did not meet the aspirations of weaker social classes, there were bright spots. One example is the decrease in the poverty index during the Arab Spring period (2011–2020), or before and after 2014. Measures to improve economic reality for individuals included the requirement to declare assets to a constitutional authority, an important step toward transparency and combating illicit wealth (House 2020). Additionally, the establishment of a Higher Judicial Council sent a strong message to reassure investors. Several laws considered pillars for a sound national economy were approved, such as the Public Procurement Regulation Act, the Public Institutions Reform Act, the Investment Climate Improvement Act, and the Startup Act Tunisia. However, time and conditions were insufficient for their effective implementation or for achieving tangible and visible goals.

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DISCUSSION AND CONCLUSION

Popular expectations naturally run high after a revolution. However, these expectations can also hinder the democratic transition (Holmes 2023). High levels of disappointment, anger, feelings of deprivation, and resentment toward politicians provide fertile ground for counter-revolutionary forces aiming to undermine emerging democracies. These forces succeed in obstructing the democratic transition, not merely due to economic challenges, but also by leveraging these issues to attack the democratic process and negate its accomplishments.

Many economists and researchers argue that years of democratic transition often coincide with challenging economic conditions, with growth rates hovering around zero. Acemoglu et al. (2019) examined 164 countries between 1960 and 2010, finding that achieving democracy after non-democratic rule can result in a 20 percent increase in gross national income over the next thirty years following the transition. Despite potential negative economic indicators during the transition, research confirms significant economic improvement within ten years of democratization.

The results of our study support those of Acemoglu et al. (2019), who emphasize that democracy involves more than institutions and free elections; a robust democratic culture and stakeholder unity are crucial. Our study also supports the findings of Yin (2014), who argues that democracy cannot be stable in a society divided into two large blocs, each seeing the other's victory as a significant threat to its core val-

[276] ues. Mexhuani (2024) concurs, noting that ideological conflicts do not constitute democratic pluralism but rather lead to a zero-sum game. He concludes that democratic transition requires a consensus among change forces for its success, commitment to democratic procedures, and prioritization of these over their differences. Consensus is not the sole path to democratic transition. The example of Tunisia and the coup d'état by Kais Saied highlights the critical role of institutions. This supports the conclusion of Weipert-Fenner (2023), who emphasizes that while consensus is vital for democratization, the development of institutions that manage conflicts constructively significantly impacts both the experiences within and the expectations of the new political system.

Hinnebusch (2024) believes that the political economy in the Middle East and North Africa is unsuitable for democracy. He argues that while Tunisia and Egypt have the best prospects for democracy, revolutions often fail because of the control some families have over the economy. These powerful families need guarantees before accepting coexistence with democracy. Neglecting social and economic priorities, and turning political competition into cultural wars over identity – such as conflicts between secularists and Islamists – leads to destabilization. The return of the old elites in Tunisia's October 2014 elections is a natural result of such ideological wars.

Our examination of the Tunisian case yields findings that challenge the recommendations of Lowenthal and Bitar (2016), who advocate for extensive collaboration with supporters of the old regime to reassure them and safeguard all their rights and assets. The outcomes of our interviews align with those of Teorell (2010), who stipulates that the success of democratization in the presence of elements from the old regime hinges on a specific set of skills that democratic elites must possess notably strong negotiation abilities. Furthermore, Tunisian politicians have fallen into the same trap highlighted by McCarthy (2023), failing to subject the security forces and armed forces to democratic civilian oversight. The Tunisian case underscores the assertions of Mietzner (2014), illustrating how political party conflicts provided an opening for Kais Saied to declare an almost military regime. The absence of genuine coalitions and the conflicts characterizing political life and interactions among democratic factions played a pivotal role in halting the democratic transition in Tunisia (Lachapelle and Hellmeier 2024; Lowenthal and Bitar 2016). The media's influence emerges as an-



other crucial determinant of a successful transition to democracy (Teorell 2010). Additionally, certain civil society organizations have posed substantial threats to democracy by adopting disruptive or even destructive stances (Lowenthal and Bitar 2016; Henneberg 2024).

In conclusion, our examination of Tunisia's democratic transition and economic progress indicates that the primary setback is not solely economic but also stems from ideological conflicts and counter-revolutionary forces. These forces, backed by radical left-wing political parties and associations, adeptly utilized the media, civil society, the UGTT, and the deep state to their advantage. Understanding the relationship between democracy and economic growth has the potential to enhance forecasting precision, aiding non-democratic nations in harnessing democratic mechanisms to effectively combat poverty. Future research should expand the sample size of interviewees and include more Arab Spring countries to better generalize the findings. Lastly, if scholars like Marc Lynch (2013) have previously forecasted the resurgence of repressive Arab regimes, drawing from past mistakes, we, in turn, assert that despite the failed democratic transition in Tunisia, the elites still possess the capacity to navigate toward democracy if they glean insights from historical errors.

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The Impact of the Audit Committee on Financial Performance in Moroccan SMEs: An Empirical Examination

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This study investigates the impact of audit committees on the financial performance of Moroccan SMEs, emphasizing the significance of context and its added value. Additionally, it examines the governance system's influence on audit committee independence and explores variables related to audit committee characteristics. Drawing from a sample of 58 Moroccan SMEs, the study spans a 4-year period from 2018 to 2022. Through the utilization of regression analysis, findings reveal challenges to the audit committee's total independence, attributed to a dual system and limited committee size. Consequently, Moroccan SMEs audit committees face constraints in fulfilling their responsibilities, particularly in financial statement review, potentially impeding SMEs financial performance and growth. This research contributes to the understanding of governance dynamics within Moroccan SMEs, highlighting the importance of context and offering insights into the complexities of audit committees.

Key Words: audit committee, financial performance, Moroccan SMEs, audit quality

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INTRODUCTION

In recent times, financial authorities and specialists have focused their emphasis on auditing as one of the greatest corporate governance measures. The management and financial tools that companies employ to keep an eye on top management in order to protect stakeholder and owner investments and draw in further foreign capital are all included

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in auditing (Ghazali 2010; Rustam and Rashid 2013). Put differently, there is a prevalent assertion that the oversight function of audit committees plays a crucial part in corporate governance, helping in the regulation and observation of managers' actions (Turetken, Jethefer, and Ozkan 2020). Additionally, it's thought that audit committees can enhance financial reporting quality and lower audit risk, which will enhance reported profits quality (Contessotto and Moroney 2014).

According to these assertions, audit committees are crucial to regulating and supervising a business's management in order to protect the owners' assets and interests (Kallamu and Saat 2015). The selection and replacement of external auditors is one of the audit committees' main duties and responsibilities. Their responsibilities are broader and include reviewing the internal control system of the business and keeping an eye on management (Aldamen et al. 2012). The number, independence, and level of experience or knowledge possessed by audit committee members are all crucial components of the committee's efficacy. Numerous studies have suggested that having these kinds of qualities on the audit committee improves its efficacy, which in turn improves the organization's performance (Carcello and Neal 2005; Rustam and Rashid 2013).

Numerous studies have been carried out to empirically evaluate the impact of audit committee characteristics on organizational performance, based on the assumption that these characteristics have a significant impact (Mohammed 2018; Amer, Ragab, and Shehata 2014; Al-Matari 2013). While some studies have established a favorable association between the qualities of the audit committee and organizational performance, others have not, despite the fact that the relationship is considerable. Consequently, the relationship is still unclear and continues to pique the interest of scholars.

The audit committee's role in Moroccan SMES is crucial for validating financial and accounting records produced by internal audits. Often, the involvement of directors with vested interests complicates transparency and objectivity in financial reporting, necessitating more rigorous internal audit mechanisms (Musallam 2020). The complexity is further exacerbated by information asymmetry and heightened default risks, highlighting the need for effective audit committees.

This study aims to assess the impact of audit committees on the financial performance of Moroccan SMES. By examining the role of audit committees through the lens of contractual finance theories, including



property rights, agency, and transaction cost theories, we seek to elucidate the relationship between internal audit and corporate governance in Moroccan SMES.

In the framework of this research, it seemed essential to establish an audit committee in Moroccan SMES in order to authenticate the financial and accounting records established by the internal audit. Due to the fact that the director, who is often the owner, attempted to distort facts that may have allowed him to gain a more lucrative advantage, it was impossible to know about it beforehand. It seems to be the case when Julien, Blili, and Chicha (1997, 215) noted that ‘not only the accruing default risk but also and especially the information asymmetry and the opportunity risks, more elevated in SME, lead the banks to demand more guarantees and increase the costs of the loan.’

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In this sense, the research’s central question is posed as follows: What effects do the audit committee have on the financial performance of Moroccan SMES?

In this context, it is advisable to interpret, in accordance with the literature, the role of the audit committee through performance theories. The theories of profit maximization, agency, and Resource-Based View describe different perspectives on how audit committees can enhance organizational performance and governance (Smith 1776; Jensen and Meckling 1976; Barney 1991). Profit maximization theory focuses on aligning audit committee actions with maximizing shareholder wealth through effective financial oversight. Agency theory emphasizes monitoring and mitigating conflicts of interest between managers and shareholders, ensuring accountability and transparency. Resource-Based View theory suggests that audit committees should leverage internal resources and capabilities to improve strategic decision-making and sustainable competitive advantage. Integrating these theories provides a comprehensive framework for understanding the multifaceted role of audit committees in organizational success.

Our research methodology is based on a positivist positionnement that is employed to satisfy the requirements of our research work. In order to accomplish our goal, a hypothetically deductive approach has been taken.

Furthermore, the structure is as follows: the second section comprises theoretical background, literature review and hypotheses development. The third section explains the research methodology, including the empirical study’s approach and data analysis. The fourth section

presents the results of the study derived from descriptive statistics and regression analyses. The fifth section offers a discussion of the findings and implications, while the sixth section contains concluding remarks and suggestions for further research.

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LITERATURE REVIEW AND DEVELOPMENT
OF HYPOTHESES

Based on the evolving theoretical discourse surrounding audit committees and their impact on financial performance, it becomes evident from the literature that defining their precise function remains a challenge within the realm of management sciences. This challenge stems from the multidisciplinary nature of audit committee roles, which draw from diverse fields to explain their critical role in enhancing corporate growth. Amidst varying perceptions, substantial discrepancies emerge when considering the array of financial theories that attempt to delineate the internal audit function's strategic significance and its direct influence on financial performance. Researchers encounter significant challenges in delineating the comprehensive impact of audit committees on financial performance, given their dual mandate of ensuring financial probity and bolstering overall company effectiveness.

*Overview of the Regulatory Framework for the Audit Committee
in Morocco*

The regulatory landscape governing the audit committee practices in Morocco is multifaceted and subject to various legal and governance provisions. The Moroccan Code of Corporate Governance Practice¹ advises organizations to establish specialized committees, including audit committees, to enhance governance structures. These committees are entrusted with responsibilities such as overseeing financial reporting integrity, assessing risk management processes, and providing recommendations for improving management effectiveness.

However, the audit committee, as outlined in the governance recommendations, is required to comprise non-executive members or experts with expertise in accounting and finance. Its mandate includes

¹ Moroccan Code of Corporate Governance Practices for Companies and Public Institutions was developed and launched by the National Commission for Corporate Governance in March 2008; this Commission also created and launched specific appendices for small and medium-sized enterprises (SMEs) in December 2008.



convening meetings regularly to review internal and external audit reports, ensuring the integrity of financial information, and actively participating in the selection of auditors or statutory auditors.

In the realm of Moroccan governance, Ministerial Decree No. 1549-05 of December 20, 2005² establishes the requisite management instruments for private companies subject to accompanying control. This decree mandates the establishment of internal audit departments within organizations deemed significant enough, emphasizing the crucial role of internal audit in ensuring compliance with policies, management rules, procedures, and laws. Specifically, Article 17 of Law No. 69-00³ outlines the obligations for organizations to facilitate internal audit functions, including providing necessary information and enabling the conduct of various control activities. The decree underscores the importance of internal audit as a cornerstone of governance and control mechanisms within Moroccan private companies, reinforcing principles of transparency, accountability, and regulatory adherence.

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Furthermore, the audit committee plays an integral role in Moroccan corporate governance. It is tasked with overseeing the internal audit process and ensuring the effectiveness of internal controls. The audit committee is responsible for reviewing the internal audit reports and recommendations, thus acting as a critical link between the auditors and the management board. This committee's functions extend to supervising financial reporting and ensuring the independence and objectivity of external auditors. By fulfilling these duties, the audit committee helps in mitigating risks and enhancing the overall governance framework within Moroccan companies, thereby bolstering investor confidence and safeguarding stakeholder interests.

In this section, we examined the relevant laws, regulations, codes, and circulars governing the audit committee in Morocco. These include legal frameworks related to financial control, public procurement, corporate governance, and internal control in financial institutions. By exploring these regulatory documents, we gain a deeper understanding of the legal obligations and standards that shape internal audit operations

² Minister of Finance and Privatization Order No. 1549-05 of 20 December 2005, establishing the management instruments for eligible public institutions subject to accompanying control.

³ Law No. 69-00 of 11 November 2003 concerning the financial control of the State over public enterprises and other organizations).

[288] in Morocco. Overall, this overview underscores the significance of the regulatory framework in shaping internal audit practices within Moroccan organizations. It highlights the importance of compliance with legal requirements and adherence to governance guidelines to ensure the effectiveness and integrity of internal audit processes.

Global Performance

Performance has long been reduced to its financial aspect. This performance involved achieving the desired rentability for the investors while maintaining the company's sustainability with the sales and market-share. However, over the past few years, we have conceptually moved away from a financial representation of success toward more comprehensive approaches that take into account social and environmental factors. Other actors – referred to as stakeholders – have made their appearance, and the concept of performance has seen a resurgence in use (Aboushady 2022)

Currently, the durability of businesses depends not only on the financial aspect of their operations but also on how they function. As a result, the scope of an organization's responsibility expands to include more stakeholders (associations, NGOs, syndicates, clients, suppliers, etc.). These new actors demand to be heard, and the effectiveness and longevity of businesses depend on their ability to do so (Amer and Selwaness 2022). The notion of global performance first appears in this context.

Enterprise performance is a key concept in management sciences. Numerous researchers have been working to define it since the 1980s (Bouquin 1986; Bescos et al. 1993). And more recently, this idea has been used in managerial literature to assess how well the company has implemented its announced sustainable development strategies (Capron and Quairel-Lanoizelee 2006).

Performance has always been an ambiguous concept in the business world, as it is rarely explicitly defined. We will return to Bourguignon's (2000) definition explain the performance since it combines the three senses listed above and explicitly acknowledges its polysemous character. Therefore, performance can be defined as 'achieving organizational goals, regardless of the type or variety of those goals. This accomplishment can be understood in two ways: strictly (as a result or an outcome), or broadly (as the process leading to the result or an action)' (p. 934).



According to Lebas (1995), performance only exists if it can be measured, and this measurement can never be restricted to the knowledge of a result. Therefore, the results achieved are evaluated by comparing them to the desired results or to test results (Bouquin 2004).

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Theories on Performance and Theoretical Foundations

The study of performance has evolved significantly over the years, encompassing various dimensions beyond mere financial metrics. Several theoretical frameworks have been developed to understand and measure organizational performance comprehensively. This section delves into some of the prominent theories on performance, highlighting their core principles and implications for modern businesses.

Triple Bottom Line (TBL) Theory

The Triple Bottom Line (TBL) theory, introduced by John Elkington in 1994, argues that companies should commit to focusing on social and environmental concerns just as they do on profits. TBL expands the traditional financial performance framework to include three dimensions: people, planet, and profit.

The 'people' dimension covers social performance aspects such as fair labor practices, community engagement, and societal benefits. The 'planet' dimension focuses on environmental performance, emphasizing sustainable resource use, reducing carbon footprints, and environmental stewardship. Lastly, the 'profit' dimension still considers economic performance, including financial profitability and economic growth (Willard 2012). TBL shifts the focus from financial performance alone to a broader spectrum of corporate responsibility, emphasizing that long-term business success depends on a balanced approach that respects social and environmental imperatives alongside economic goals.

Stakeholder Theory

Proposed by R. Edward Freeman, stakeholder theory posits that businesses should create value for all stakeholders, not just shareholders. This theory broadens the definition of performance to include both internal and external stakeholders (Freeman and al. 2010). Internal stakeholders encompass employees, managers, and owners, while external stakeholders include customers, suppliers, community members, and even the environment. Stakeholder theory suggests that un-

[290] derstanding and addressing the needs and expectations of all these groups is crucial for achieving sustainable performance (Stieb 2009). It highlights the importance of dialogue and engagement with diverse groups to ensure their interests are considered in decision-making processes.

Balanced Scorecard (BSC)

Developed by Robert S. Kaplan and David P. Norton in 1992, the Balanced Scorecard (BSC) provides a framework for measuring performance from four perspectives: financial, customer, internal processes, and learning and growth (Kaplan and Norton 1992). The financial perspective includes traditional metrics like profit margins, return on investment, and economic value added. The customer perspective measures customer satisfaction, retention, and market share. The internal processes perspective assesses the efficiency and effectiveness of business operations (Kaplan 2009).

The learning and growth perspective focuses on employee training, development, and innovation. The BSC approach integrates these diverse performance indicators into a coherent strategy, allowing organizations to align business activities with their vision and strategy, improve internal and external communications, and monitor performance against strategic goals.

Theories on Financial Performance

Financial performance has traditionally been a primary focus in evaluating the success and viability of businesses. Several theories have been developed to understand, measure, and improve financial performance, each providing different insights and frameworks. Below are some key theories related to financial performance:

Profit Maximization Theory

Profit maximization has long been regarded as the principal goal of a firm. This theory posits that the primary objective of a business is to maximize its profits by increasing revenue and minimizing costs. The roots of this theory can be traced back to classical economic theories and the works of early economists like Adam Smith (1776). The theory suggests that by focusing on profit maximization, firms can ensure their sustainability and growth, thereby providing returns to shareholders.



Agency Theory

Agency theory explores the relationship between principals (owners or shareholders) and agents (managers), where the latter are responsible for making decisions that affect the firm's financial performance. It addresses the conflicts of interest that arise when managers do not act in the best interests of shareholders. Jensen and Meckling (1976) formulated this theory, emphasizing the need for mechanisms to align the interests of managers with those of shareholders, such as performance-based incentives. [291]

Resource-Based View (RBV)

The Resource-Based View (RBV) posits that a firm's sustainable competitive advantage and financial performance are largely determined by its internal resources and capabilities. RBV argues that resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable firms to achieve superior financial performance. This theory shifts the focus from external market conditions to internal strengths as key drivers of financial success.

The Role of the Audit Committee in Company Performance

In the context of corporate governance, the audit committee has been defined in several ways. For instance, Arens, Elder, and Beasley (2014, p. 135) define an audit committee as 'a chosen number of board members of a company whose duties include assisting auditors to stay independent of management.' The primary function of the audit committee is to provide recommendations for the selection and appointment of the external auditor. It also encompasses broader responsibilities, including overseeing management and the company's internal control system (Aldamen et al. 2012). Most audit committees consist of board members who are not part of the company's executive management (Arens, Elder, and Beasley 2014). Additionally, audit committees enhance the quality of financial reporting and reduce audit risk (Contessotto and Moroney 2014). Therefore, they play a crucial role in supervising company management to protect the interests of shareholders (Kallamu and Saat 2015).

It is quite clear that the audit committee supports the executive board through its monitoring and participation in strategic business decisions. In this context, the effectiveness of both internal and external audits, as well as the authenticity of financial statements, are regu-

lated by the audit committee. In order to ensure the quality of the internal audit and financial reporting, it appeared that the involvement of the audit committee in the process was essential for the effective operation of the governance system (Turetken, Jethefer, and Ozkan 2020).

[292] The audit committee has been understood and defined in a variety of ways and situations. The following definition is provided by the law SOX (Loi Sarbanes-Oxley): The term 'audit committee' refers to a committee that the executive board established with the goal of supervising the emitter's accounting and financial information processes as well as the financial state verifications.

According to the Ministry of Finance, the audit committee is a control body. It helps with the supervision of the financial report compliance rules, the observance of legal and regulatory requirements, as well as the qualification, independence, and actions of external auditors.

According to the Moroccan legal framework and regulations governing the operation and role of the audit committee, and in accordance with the requirements of Article 14 of the Dahir No. 1-03-195 of November 16, 2003 and which led to the promulgation of Law No. 69-00, the audit committee is in charge of three parts: internal audit, internal control audit, and external audit.

First and foremost, the committee is in charge of monitoring internal audit activities while ensuring their objectivity and independence from management. In this regard, it is the responsibility of the committee to review and debate the reports and recommendations provided by the internal audit. Consequently, the committee recognized the chart, the internal audit cycle, and the annual plan of the internal audit department. Second, the audit committee needs to pay attention to the internal control system. It reviews the effectiveness and efficiency of the laws, policies, and procedures currently in place.

Last but not least, the external audit's function is significantly influenced by the audit committee. Depending on their progress and the effectiveness of their work, the committee decides how much to pay the external auditors. In doing so, the committee conducts an evaluation of the performance, independence, and objectivity as attested by the external auditors.

Jensen and Mackling (1976) argued that separating ownership from management creates several issues, with agency conflict being one of the most severe, especially when executives act against the interests of owners. Agency theory suggests that a better-governed company



should have better performance and valuation due to reduced agency costs. Therefore, the audit committee can control or mitigate these conflicts (Mohammed 2018). Beasley et al. (2009) identified key features of an effective audit committee, such as having knowledgeable, powerful, and independent members to ensure honest and accurate financial reporting, enabling stakeholders to make prudent and informed business decisions. Numerous studies globally have examined the characteristics and roles of audit committees. These studies often highlight features like size, independence, financial or industry expertise, stock ownership by committee members, and meeting frequency. Hence, it is expected that audit committees focus on maximizing shareholder wealth and preventing executives from prioritizing their interests (Bansal and Sharma 2016).

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Interest in the role of audit committees has increased in recent years as they are seen as a crucial corporate governance tool that enhances board management's interrogation (Hamdan and Mushtaha 2011). An effective audit committee aims to improve a company's efficiency and competitiveness, particularly in a dynamic business environment beyond the company's control (Herdjiono and Sari 2017). It has been suggested that knowledgeable audit committees contribute to improved company performance, with excellent audit committee characteristics correlating with superior company outcomes (Zabri, Ahmad, and Wah 2016).

In Morocco, the corporate environment has faced many challenges, with instances of fraud and malpractices affecting investor confidence. Effective audit committees have played a crucial role in restoring investor trust in the business environment through their autonomous oversight of the annual corporate reporting process. Therefore, examining the association between audit committee mechanisms and company performance is vital.

This study contributes to the literature by highlighting the role of audit committee mechanisms – such as size, independence, financial expertise, and stock ownership by members – in influencing firm performance. Previous studies in Morocco have examined the effect of audit committees on firm performance within specific sectors. The aim of the present study is to explore the impact of audit committees on performance across all sectors of the Moroccan SMEs, including financial, service, and industrial sectors. Good audit committee mechanisms are expected to positively affect firm performance.

Research Hypotheses

[294] The literature has consistently emphasized the significance and the impact of the audit committee on the financial performance of the business. However, although being positive, this influence continues to be impacted by numerous internal and external factors. The internal factors are related to the size, composition, frequency, and skill levels of the audit committee members.

The size of the audit committee is determined by how many members sit on it (Ghosh, Marra, and Moon 2010). It has been found that the size of the audit committee affects how well it can monitor and control the management (Vinten and Lee 1993). However, it has been noted that the size of the audit committee has generated discussion among researchers over its relationship to the performance of the company.

Some claim that a smaller committee would perform worse financially, while others claim that the size of the committee has no bearing on performance when it comes to the study of it. According to Ghosh, Marra, and Moon (2010), audit committees with larger memberships perform better during the financial reporting process than smaller committees do. The findings of DeFond and Francis (2005), who came to the conclusion that a big audit committee could enhance the quality of financial reporting, seem to support this. On the other side, a number of authors argue that a small audit committee has a lot more advantages.

H1 *The size of an audit committee is negatively correlated with financial performance.*

The proportion of non-executive and executive administrators makes up the audit committee (Rahmat and Iskandar 2007). However, a significant number of independent or non-executive administrators support the audit committee's independence, transparency, and corporate responsibility (García, Barbadillo, and Pérez 2012).

The advancements of Xie, Davidson, and DaDalt (2003) show that the presence of a significant number of independent members enhances the effectiveness of management oversight. According to Abbott, Park, and Parker (2000), the independence of the audit committee can deter financial fraud and encourage the improvement of accounting standards (Bradbury, Mak, and Tan 2006).

H2 *External administrators' presence on the audit committee has a negative correlation with financial performance.*



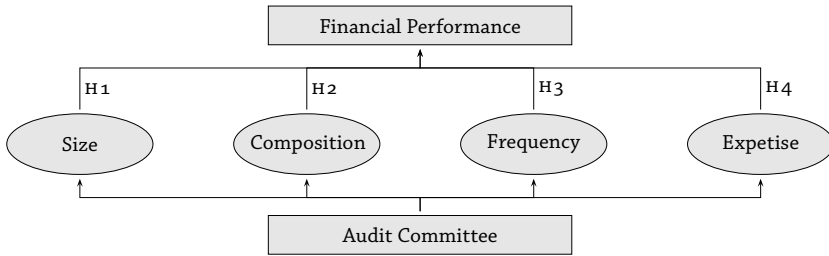


FIGURE 1 Research Hypotheses

The frequency of meetings serves as a measure of the committee’s activity. Since members of the audit committee require a sufficient amount of time to deliberate before making decisions that are effective (Conger, Finegold, and Lawler 1998), the frequency of meetings is used to measure the committee’s activity (McMullen, Raghunandan, and Rama 1996; Abbott and Parker 2004). This frequency of meetings is related to the effectiveness of the audit committee (Kalbers and Fogarty 1998), as well as to its size.

In this regard, meeting frequency increases control and, consequently, financial reporting quality (Carcello et al. 2002). For instance, Abbott and Parker (2004) state that the frequency of meetings helps the committee in understanding the internal audit and accounting problems in the first place (Raghunandan, Rama, and Scarbrough 1998). Additionally, frequent meetings of the audit committee members increase the probability of finding financial state errors.

H3 *The frequency of the audit committee’s meetings is negatively correlated with its financial performance.*

It is true that an increasing number of businesses are looking for profiles of financial experts, specialists in accounting and management control, and legal experts in business law, national law, and international law for their boards and audit committees. This is the first set of skills that companies are looking for in their experts, which are now frequently provided by independent administrators.

As a result, the audit committee has to include members who have expertise in accounting and auditing (DeZoort 1997). To effectively carry out their oversight responsibilities, the committee’s members, who have a variety of professional backgrounds and experiences, need to be proficient in accounting and auditing.

When there are conflicts between the recommendations of the ex-

[296] ternal and internal auditors, the presence of professionals on the audit committee enhances the internal auditors' judgment and the external auditors' proposals (DeZoort and Salterio 2001). DeZoort and Salterio (2001) also claim that having financial specialists on the audit committee helps all members understand the procedures and identify risks and weaknesses in the company.

H4 *Financial distress is negatively correlated with the financial expertise of the audit committee members.*

RESEARCH METHODOLOGY

This section describes the research methodology chosen to formulate the econometric research model in order to test the hypotheses, define the variables, and construct the conceptual model before identifying the data sources.

Research Model

In light of the goal of our approach, which is to understand the impact of the internal audit committee on the performance of Moroccan SMES, a quantitative approach will be employed in our research. Therefore, the development of a mathematical model of linear regression precedes the empirical verification of the previously proposed hypotheses.

The two dependent variables are the financial performance and the audit committee's independence. The characteristics of the audit committee and the executive board are the independent variables.

The control variables are shown in addition to the independent and dependent variables. These latter ones may affect the impact of independent variables on dependent variables. The studied variables are summarized in table 1.

Dependent Variables

The two dependent variables in this study are financial performance (DFIN) and the independence of the audit committee (INDCA).

- *Financial Performance (DFIN)*. Financial performance is crucial as it indicates how well a company is utilizing its resources to generate profits. According to prior research, effective audit committees are often associated with enhanced financial performance due to their role in ensuring accurate financial reporting and robust internal controls (Klein 2002; Bedard, Chtourou, and Courteau 2004).



The Impact of the Audit Committee on Financial Performance

TABLE 1 Study Variables

Variables		Definitions
Dependent	Financial performance (DFIN)	Profitability rate = net profit ÷ total assets
	Independence of the audit committee (INDCA)	The percentage of non-executive directors
Independent	Committee size (TCAUD)	The number of directors on the audit committee
	Composition of the committee (CCAUD)	The ratio of non-executive members
	Frequency of meetings (FRCAUD)	The number of audit committee meetings held per year
	Financial expertise (EFCAUD)	The number of individuals holding international certifications or holding at least a license in management science, including accounting, finance, or audit
Control	Size of the company (TAILLE)	firm size is the natural logarithm of total assets for each year
	Audit quality (QUAUD)	designation of audit firms 'Big 4'
	Industry dynamics (INDUST)	1 = Company in growth 0 = Company not in growth

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- *Audit Committee Independence (INDCA)*. The independence of the audit committee is gauged by the presence of non-executive members on the committee. An independent audit committee is believed to be more effective in monitoring management and ensuring the integrity of financial reports (Abbott et al., 2004). The presence of non-executive members reduces potential conflicts of interest and enhances the objectivity of the committee's oversight functions (Klein 2002).

Independent Variables

The independent variables represent various characteristics of the audit committee:

- *Size (TCAUD)*. The size of the audit committee, which refers to the number of members, can impact its effectiveness. Larger committees may benefit from a broader range of expertise and perspectives, but they may also face challenges in coordination and decision-making (Lin, Li, and Yang 2008).
- *Composition (CCAUD)*. The composition of the audit committee

includes the mix of executive, non-executive, and independent members. A higher proportion of independent members is generally associated with better monitoring and control (Klein 2002).

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- *Frequency of Meetings* (FRCAUD). The number of times the audit committee meets in a year can influence its effectiveness. More frequent meetings are typically associated with more diligent oversight and quicker response to emerging issues (Krishnan 2005).
- *Members' Financial Expertise* (EFCAUD). The financial expertise of audit committee members is crucial for understanding complex financial issues and ensuring accurate financial reporting. Committees with members who have financial expertise are more likely to identify and correct financial misstatements (Rahmat and Iskandar 2009).

Control Variables

Control variables are essential in this analysis to account for other factors that might influence the relationship between audit committee characteristics and financial performance. Key control variables include:

- *Company Size* (TAILLE). Larger companies often have more complex operations and may benefit from economies of scale. Company size can influence the effectiveness of the audit committee and overall financial performance. Prior research has shown that larger firms are more likely to have well-structured audit committees (Lin, Li, and Yang 2008).
- *Audit Quality* (QUAUD). The quality of the external audit is crucial for ensuring the reliability of financial reports. High audit quality enhances investor confidence and can positively impact financial performance (DeFond and Zhang 2014). Audit quality is often proxied by the reputation of the audit firm, such as being audited by one of the Big Four accounting firms (Francis, Maydew, and Sparks 1999).
- *Industry Dynamics* (INDUST). The industry in which a company operates can significantly influence its profitability and stability. Different industries face varying levels of competition, regulatory pressures, and market dynamics, which can impact financial performance (Dhaliwal et al. 2012). Including industry dynamics



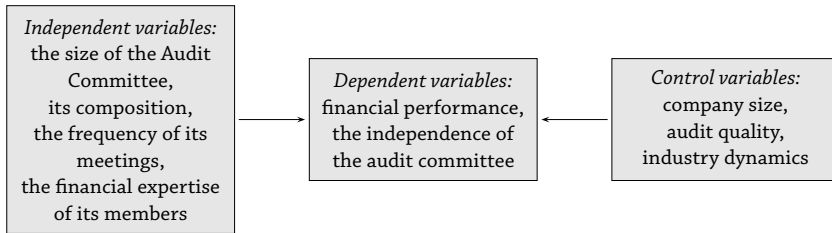


FIGURE 2 Conceptual Model of Research

as a control variable ensures that sector-specific challenges are accounted for in the analysis.

By exploring these variables, we aim to offer a comprehensive understanding of audit committee impacts on financial performance in diverse industry contexts. The study’s model, including independent, dependent, and control variables, is shown in figure 2.

Sample and Data Source

The study’s sample is composed of Moroccan SMEs. This section gives the list of the data collection, sampling methodology, and analysis methods used to support or refute developed hypotheses. The data collection is based on the deductive approach, in which empirical data will be gathered by the administration of a questionnaire to SMEs from Morocco.

The sample includes participants from the administrations of 58 SMEs, covering the period from 2018 to 2022. The questionnaire was administered from March 2023 to August 2023 using the online survey platform Qualtrics. The questionnaire consists of four sections:

- **Company profile:** Questions in this section gather basic information about the company, such as industry sector, size, age, and ownership structure.
- **Participant information:** This section collects data on the respondents’ demographics, including their role in the company, years of experience, and educational background.
- **Audit committee characteristics:** Questions here focus on the audit committee’s composition, size, independence, frequency of meetings, and the financial expertise of its members.
- **Company financial information:** This section includes questions on financial performance indicators such as profitability, revenue growth, and return on assets.

TABLE 2 Number of Observations per Sector

Sectors	Observations	Sectors	Observations
Agriculture	34	Manufacturing and production	21
Food industry	8	Hospitality sector	25
Insurance	13	Real estate sector	15
Consumption	23	Pharmaceutical	17
Marketing	30	IT sector	46
Distribution and Logistics	25		

[300]

In targeting SMES for inclusion in our study, we used a systematic sampling procedure to ensure a representative sample. First, we compiled a comprehensive list of SMES operating in the private sector in 12 different activity sectors, as shown in table 2.

From this list, we randomly selected 58 SMES to participate in the study. To determine eligibility, we checked whether the selected SMES had audit committees in place and whether they were subject to mandatory external audit requirements. This information was crucial in ensuring that participating SMES had the necessary governance structures and met regulatory standards, which are an integral part of our research objective.

Regarding the target respondents within the entities, we mainly aimed to engage people occupying key positions related to governance, finance and internal controls within the organizations. These individuals typically included members of senior management such as CEOs, CFOs, internal auditors, and audit committee members. Additionally, we sought to involve individuals with relevant training and expertise in accounting, finance or auditing to provide insightful answers aligned with the objectives of our research.

Regression equations can be developed using quantitative analysis. They will operate as a mathematical model to help control facts and understand hypotheses and the interactions of variables.

RESULTS

In this section, a demonstration of the quantitative analysis of the data that was gathered will be introduced, starting with a detailed explanation of the descriptive statistics parameters shown in table 3 and followed by a presentation of the hypotheses that were put to the test using various methods (correlation and logistic regression).



Descriptive Statistics

Table 3 provides a comprehensive overview of the descriptive statistics for various characteristics of audit committees observed throughout the study period from 2018 to 2021. Among these variables, DFIN, representing the profitability rate, exhibits a mean of 0.688, a median of 0.900, and a standard deviation of 0.233, suggesting moderate data dispersion around the mean. [301]

Similarly, INDCA, which measures the independence of the audit committee, shows a mean of 0.215, a median of 0.181, and a standard deviation of 0.158, indicating relatively low variability in the levels of audit committee independence within the sample.

The average size of the audit committee (TCAUD) is approximately 3.6 members, with a median of 3, indicating that most companies have around three members in their audit committees. The standard deviation suggests a slight variation in the committee sizes across different companies.

With an average of 0.908 and a median of 1.000 of the audit committee composition (CCAUD), it can be inferred that most audit committees have a high level of appropriate composition, nearly reaching full compliance with the ideal composition criteria. The low standard deviation supports a homogeneous composition across firms.

The audit committees during these four years of study must have a least three members, with the majority being non-executive. Audit committees meet (FRCAUD), on average, around four times per year. The higher standard deviation indicates variability in meeting frequency, suggesting some committees meet significantly more or less often than others. Most audit committees have at least one member

TABLE 3 Descriptive Statistics

Variable	N	\bar{x}	M	SD
DFIN	58	0.688	0.900	0.233
INDCA	58	0.215	0.181	0.158
TCAUD	58	3.588	3.000	0.663
CCAUD	58	0.908	1.000	0.184
FRCAUD	58	4.255	4.000	1.666
EFCAUD	58	1.035	1.000	0.368
TAILLE	58	13.679	13.644	1.855
QUAUD	58	0.903	1.000	0.259
INDUST	58	0.570	1.000	0.473

with financial expertise (EFCAUD), with moderate variability, indicating that some committees may have more than one expert.

The average size of the Moroccan SME (TAILLE) is 13.679, which is the natural logarithm of the total of the active population.

[302] Regarding audit quality (QUAUD), the data reveals that the majority (90.3%) of Moroccan SME work with big audit firms. This demonstrates that a trend toward good control quality by Moroccan SME is probable.

For the company growth dynamics (INDUST), the average indicates that, approximately 57% of the SMES in the sample are experiencing growth. The standard deviation is 0.473, indicating variability in growth dynamics among the SMES.

Results of Regression Analysis

This section displays the correlation matrix between independent variables to see if there is a collinearity problem. The influence of the audit committee’s characteristics on its independence is measured using logistic regression. The matrix of correlation between independent variables is shown in table 4.

A visual examination of table 4 reveals generally weak cross-correlations. For instance, the correlation between the frequency of the audit committee’s meetings (FRCAUD) and the size of the business (TAILLE) is 0.233. It is vital to note that this last value is the highest correlation coefficient that could be found in the matrix. In fact, the correlation between the frequency of meetings (FRCAUD) and the audit quality (QUAUD) is -0.007, indicating a very weak correlation.

Table 5 presents the results of the logistic regression considering the following control variables: audit quality (QUAUD), company size (TAILLE) and industry dynamics (INDUST). Five models are estimated, and at each step, non-significant independent and/or control

TABLE 4 Matrix of Cross-Correlations between the Characteristics of the Audit Committee

Variable	TCAUD	CCAUD	FRCAUD	EFCAUD	TAILLE	QUAUD
TCAUD	1.000	-0.122	0.235	0.122	0.184	0.115
CCAUD	-0.122	1.000	-0.073	-0.188	-0.011	0.151
FRCAUD	0.235	-0.073	1.000	-0.110	0.273	-0.007
EFCAUD	0.122	-0.188	-0.110	1.000	-0.122	0.040
TAILLE	0.184	-0.011	0.273	-0.122	1.000	0.203
QUAUD	0.115	0.151	-0.007	0.040	0.203	1.000



The Impact of the Audit Committee on Financial Performance

TABLE 5 Logistic Regression Model Explaining Financial Performance Based on Audit Committee Characteristics

Variables	Coefficients				
	1	2	3	4	5
Constant	11.557	9.926	9.754	-0.905	0.668
TCAUD	0.631**	0.326		0.425	
CCAUD	-1.416			2.145	
FRCAUD	-0.697**	-0.633***	-0.593**	-1.336***	-0.972***
EFCAUD	-0.879			-0.684	
TAILLE	-0.816***	-0.877***	-0.827***		
QUAUD	-0.420				
INDUST	-0.045	-0.049	-0.067		
Cox et Snell	0.155	0.144	0.160	0.117	0.097

[303]

NOTES *, **, and *** denote significance levels of $p < 0.1$, 0.05 , and 0.01 , respectively, at two-tailed tests.

variables are eliminated. Model 1 indicates that the variables CCAUD, EFCAUD, and QUAUD are not significant with a p -value ≥ 0.05 .

Consequently, these variables are excluded from Model 2. The latter shows that the variable TCAUD is not significant with a p -value ≥ 0.05 . Therefore, TCAUD is removed from the LOGIT model. In the subsequent analysis, Model 3 is retained. The Cox and Snell pseudo- R^2 coefficient is equal to 0.160. Thus, 16% of the variations in financial performance are explained by the frequency of audit committee meetings (FRCAUD) and company size (TAILLE). Additionally, the variables FRCAUD, TAILLE and INDUST are individually significant with p -values ≤ 0.05 .

A visual inspection of table 5 reveals that the coefficient of the variable FRCAUD is -0.593 . This suggests a negative and significant relationship between the frequency of audit committee meetings (FRCAUD) and financial performance (DFIN). Moreover, the odds ratio of the FRCAUD variable obtained by $e^{-0.593}$ indicates that SMES with a higher meeting frequency have 0.55 times the chance of experiencing financial performance decline compared to less active SMES. This aligns with H3. Furthermore, the results indicate that company size (TAILLE) and financial performance (DFIN) are negatively related with a significant coefficient of -0.827 , where $p \leq 0.05$. This implies that SMES with increasing size have 0.44 times the chance of experiencing financial performance decline compared to SMES with decreasing size.

DISCUSSION

[304] Based on empirical findings, the debate will center on the committee's characteristics and how they affect financial performance. In this regard, interpretations are advanced in terms of the relationship between the size of the audit committee and financial performance, the composition of the committee and financial performance, the frequency of the committee meetings and financial performance, and finally, the level of expertise and financial performance.

The Connection between Financial Performance and the Size of the Audit Committee

Building upon the existing literature, the discussion on the connection between the size of the audit committee and financial performance gains strength. The literature consistently underscores the significance of the audit committee in influencing financial outcomes, albeit subject to various internal and external factors. Internal factors, including the size, composition, frequency, and skill levels of audit committee members, play a crucial role in shaping its effectiveness.

Previous studies have highlighted divergent views regarding the relationship between the size of the audit committee and financial performance. While some researchers argue that larger committees offer better oversight and control over management, others contend that smaller committees may yield superior financial outcomes. Ghosh, Marra, and Moon (2010) suggest that audit committees with larger memberships tend to perform better during the financial reporting process, potentially enhancing the quality of financial reporting as evidenced by Defond and Francis (2005).

However, the current study presents a nuanced perspective by examining the context of Moroccan SMES. Despite conventional wisdom suggesting that larger audit committees are associated with improved financial performance, empirical findings reveal a negative correlation between the size of the audit committee and financial success within this context. This observation underscores the need for a tailored approach to governance practices within SMES, taking into account their unique characteristics and challenges.

Thus, the hypothesis (H1) proposing a negative correlation between the size of the audit committee and financial performance gains further support from both the existing literature and the empirical findings of this study. This highlights the importance of considering not only the size but also the composition and dynamics of the audit committee in



driving effective governance practices and ultimately contributing to financial success within SMES.

The Composition of the Audit Committee and Financial Performance

Expanding upon the discussion on the relationship between the composition of the audit committee and financial performance, it is evident that Moroccan SMES face challenges in aligning with recommended governance practices set forth by the Ministry of Finance. Despite the importance of having a balanced composition of the audit committee, including independent non-executive members, the empirical findings indicate a lack of significant correlation between committee composition and financial outcomes.

[305]

The existing literature provides insights into the significance of having a substantial presence of independent members on the audit committee. Rahmat and Iskandar (2007) highlight the pivotal role played by non-executive administrators in ensuring the independence, transparency, and corporate responsibility of the audit committee. Furthermore, studies by Xie, Davidson, and DaDalt (2003) and Abbott, Park, and Parker (2000) underscore the positive impact of independent members on enhancing management oversight and deterring financial fraud.

However, the current study's findings suggest that the presence of external administrators on the audit committee does not have a significant correlation with financial performance within the context of Moroccan SMES, contrary to hypothesis H2. This discrepancy may be attributed to the challenges faced by SMES in fully integrating independent members into their audit committees, potentially limiting their effectiveness in overseeing internal controls and improving financial reporting standards. Despite the lack of empirical support for hypothesis H2, the theoretical underpinnings of the importance of independent members on the audit committee remain relevant. Future research should delve deeper into the barriers hindering SMES from incorporating independent members effectively and explore alternative governance mechanisms to enhance financial performance and transparency within this sector.

*The Frequency of Audit Committee Meetings
and Financial Performance*

Expanding upon the discussion regarding the relationship between the frequency of audit committee meetings and financial performance, the

[306] findings of the study do not demonstrate a significant correlation between these variables. However, it is important to acknowledge the potential impact of audit committee activities on SME performance, as frequent meetings can play a crucial role in effectively monitoring operations and carrying out oversight responsibilities.

The literature supports the notion that the frequency of audit committee meetings serves as a key indicator of committee activity and effectiveness. Studies by Conger, Finegold, and Lawler (1998) and McMullen, Raghunandan, and Rama (1996) highlight the importance of meeting frequency in measuring the committee's level of engagement and involvement in governance processes. Moreover, research by Kalbers and Fogarty (1998) suggests that meeting frequency is positively associated with the effectiveness of the audit committee.

Furthermore, increased meeting frequency has been linked to improvements in financial reporting quality and the detection of accounting irregularities (Carcello et al. 2002; Abbott and Parker 2004). Frequent meetings enable committee members to gain a deeper understanding of internal audit processes and accounting issues, thus enhancing their ability to identify and address financial statement errors (Raghunandan, Rama, and Scarbrough 1998).

Despite the theoretical rationale supporting hypothesis H₃, which posits a negative correlation between the frequency of audit committee meetings and financial performance, the empirical findings of the study do not support this assertion. However, it is important to recognize the inherent value of frequent audit committee meetings in promoting effective governance practices and enhancing financial reporting quality within SMES. Further research may be warranted to explore the nuanced dynamics underlying the relationship between meeting frequency and financial performance in the context of Moroccan SMES.

The Financial Expertise of the Audit Committee and Financial Performance

Building upon the discussion concerning the relationship between the financial expertise of audit committee members and financial performance, the statistical findings do not support a negative correlation between these variables, thereby refuting hypothesis 4. Contrary to expectations, the presence of financial expertise among committee members does not appear to exert a significant influence on financial performance in the context of Moroccan SMES.



However, it is essential to recognize the importance of having at least one committee member with the requisite financial qualifications, as mandated by regulatory guidelines and best practices. While the small size of audit committees may limit the number of members with specialized expertise, the inclusion of individuals possessing financial acumen remains critical for enhancing the committee's effectiveness in overseeing financial matters.

[307]

The literature underscores the significance of incorporating financial experts on audit committees to fulfill their oversight responsibilities effectively. Businesses increasingly seek individuals with backgrounds in accounting, management control, and legal expertise to serve on their audit committees, particularly as independent directors. These professionals play a crucial role in facilitating informed decision-making and ensuring compliance with regulatory standards.

Moreover, the presence of financial specialists on audit committees enhances the committee's ability to understand complex financial procedures, identify potential risks, and address weaknesses within the organization (DeZoort and Salterio 2001). Their expertise contributes to informed judgments regarding conflicts between external and internal auditors' recommendations, thereby bolstering the committee's effectiveness in safeguarding the company's financial interests.

While the empirical findings of the study may not support hypothesis H4, which posits a negative correlation between financial distress and the financial expertise of audit committee members, the theoretical rationale underscores the importance of expertise in enhancing the committee's ability to fulfill its oversight role effectively.

CONCLUSION

In the current research work, the impact of the audit committee's characteristics on the financial performance of Moroccan SMES has been examined through the analysis of empirical findings.

The findings suggest a connection between financial performance and the frequency of audit committee member meetings. It is important to note that, in this regard, businesses that have regular meetings of their audit committee typically do better than those that only do so occasionally. The frequency with which audit committees assemble determines their ongoing activity and serves as a measure of their effectiveness in carrying out their duties, exercising their control, and preparing financial statements.

The audit committee is also influenced by other independent factors, such as the size, composition, and financial skill of the committee members. In this regard, the results show no significant connection of the audit committee to the financial success of Moroccan SMES.

[308]

From a theoretical viewpoint, the relevance and value of agency theory in studying the relationship between governance and manager/owner is explained by the special significance of information asymmetry between the two parties. The owner-manager or majority shareholder has a tendency to reduce the size of the committee or to meet the bare minimum requirements of regulations. Therefore, Moroccan SMES do not always have the capacity to produce the information that is useful and essential to make actions and perform major strategic orientations. As a result, the number of members who may participate at the strategic level of SMES is constrained, which hinders the value of organizational learning. In fact, the organizational legitimacy and the role of the audit committee are contested in the attempt to reduce the financial difficulties of Moroccan SME. As previously noted, the frequency of meetings is adhered to by the audit committees in accordance with the laws that are currently in effect.

In conclusion, while this study sheds light on the relationship between audit committee characteristics and financial performance in Moroccan SMES, it is important to acknowledge several limitations. Firstly, the study's sample size may limit the generalizability of the findings to a broader population of SMES in Morocco. Additionally, the study's focus on specific audit committee characteristics may overlook other factors that could influence financial performance. Future research could address these limitations by employing larger and more diverse samples, and considering a wider range of variables. Despite these limitations, this study contributes valuable insights into the role of audit committees in enhancing financial performance within the context of Moroccan SMES.

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The Impact of Tourism, Foreign Direct Investment, Trade, Economic Growth, and Renewable Energy on Carbon Emissions: The Case of Mediterranean Countries


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In this study, we examine the influence of international tourism, trade, foreign direct investment, economic growth and renewable energy consumption on CO₂ emissions in 17 Mediterranean countries, spanning the period 1995–2018, by using heterogeneous panel estimation techniques. The findings show that economic growth has a strong impact on carbon dioxide emissions. Our results are in favor of the existence of an inverted U-shaped Environmental Kuznets curve (EKC) in the Mediterranean countries. In addition, the econometric results indicate that international tourism, trade openness, FDI, and renewable energy consumption have a negative impact on carbon dioxide emissions. Moreover, the Dumitrescu and Hurlin panel Granger causality test suggests that there is a two-way causality between CO₂ emissions and the other variables explored (international tourism, openness, FDI, renewable energy consumption and real income) and a one-way causality running from renewable energy consumption and trade openness to real income. Therefore, the development of international trade in the field of renewable energies and the exploitation of these energies in the field of tourism and FDI can be favorable to economic growth and the reduction of carbon dioxide emissions.

Key Words: tourism, trade, foreign direct investment, economic growth, renewable energy, CO₂ emissions

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INTRODUCTION

Globally, the massive increase in economic activity has caused a sharp increase in air pollutant emissions and associated mortality. From 1950 to 2019, greenhouse gas emissions increased from 16.13 billion tons to

[314] 54.82 billion tons (Jones et al. 2023) representing an average annual growth rate of 2%. In 2016, the World Health Organization (WHO) estimated that air pollution is responsible for 4.2 million deaths worldwide. Air pollution is one of the greatest environmental health risks. It is also responsible for the degradation of natural resources, deterioration of infrastructure and the reduction of the cultivated area (Shahbaz, Tiwar, and Nasir 2013).

Mediterranean countries share a similar exposure to environmental risks and increasing tourism pressure. Pollution has become a growing problem in several regions of the Mediterranean basin (MedECC 2020; Ezzghari et al. 2023). These countries are responsible for around 6% of the world's CO₂ emissions. Furthermore, the Mediterranean is the world's leading tourism area in terms of international tourism, with more than 360 million international tourist arrivals, i.e. 27% of world tourism in 2017 (World Tourism Organisation 2019). Tourism in the Mediterranean has contributed to the creation of employment, infrastructure, the accumulation of foreign currencies, and economic growth. However, tourism activities have an impact on the environment and greenhouse gas emissions (Programme des Nations Unies pour l'Environnement 2005). Furthermore, since the 'Barcelona Process,' which was launched in 1995, the Mediterranean countries have implemented a process of gradual dismantling of their customs tariffs in order to increase trade between the EU and the Mediterranean countries.

Thus, trade openness facilitates the transfer and adoption of cleaner technologies and allows late industrializing countries to make technological leaps (Hettige, Lucas and Wheeler 1992; Porter 1999). Moreover, the Mediterranean region is marked by the attractiveness of foreign direct investment (FDI). Governments have undertaken far-reaching reforms to create more favorable investment climates. Ambitious legislative and institutional reforms have been undertaken by most Mediterranean countries in order to attract investment with better quality.

The increase in tourist flows, trade and FDI have an impact on energy demand and the environment. The Mediterranean region represents 9% of global energy demand. Total energy consumption in this region is about 1000 million tons of coal equivalent (tep) in 2007 and is expected to increase to 1400 million (tep) in 2030. As for renewable energies, it should represent 11% of global demand in 2030 (Keramane 2010).



Thus, the Mediterranean region remains particularly vulnerable to climate change and likely to be increasingly exposed to extreme climatic events. It should be noted, all Mediterranean ecosystems (terrestrial, coastal and marine) are being impacted by climate change (Balzan et al. 2020; Hassoun et al. 2021). Moreover, Mediterranean countries have made significant mitigation commitments under the Paris Climate Agreement (MEDENER 2018). [315]

The purpose of this study is to investigate the relationships between CO₂ emissions, trade openness, FDI, renewable energy, tourist arrivals, and economic growth. Our objective is to make two contributions to the existing body of literature: the first is to assess these relationships in Mediterranean countries for the period 1995–2018. The second is to use several econometric techniques that take into consideration both cross-sectional dependence and heterogeneity such as cross-sectional augmented IPS (CIPS) unit root tests and cross-sectional augmented Dickey-Fuller (CADF) tests and Westerlund cointegration tests, fully modified ordinary least squares (FMOLS), dynamic ordinary least squares (DOLS), dynamic seemingly unrelated regression (DSUR) estimators and Dumitrescu-Hurlin causality analysis. Thus, the results of this study provide a better understanding of the dynamic relationships between tourism, FDI, renewable energy, international trade, economic growth, and environmental quality in order to better guide policy makers in the countries around the Mediterranean.

The structure of this study is as follows: a thorough literature review is presented in the second section, data and estimation techniques are introduced in the third section, empirical results and discussion are reported in the fourth section, and the paper concludes with policy implications in the final section.

LITERATURE REVIEW

Tourism and CO₂ Emissions

The study of the relationship between tourism and the environment is expressed in terms of constraints arising from the effects either on tourism development due to the environment or on environmental degradation due to tourism growth. Thus, the negative environmental impacts resulting from tourism are related to the construction of general infrastructure such as airports, roads and tourist facilities and to the consumption of additional energy. These impacts can lead to destruction of the environmental resources on which tourism depends.

Moreover, the environment is an important factor in tourists' choices and therefore, in the development of a tourist destination (Galvani 1996).

[316] Several studies have sought to assess the empirical influence of economic expansion and tourism development on CO₂ emissions. A panel of 15 Mediterranean nations was examined by Balli et al. (2018) over the years 1995–2014. The findings indicate that tourism receipts increase CO₂ emissions. With the exception of Egypt, Morocco, Italy, Spain, and Turkey, the data also suggest that the tourism-led growth hypothesis (TLGH) does not hold true for the majority of the study countries. In a 2014 study, Leon et al. examined the link between tourism and CO₂ emissions in both less developed and developed countries from 1998 to 2006. The results demonstrate that tourism contributes to CO₂ emissions in both types of countries.

The relationship between tourism, economic growth, energy consumption, and CO₂ emissions in Turkey was investigated by Eyuboglu and Uzar (2019) from 1960 to 2014. The authors concluded that tourism, growth and energy consumption have a positive effect on CO₂ emissions. They also found bidirectional causality between tourism and CO₂ emissions. In a sample of 18 developing economies and 26 developed economies, Paramati, Alam, and Chen (2017) examined the impact of tourism on economic development and CO₂ emissions for the period between 1995 and 2012. They concluded that tourism development has a positive impact on economic growth and CO₂ emissions. Wang and Wang (2018) investigated the effect of tourism on CO₂ emissions in OECD nations between 1995 and 2014. The findings indicate that there is a feedback relationship between CO₂ emissions and tourism development. Ozcan, Bekun, and Nazlioglu (2021) assessed the effects of increasing tourism on environmental quality for 16 Mediterranean nations between 1995 and 2014. In the nations with more competitive tourism industries, the results show a substantial causal association between tourism and CO₂ emissions; however, in other nations, the relationship is not supported.

Trade and CO₂ Emissions

In the framework of a study on 40 European nations, Jamel and Matsof (2017) found a causal association that operates in both directions between trade liberalization and CO₂ emissions. In a similar vein, Işık, Kasımatı, and Ongan (2017) investigated the dynamic relationships



between international trade and Greece's CO₂ emissions from 1970 to 2014. They came to the conclusion that Greece's CO₂ emissions increased as a result of trade liberalization. Jayanthakumaran, Verma, and Liu (2012) used the autoregressive distributed lag (ARDL) methodology to examine the long- and short-run relationships between trade and CO₂ emissions in a comparative study between India and China. [317] Regarding the effect of trade intensity on CO₂ emissions, the empirical results were inconclusive and not significant in terms of trade intensity's impact on CO₂ emissions.

Additionally, Shahbaz et al. (2013) studied the impact of trade openness on CO₂ emissions in Indonesia. The results show that trade openness is negatively related to CO₂ emissions. They concluded that international trade provides developing economies with access to efficient technologies and techniques that emit less CO₂. The case of Italy was investigated by Bento and Moutinho (2016), who found that the impact of international trade is not significant in the short term but has a positive effect in the long term on CO₂ emissions, reaching a point where it affects pollution. Akin (2014) examined 85 nations between 1990 and 2011 in order to examine the effect of trade openness on CO₂ emissions. According to the empirical findings, trade openness has the potential to lower CO₂ emissions. Ohlan (2015) used ARDL modeling to investigate the relationship between global trade and CO₂ emissions in India from 1970 to 2013, finding that both the short and long-term effects are not noteworthy. Zhang, Liu, and Bae (2017) looked at the EKC hypothesis and how trade openness affected CO₂ emissions in industrialized nations between 1971 and 2013. The findings support the EKC hypothesis and show that trade has a negative impact on CO₂ emissions.

Using the pooled mean group-autoregressive Distributed Lag (PMG-ARDL) approach, Essandoh, Islam, and Kakinaka (2020) examined the effect of trade on CO₂ emissions in 52 nations between 1991 and 2014. They demonstrated that while the effect of international openness on CO₂ emissions is negligible for developing nations, it has a negative effect on industrialized nations.

FDI and CO₂ Emissions

In the context of India, Acharyya (2009) examined the effect of FDI on CO₂ emissions between 1980 and 2003. The empirical findings demonstrated a positive effect of FDI on CO₂ emissions. Gökmenoğlu and Taspınar (2015) examined the effect of FDI on carbon emissions as well

as the EKC hypothesis, in Turkey. The findings indicate that FDI has a long-term positive effect on Turkey's CO₂ emissions. The authors also discovered a bidirectional relationship between FDI and carbon emissions.

[318] For a sample of 18 Latin American nations, Blanco, Gonzalez, and Ruiz (2013) investigated the relationship between FDI and CO₂ emissions for the years 1980–2007. The findings suggest that higher CO₂ emissions may be associated with foreign direct investment in highly polluting industries. Baksh et al. (2017) studied how environmental pollution in Pakistan was affected by FDI between 1980 and 2014. The results of the investigation showed that FDI had a significant effect on increasing CO₂ emissions. Using both linear and nonlinear ARDL models, Haug and Ucal (2019) analyzed the effect of FDI on CO₂ emissions in Turkey. The findings suggest that there is no significant relationship between FDI and carbon emissions.

Demena and Afesorgbor (2019) used a meta-analysis of 65 primary papers to investigate the impact of FDI on the environment. The findings demonstrated that FDI significantly lowers emissions in the environment. In the case of the BRICS, Rafique et al. (2020) investigated the link between FDI and carbon emissions. The authors discovered that FDI had a detrimental impact on CO₂ emissions using the Augmented Mean Group (AMG) estimate. Moreover, causality tests show a unidirectional causal link from FDI to carbon emissions.

Renewable Energy and CO₂ Emissions

Dong, Sun, and Hochman (2017) examined a panel of data from 128 countries covering the period 1990–2014 to study the relationship between CO₂ emissions and renewable energy consumption. The empirical findings demonstrate that, for each of the six research zones, a rise in the intensity of renewable energy is accompanied by a fall in CO₂ emissions. Similarly, Waheed et al. (2017) used ARDL modeling to examine the impact of renewable energy consumption on carbon dioxide (CO₂) emissions in Pakistan between 1990 and 2014. They found that using more renewable energy can lower CO₂ emissions over the long term.

Saïdi and Omri (2020) assessed the effects of nuclear and renewable energy consumption on CO₂ emissions in OECD countries. The findings of various estimates demonstrate that using nuclear and renewable energy lowers carbon emissions. Conversely, Ben Jebli and



Ben Youssef (2017) examined the dynamic causal relationships between the consumption of renewable energy and carbon dioxide emissions in North African countries from 1980 to 2011. Granger causality test results show a unidirectional relationship between CO₂ emissions and renewable energy sources. Furthermore, the parameter estimates indicate that a long-term increase in the use of renewable energy sources is associated with a rise in CO₂ emissions. In contrast to earlier research, Acheampong, Dzator, and Savage (2021) investigated the relationship between renewable energy and carbon emissions in African countries. The findings demonstrate that there is no connection between renewable energy sources and carbon emissions.

[319]

Tourism, Trade, FDI, RE and CO₂ Emission

Using the generalized method of moments (GMM) approach, Balogh and Jambor (2017) examined the factors influencing CO₂ emissions in a panel of 168 countries. The outcomes attest to the beneficial contribution of renewable energy generation to the decrease in CO₂ emissions. Estimates have shown that the expansion of tourism and international trade can hasten environmental degradation by raising atmospheric CO₂ emissions.

Using the weighted-average least squares (WALS) approach, Aller, Ductor, and Grechyna (2021) investigated the factors influencing CO₂ emissions for a panel of 92 countries. The findings indicate that income and FDI increase environmental degradation, while tourist arrivals have a negative impact on the environment. Leitão and Lorente (2020) employed three estimation methods – FMOLS, DOLS and GMM-System – to analyze the empirical relationship between tourist arrivals, trade openness, renewable energy, economic growth, and CO₂ emissions in European Union countries for the period 1995–2014. Estimates indicate that while trade openness, the amount of renewable energy consumption, and international tourist arrivals all have a negative impact on CO₂ emissions, economic growth has a positive effect on these emissions. Similarly, Khan and Ahmad (2021) evaluated the effects of tourism, international trade, FDI, and renewable energy consumption on CO₂ emissions in a selection of developed European countries and developing Asia-Pacific countries between 2000 and 2020. According to estimates, trade openness and renewable energy consumption have a negative impact on carbon emissions in industrialized countries, whereas tourism and FDI have a beneficial impact.

TABLE 1 A Survey of Existing Literature

Author(s)	Country/region	Period	Methodology	Conclusion
Ben Jebli and Hadhri (2018)	United States, China, Turkey, Mexico, Germany, Italy, Spain, France, Russian Federation and United Kingdom	1995–2013	VECM and Granger causality test approach	$CO_2 \rightarrow$ tourism; $GDP \leftrightarrow$ tourism; energy \leftrightarrow tourism
Dogan and Aslan (2017)	25 EU	1995–2011	Panel Granger causality	Tourism $\rightarrow CO_2$; $GDP \rightarrow$ tourism
Zhang and Zhang (2021)	30 Chinese provinces	2000–2017	Granger causality tests	$CO_2 \leftrightarrow$ tourism; $GDP \leftrightarrow$ tourism
Ravinthirakumaran and Ravinthirakumaran (2023)	APEC region	1995–2017	Panel Granger causality	Tourism $\rightarrow CO_2$
Katircioglu, Feridun, and Kilinc (2014)	Cyprus	1970–2009	Granger causality tests	Tourism $\rightarrow CO_2$; Energy \rightarrow tourism
Ben Jebli, Ben Youssef, and Apergis (2019)	22 American countries	1995–2010	Panel Granger causality	$CO_2 \leftrightarrow$ tourism; Tourism \leftrightarrow trade; Renewable energy \leftrightarrow tourism; FDI \leftrightarrow tourism
Akadiri et al. (2020)	16 small island developing countries	1995–2014	Granger causality tests	$CO_2 \leftrightarrow$ tourism
Balli et al. (2018)	15 Mediterranean countries	1995–2014	Granger causality tests	Tourism $\rightarrow GDP$ (Spain, Italy, and Egypt); Tourism $\leftrightarrow GDP$ (Turkey and Morocco); Tourism $\rightarrow CO_2$
Selvanathan, Jayasinghe, and Selvanathan (2021)	South Asia	1990–2014	Heterogeneous panel causality test	$GDP \rightarrow$ tourism; tourism $\rightarrow CO_2$; tourism \rightarrow energy; capital \rightarrow tourism

Continued on the next page

In summary, the results are generally mixed and vary according to empirical specifications, data used, econometric methods and countries studied. This paper examines the relationships between tourism, international trade, FDI, renewable energy consumption, economic growth and CO_2 emissions for Mediterranean countries. The impact

[320]



TABLE 1 *Continued from the previous page*

Author(s)	Country/region	Period	Methodology	Conclusion
Nosheen, Iqbal, and Khan (2021)	Asian economies	1995–2017	Bootstrap panel co-integration test	Tourism → CO ₂
Paramati, Alam, and Lau (2018)	28 EU member states	1990–2013	Panel Granger causality	Tourism investment ↔ tourism revenue; tourism investment → CO ₂
Koçak, Uluçak, and Ulucak (2020)	10 countries	1995–2014	Heterogeneous panel causality test	Tourism ↔ CO ₂ ;
El Menyari (2021)	Morocco, Algeria, Tunisia, and Egypt	1980–2014	Heterogeneous panel causality test	Tourism → CO ₂ ; GDP ↔ tourism; electricity consumption → tourism

[321]

NOTES → unidirectional causality, ↔ bidirectional causality.

of these variables on CO₂ emissions and the study of causal links are rarely analyzed in the Mediterranean context. Therefore, this study contributes both to the existing literature and to the development of relevant policies for sustainable tourism, FDI, and international trade in Mediterranean countries (table 1).

METHODOLOGY FRAMEWORK

Model and Data

The EKC hypothesis is the theoretical framework that serves to investigate how tourism, trade, FDI and renewable energy sources affect environmental quality. The groundbreaking study by Grossman and Krueger (1991), as well as more recent research by Muhammad et al. (2020), Dogru et al. (2020), Leitão and Lorente (2020), and Khan and Ahmad (2021), inspired the development of the EKC’s functional shape, which analyzes factors that influence CO₂ emissions, such as the growth of tourism, FDI, trade openness, and renewable energy, integrated into the traditional EKC model. Therefore, this study aims to examine the following hypotheses:

- H1 *There is an inverse U relationship between growth and carbon dioxide emissions.*
- H2 *There is a negative relationship between tourism development and CO₂ emissions.*
- H3 *There is a negative relationship between FDIs and CO₂ emissions.*

H4 *There is a negative link between trade openness and CO₂ emissions.*

H5 *Renewable energy is expected to reduce CO₂ emissions.*

Thus, the model specification is presented as follows:

$$[322] \quad \begin{aligned} \text{CO}_{2it} = & \varphi_0 + \varphi_1 \text{GDP}_{it} + \varphi_2 \text{GDP}_{it}^2 + \varphi_3 \text{TA}_{it} + \varphi_4 \text{RE}_{it} \\ & + \varphi_5 \text{Trade}_{it} + \varphi_6 \text{FDI}_{it} + \varepsilon_{it}. \end{aligned} \quad (1)$$

In this equation, the variables are defined as follows: CO₂ – carbon dioxide emissions measured in metric tons per capita; GDP – real GDP per capita (represented in USD), as a measure of economic performance, GDP² real GDP per capita squared to examine the EKC hypothesis; TA – tourist arrivals, representing the number of tourists who travel to a country other than where they habitually reside; RE – renewable energy consumption, which represents total renewable electricity consumption, measured in billions of kilowatt hours; *Trade* – trade openness ratio, measured by exports plus imports of goods and services as a percentage of GDP; FDI – foreign direct investment, net inflows as a percentage of GDP. ε_{it} is the standard error term, $\varphi_1, \varphi_2, \varphi_3, \varphi_4, \varphi_5$ and φ_6 are the model parameters. The country and time dimensions are denoted by the sub-indices i and t , respectively.

Within the framework of panel data, this work examines the effects of FDI, tourism, income, and renewable energy consumption on environmental quality in the Mediterranean region, specifically in Morocco, Portugal, Greece, Spain, Albania, Croatia, Israel, Cyprus, Egypt, Algeria, Italy, Tunisia, Turkey, Lebanon, Malta, Slovenia, and France between 1995 and 2018.

All data were obtained from the World Development Indicators (WDI) database, except for renewable energy consumption, which was obtained from the US Energy Information Administration database. Natural logarithms are used to express all variables.

Methodological Approach

We broke down the econometric estimation process into five parts to accomplish the study's goals. The first step investigates the cross-sectional independence between the variables using the tests created by Breusch and Pagan (1980) and Pesaran (2004). The second step examines the degrees of integration of the variables with the CIPS and CADF unit root tests of Pesaran (2007), which take into account the serial dependence and the heterogeneity of slope coefficients in the



cross-section dimension. The third step analyzes the long-term relationship structure between the variables using the Westerlund (2007) cointegration test. After determining the existence of a cointegrating relationship, in the fourth step, we use the FMOLS, DSUR and DOLS estimators to study the long-term effect of the independent variables on carbon emissions. Finally, we apply the panel causality test, introduced by Dumitrescu and Hurlin (2012), in the final stage.¹ [323]

Cross-Sectional Independence Tests

Because of the direct and indirect economic ties that exist between the countries in the model, a shock that affects one country might also affect other countries, which makes cross-sectional dependence a significant issue in panel data models. As a result, if this dependence is ignored, estimates may become skewed (O’Connell 1998).

We use the Lagrange multiplier (LM) test, and the cross-section dependence (CSD) test to validate the cross-sectional dependence because the temporal dimension (T) is larger than the sample size (N).

Panel Unit Root Tests

We use the CADF and CIPS tests, which are the second-generation unit root tests developed by Pesaran (2007), as a second stage of the empirical investigation. These tests account for the heterogeneity and cross-sectional dependence of the parameters.

Based on the Augmented Dickey Fuller (ADF) approach, the CADF test can be expressed as follows:

$$\Delta y_{it} = a_i + b_i y_{i,t-1} + c_i y_{t-1} + \sum_{j=0}^p d_{ij} \Delta y_{t-j} + \sum_{j=1}^p \varphi_{ij} \Delta y_{t-j} + e_{it}, \tag{2}$$

where y_t is the average at time T of all the N countries. After using the CADF test, the CIPS test can be obtained as follows:

$$CIPS = N^{-1} \sum_{i=1}^N t_i(N, T), \tag{3}$$

where $t_i(N, T)$ is the t -statistic in the CADF regression (Equation 2).

¹The econometric analysis was carried out using STATA software.

Cointegration Test Panel

[324] Next, we apply Westerlund's (2007) panel cointegration test, which allows us to account for the variability of cointegrating vectors and cross-sectional independence, to investigate the likelihood of a cointegration relationship between the variables under study.

Long-Run Estimates: FMOLS, DOLS, DSUR

We employ three estimation techniques to evaluate the long-term association between the variables after examining stationarity and cointegration. To prevent biased estimates, we use the Dynamic Seemingly Unrelated Regression (DSUR) developed by Mark et al. (2005) as well as the cointegration regressions created by Pedroni (2001), which include fully modified ordinary least squares (FMOLS) and dynamic ordinary least squares (DOLS) estimators. The first two methods make it possible to reinforce the robustness of panel data analysis results, by considering the problems of endogeneity among the regressors and the autocorrelation of errors, while the third method is robust in cases of CSD and heterogeneity issues, in addition to its ability to produce more robust estimates when the time dimension is significantly larger than the sample size (N) (Mark et al. 2005).

Dumitrescu-Hurlin Panel Causality Analysis

The final phase is to use Dumitrescu and Hurlin's (2012) causality test, which is regarded as an extension of the traditional Granger causality approximation, to investigate the causal interactions between the variables in our model. This test accounts for cross-sectional dependence and the presence of diverse panel data.

EMPIRICAL RESULTS AND ANALYSIS

Regarding the descriptive statistics presented in table 2, we note that, with the exception of the variable of CO₂ emissions per capita, the others series has significant dispersion around its own average. In fact, average CO₂ emissions per person show an average of 4.910533 and a standard deviation of 2.368148 in the countries studied, compared to GDP (SD = 11363.87), renewable energy consumption (SD = 29.54122), tourism arrivals (SD = 29666341), trade openness (SD = 52.10496) and foreign direct investment (SD = 1.54E+10). Also, the measure of skewness indicates a left-tailed distribution of the median, and therefore the distribution is right-skewed. Moreover, the measurement of kurtosis



TABLE 2 Descriptive Statistics

	CO2	GDP	RE	TA	Trade	FDI
Mean	4.910	15866.610	19.166	21536170	82.885	9.01E+9
Median	4.998	16093.380	4.328	6494500	66.318	2.23E+9
Maximum	9.615	38276.470	122.737	1.24E+8	322.676	8.51E+10
Minimum	0.470	1464.379	0.000	119000	30.246	-9.50E+9
Std. dev.	2.368	11363.870	29.541	29666341	52.104	1.54E+10
Skewness	0.040	0.294	1.7428	1.484	2.700	2.586
Kurtosis	1.876	1.691	4.991	3.930	10.577	10.011
Jarque-Bera	21.587	35.008	273.962	164.652	1472.008	1290.797
Probability	0.000021	0.000000	0.000000	0.000000	0.000000	0.000000

[325]

TABLE 3 Correlation Matrix

Variables	CO2	GDP	RE	TA	Trade	FDI
CO ₂	1.0000					
	-					
GDP	0.9125	1.0000				
	0.0000	-				
RE	0.2270	0.2956	1.0000			
	0.0000	0.0000	-			
TA	0.2888	0.4099	0.7588	1.0000		
	0.0000	0.0000	0.0000	-		
Trade	0.1798	0.1792	-0.7229	-0.3871	1.000	
	0.0003	0.0003	0.0000	0.0000	-	
FDI	0.1452	0.2437	0.3091	0.3301	-0.1031	1.0000
	0.0033	0.0000	0.0000	0.0000	0.0374	-

shows mixed results; the distribution of CO₂ emissions and income per capita are platykurtic (kurtosis values are lower than the normal value) while the distribution of the other variables is leptokurtotic. Similarly, the Jarque-Bera test offers compelling evidence against the normality of the variables under investigation.

Table 3 examines the correlation matrix between the variables. The results show that the variables of GDP, TA, RE, trade openness and FDI are positively correlated with CO₂ emissions.

The variance inflation factor (VIF) and tolerance for each independent variable were calculated and are shown in table 4 to assess multicollinearity. The outcomes of these tests indicate that there is no multicollinearity issue because the tolerance values are not less than 0.2 and the VIF values are less than 5. As a result, all independent variables can be taken into account in our econometric models.

TABLE 4 Test of Multicollinearity

Variable	GDP	TA	RE	Trade	FDI	Mean
VIF	1.46	2.59	2.30	1.56	1.14	1.81
Tolerance	0.686532	0.386748	0.434744	0.640655	0.874809	

[326]

TABLE 5 Pesaran-Yamagata's Homogeneity Test

Test	Delta (Δ)	Adjusted delta
Statistics	14.987	17.807
Probability	0.000	0.000

TABLE 6 Cross-Sectional Dependence Test

Variables	CO ₂	GDP	RE	TA	Trade	FDI
Breusch-Pagan LM	1349.769***	2008.246***	1283.896***	1909.438***	1136.769***	434.9846***
Pesaran scaled LM	73.595***	113.521***	69.601***	107.530***	60.680***	18.128***
Pesaran CD	6.289***	41.871***	23.168***	40.0353***	23.982***	12.343***

NOTES *** Significance level: 1%.

Table 5 displays the results of the Pesaran and Yamagata (2008) homogeneity tests. These tests support the alternative hypothesis of heterogeneity over the null hypothesis of panel homogeneity. As a result, this analysis highlights the prevalence of heterogeneity and the necessity of using heterogeneous panel data methodologies.

The findings of the cross-sectional dependence test demonstrate that the probability values (*p*-value) are significantly below the 1% threshold, indicating that the null hypothesis of independence is rejected at that point (table 6). As a result, a shock that originates in one Mediterranean nation may spread to neighboring nations.

We conducted unit root tests, specifically the CIPS and CADF, which account for cross-sectional dependency, since the earlier results show the presence of cross-sectional dependence and the heterogeneity of

TABLE 7 CADF and CIPS Panel Unit Root Test

Variables		CO ₂	GDP	RE	TA	Trade	FDI
CADF	(a)	1.547	0.231	0.312	0.533	-0.216	-1.156
	(b)	-8.613***	-5.757***	-4.042***	-4.413***	-5.554***	-3.264***
CIPS	(a)	-0.975	-1.800	1.936	-1.699	-1.407	-0.557
	(b)	-4.710***	-3.409***	-6.440***	-3.887***	-3.675***	-2.876***

NOTES Row headings are as follows: (a) level, (b) first difference. *** Significance level: 1%.



TABLE 8 Panel Cointegration Test

Pedroni	Panel	V-test	-3.1723***
		Rho-test	2.8781***
		PP-test	-2.6152***
		ADF-test	-1.8160**
	Group	Rho-test	3.9198***
		PP-test	-3.7890***
ADF-test		-2.5289***	
Kao		ADF statistic	-3.2604***
Westerlund		Variance ratio	2.2913***

[327]

NOTES *** Significance level: 1%. ** Significance level: 5%.

the slopes. According to table 7's results, all of the variables have unit roots (non-stationary) at every level and are integrated of order one $I(1)$; as a result, their linear combination needs to be a stationary process $I(0)$. In order to investigate whether there is a long-term relationship between the variables, cointegration tests were carried out.

We examined cointegration between variables using the Pedroni, Westerlund, and Kao tests. We infer that the variables under study are cointegrated since table 8's results show that the tests are statistically significant. Thus, panel cointegration techniques were used to evaluate the long-term relationship between the variables. Table 9 reports the findings of the DSUR, FMOLS and DOLS.

Note that the methods we employed are more resilient and efficient than the OLS method (Mark et al. 2005; Ben Jebli, Ben Youssef, and Ozturk 2016; Adebayo et al. 2021; Ximei et al. 2024). These methods are the FMOLS, DOLS, and DSUR methods. As a result, the findings indicate that there is a positive relationship between real income and CO_2 ,

TABLE 9 Long-Run Estimation Results

Independent variables	Dependent Variable CO_2					
	FMOLS		DOLS		DSUR	
	(1)	(2)	(1)	(2)	(1)	(2)
GDP	6.0577***	0.0000	6.7017***	0.0001	5.1608***	0.0000
GDP ²	-0.3563***	0.0000	-0.3466***	0.0003	-0.2486***	0.0000
RE	-0.1062***	0.0000	-0.0895***	0.0000	-0.0500***	0.0000
TA	-0.0572***	0.0000	-0.0195***	0.6048	-0.0101	0.2320
Trade	-0.2413***	0.0000	-0.2656***	0.0080	-0.2299***	0.0000
FDI	-0.0024	0.9113	-0.0206***	0.0005	-0.0086***	0.0010

NOTES Column headings are as follows: (1) coefficient, (2) probability. *** Signific. level: 1%.

ranging from 5.16% to 6.7%. This suggests that rising per capita income in Mediterranean nations is associated with rising CO₂ emissions. Economic growth has a significant impact on CO₂ emissions.

[328] Moreover, our findings support the existence of an inverted U-shape (coefficients $\beta_1 > 0$ and $\beta_2 < 0$) for the Mediterranean countries, validating the environmental Kuznets curve hypothesis. Our empirical findings are consistent with those of Dogan et al. (2020) and Grossman and Krueger (1991). Furthermore, the elasticity of carbon emissions, ranging from 0.05% to 0.10%, is strongly negative in relation to RE. This finding implies that improving environmental quality is a direct effect of increasing the use of renewable energy sources. Consequently, several researchers have demonstrated the role of renewable energy in reducing carbon emissions. Indeed, the deployment of green projects and green spending can make low-carbon technologies more commercially viable and accessible to the public (Muth 2023).

Similarly, there is statistical significance and a negative coefficient associated with tourist arrivals. Therefore, *ceteris paribus*, a 1% increase in tourism results in a decrease in carbon dioxide emissions per person of 0.01% to 0.05%. This finding suggests that the Mediterranean region's tourism industry may be a vital tool for reducing CO₂ emissions and promoting sustainable development.

Previous studies of Dogan and Aslan (2017), Bella (2018), Akadiri et al. (2020) and El Menyari (2021), also found the same impact on CO₂ emissions. However, these studies did not integrate other variables likely to influence CO₂ emissions and were conducted with a restricted sample of countries. In addition, trade has a negative and significant impact on CO₂ emissions. Indeed, a 1% increase in international trade, *ceteris paribus*, reduces carbon dioxide emissions per capita by 0.26%. This result is similar to those of several studies, such as Sinha and Shahbaz (2018), Chen, Wang, and Zhong (2019), and Leitão and Lorente (2020). However, this finding contrasts to that of Islam et al. (2021), who found that increasing GDP increases CO₂ emissions in Bangladesh.

Furthermore, there is a statistically significant negative relationship between FDI and CO₂ emissions. This outcome differs from the conclusions drawn by Rafique et al. (2020) and Wang et al. (2022). It does not, however, align with the conclusions of Salahodjaev and Isaeva (2022) on 20 post-Soviet republics or Khan et al. (2021) in the case of 69 BRI countries.



TABLE 10 Dumitrescu and Hurlin Test

Ho	W-Statistics	Zbar-Statistics
GDP does not cause CO ₂	4.04414	7.06239***
CO ₂ does not cause GDP	3.17565	4.97116***
RE does not cause CO ₂	2.41214	3.13273***
CO ₂ does not cause RE	2.20326	2.62975***
TA does not cause CO ₂	4.20837	7.45782***
CO ₂ does not cause TA	2.34069	2.96069***
TRADE does not cause CO ₂	2.15850	2.52199**
CO ₂ does not cause TRADE	3.86295	6.62610***
FDI does not cause CO ₂	3.25123	5.15316***
CO ₂ does not cause FDI	3.90959	6.73840***
RE does not cause GDP	1.30396	0.46436
GDP does not cause RE	2.83185	4.14333***
TA does not cause GDP	2.41101	3.13001***
GDP does not cause TA	1.98098	2.09454**
TRADE does not cause GDP	3.48048	5.70516***
GDP does not cause TRADE	1.65274	1.30419
FDI does not cause GDP	1.83438	1.74154*
GDP does not cause FDI	3.51863	5.79702***
TA does not cause RE	2.89829	4.30332***
RE does not cause TA	2.13842	2.47363**
TRADE does not cause RE	2.76609	3.98499***
RE does not cause TRADE	2.93376	4.38873***
FDI does not cause RE	0.80283	-0.74231
RE does not cause FDI	1.16212	0.12283
TRADE does not cause TA	0.91278	-0.47755
TA does not cause TRADE	3.41431	5.54584***
FDI does not cause TA	0.87530	-0.56781
TA does not cause FDI	3.97261	6.89015***
FDI does not cause TRADE	3.06594	4.70700***
TRADE does not cause FDI	3.91527	6.75208***

NOTES *** Significance level: 1%. ** Significance level: 5%. * Significance level: 10%.

In order to determine the relationship between CO₂ emissions, RE, GDP, TA, Trade, and FDI for the sample nations, we additionally examine the Dumitrescu and Hurlin causality test. Table 10 displays the outcomes of the Dumitrescu and Hurlin causality test. We have compelling evidence that the other variables under study trade, FDI, RE, TA, and GDP are causally related to CO₂ emissions in both directions. This implies that coordinated implementation of policies related to the environment, renewable energy, tourism, and economy will be necessary.

Furthermore, there is a unidirectional causal relationship between real income and Trade as well as the RE. Lastly, there was no discernible causal link between FDI and RE (table 10 on p. 329).

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CONCLUSION

This study analyzes the influence of renewable energy consumption, tourism, international trade and foreign direct investments on CO₂ emissions in the presence of the EKC model in the Mediterranean countries over the period 1995–2018, by using appropriate econometric methods such as panel estimation techniques with cross-sectional dependence.

The results of the unit root tests in the CADF and CIPS panel reveal that all the variables are not stationary in level and are integrated of order one. Westerlund's test (2007) indicates that the variables studied are cointegrated. Thus, the results of econometric estimates show that economic growth strongly influences carbon emissions. Moreover, our support the existence of an inverted U-shaped for the Mediterranean countries, which confirms the existence of the Environmental Kuznets Curve hypothesis. On the other hand, our results show that tourism, renewable energy consumption, trade openness, and FDI have a negative and statistically significant impact on CO₂ emissions. In addition, the results of Dumitrescu and Hurlin test show the existence of a bidirectional causality between CO₂ emissions and the other variables studied (GDP, RE, TA, Trade, FDI) and unidirectional causality ranging from RE and Trade to real income, while no causal relationship was observed between RE and FDI.

The empirical analysis leads to several implications. First, to support sustainable development and green growth, the Mediterranean region countries must continue to advance technological innovation. Then, the negative impact of energy consumption on carbon emissions suggests that actions must be taken to reduce the financial cost of the transition to renewable energies through fiscal and regulatory measures. Finally, it would be appropriate to encourage the liberalization of trade in the field of renewable energies and to utilize these energies to support tourism and foreign investments at a sustainable level that can be favorable to economic growth and environmental quality.

Furthermore, our results reveal that tourism can play a key role in promoting international trade, FDI, RE and reducing CO₂ emissions in the Mediterranean region. Therefore, public authorities in Mediter-



ranean countries must ensure coordination and consultation between stakeholders operating in the tourism sector to develop the infrastructure and host a significant number of business events. Similarly, sustainable tourism development and renewable energy transition require awareness-raising and support actions for tourism stakeholders by public authorities to encourage tourism that aligns with economic development, environmental preservation, and resource management. Our study has some limitations. First of all, our study only samples countries around the Mediterranean, so we suggest that other researchers extend our work to other regions of the world. Second, the current study can be expanded using recent econometric tests that better capture crises and structural changes.

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Emotional and Social Intelligence and its Impact on the Business Success of Bulgarian Digital Entrepreneurs

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The rapid development of digital technologies over the past two decades has created a new economic environment that requires continuous adaptation. However, paradoxically, increasing digitisation emphasises the importance of soft skills such as emotional and social intelligence. The present study aims to empirically analyse the relationship between these skills and the success of Bulgarian digital entrepreneurs. The results show that successful entrepreneurs demonstrate higher levels of emotional and social intelligence, with all its components – self-awareness, self-control, motivation, empathy and social skills – contributing significantly to entrepreneurial success. The importance of optimism for overcoming challenges in a dynamic digital environment is particularly emphasised. The conclusion is that, despite the specific requirements of digital business, the basic profile of a successful entrepreneur remains universal and is characterised by high emotional and social intelligence. Therefore, this study adds value to the literature on entrepreneurship, management, organisational behaviour, and human resource management, while it can contribute to the development of assessment tools, as well as training and development programs for emotional and social intelligence.

Key Words: emotional intelligence, digital entrepreneurship, competencies, empathy, motivation

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INTRODUCTION

Digital transformation and its essential manifestation – digital entrepreneurship (DE) – has brought to the fore the need to talk about and focus more actively on human relationships in the workplace. Technological globalisation has made possible the interconnectedness of individuals, organisations, markets, governments, and states (Kunev et

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al. 2020). It has developed our professional and personal communications to unsuspected heights. Still, at the same time, it has distanced us from each other, positioning us in front of various digital devices conveniently hidden behind monitors and emoticons. The closer we become, thanks to technology, the more distant we are as individuals from each other, which inevitably affects – negatively or positively – our working relationships. The paradox is that the more technologically connected society is, the more emotionally distant people are from each other.

Surrounded and pressed by technological progress, a person is constantly persuaded that, in order to be successful and to be able to adapt to the ever-changing reality, it is enough to develop his rational intellect primarily. Not without significance is the fact that, for decades, management theory and practice have favoured a top-down approach in which all decisions are made at the highest level and communicated and implemented top-down. Although this approach ensures clarity and accountability of decisions, it affects the cohesion, creativity and proactivity of employees and teams (Asana 2024). The latter leads to deepening internal organisational crises, staff turnover and loss of key employees.

All this casts doubt that a manager's success depends solely on his cognitive intelligence. Moreover, it can be confidently asserted that anyone with even a relatively average level of intelligence can achieve significant success (Vermeulen 1999), which motivates researchers to look deeper into the reasons that are a prerequisite for positive results in such endeavours. As a result, in 2020 (amid the COVID pandemic, which undoubtedly accelerated digital transformation in many areas), several prestigious rankings, including the global professional network LinkedIn (Ronin 2020), actively began to include emotional intelligence (EI) and its inherent competencies among the top skills needed by leaders of the future.

Moreover, a comparison of the views of several researchers shows that the intrinsic competencies of EI are as crucial to a person's success and the organisation he leads as rational intelligence. This is because emotions, not only thoughts, drive people. Only by knowing their feelings can they understand and effectively control their behaviour and, accordingly, understand the desires and needs of others. Therefore, EI is an essential ability that is necessary for an individual to achieve both personal and professional success, as well as for the organisation and its constituent teams.



That is why the present study examines the problem of the level of manifestation of individual competencies of EI in digital entrepreneurs and to what extent they can be defined as successfully implemented in the digital business environment. The object of this study is the behaviour of Bulgarian digital entrepreneurs operating in various spheres. The subject that is affected in the development is their EI, according to Daniel Goleman's theory. The aim is to investigate and establish the role and influence of EI in DE and, more specifically, on the success of Bulgarian entrepreneurs developing digital businesses.

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ESSENCE OF EMOTIONAL INTELLIGENCE AND DIGITAL ENTREPRENEURSHIP

Emotional intelligence, also called emotional intelligence quotient (EQ), is the point of contact between intelligence and emotions, recognising the latter as a valuable source of information and a social guide. One of the earliest definitions of EI was given by Salovey and Mayer, who consider it the ability to observe one's and other's emotions (Todorova 2024). Later, these two researchers expanded the concept to include four interrelated capabilities – preventing, using, understanding, and managing emotions (Salovey and Grewal 2005). However, Daniel Goleman, one of the authors most credited with popularising the concept of EI, argues that there is an even more familiar term that characterises the set of skills that EI symbolises, namely the character (Kostadinova 2013, 87). This conclusion is confirmed by a study by several authors who found that personality is an essential predictor of EI, defined as individual differences in characteristic patterns of thinking, feeling, and behaviour (El Othman et al. 2020).

Individuals with high EI demonstrate exceptional skills in recognising, understanding, and managing both their own emotions and the emotions of others. These skills are essential for effective communication and building solid relationships. It is no coincidence that many studies, including those of Goleman (2017), indicate that it is EI, not just intellectual abilities, that distinguishes successful leaders.

However, the ability to recognise, manage and understand one's and others' emotions still remains underestimated and underdeveloped. On the other hand, despite its undeniable rise, the digital economy has yet to reveal its full potential, but it already promises an exciting future (Laskova 2018). An apt summary of the current development and trends in the development of DE and the EI of the leaders building the

new economy are the words of Brian Solis that ‘the possibilities are only limited by our imaginations’ (2014, 190).

[342] On the other hand, Kihlstrom and Cantor (2011) define social intelligence (SI) as a complex ability that refers to an individual’s ability to understand, interact and adapt to social situations and relationships. According to the authors, this competence includes:

- 1 *Understanding Others*. The ability to recognise the emotions, thoughts and intentions of other people, as well as predict their reactions.
- 2 *Relationship Management*. The ability to build, maintain and develop effective relationships with other people and to resolve conflicts.
- 3 *Social Adaptation*. The ability to adapt to different social contexts and act appropriately within them.
- 4 *Social Awareness*. The knowledge of social norms, rules and expectations, and the ability to put this knowledge into practice.

This definition shows the difficulty researchers face, namely distinguishing between emotional and social intelligence. Despite the various proposed definitions of social intelligence, they all emphasise the importance of several specific requirements that are also the points of contact between EI and SI:

- *Emotional Intelligence*. The ability to recognise and manage one’s own emotions, as well as the emotions of others.
- *Communication Skills*. The ability to express oneself clearly and effectively, as well as to listen actively.
- *Social Skills*. The ability to work in a team, resolve conflicts and build networks.

Due to the enumerated requirements for SI and its specific components coinciding to some extent with those that make up EI, the two abilities are often measured in the same way or with similar instrumentation. It is important to note that what distinguishes successful leaders from others is precisely the presence of developed emotional and social intelligence. These skills allow leaders to achieve a 360-degree perspective on their teams and identify areas for improvement. Thus, they can optimise the use of resources, drive innovation, and build highly cohesive teams, ultimately leading to higher productivity and competitive advantage for the organisation (Kostadinova 2013).



To date, we enjoy constantly emerging and developing technologies, unlimited imagination and creative approaches in management (Dimitrov and Venelinova 2019, 214). And what is needed to bring about real change that will make the world a better place for everyone is humanity. It is mainly wrong to claim that the inherent creativity of humans will save humankind from self-destruction, from the development and entry, threats and opportunities of supercomputers and artificial intelligence. In fact, neither rational intelligence nor creativity is the individual's greatest asset; it is the moral choice (O'Reilly 2017, 360) that he has to make every day, and that is due to a developed and refined EI and social skills.

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Entrepreneurship, which several authors also define as 'self-employment' (Antonizzi and Smuts 2020), is recognised as fundamental for the economic growth of the European Union and for increasing the number of new jobs in Europe. A similar opinion is shared by Ljubotina and Vadjal (2023), according to whom entrepreneurship is a crucial driver of global development, fostering innovation, creating new jobs, and contributing to societal changes. Berginc et al. (2023) argue that entrepreneurship – as a state of mind rather than a set of specific skills, manifests itself in the ability to seek out new opportunities and act decisively in different areas of life. Therefore, it is no coincidence that, along with self-employment, entrepreneurship is included in the Europe 2020 strategy as a crucial element for achieving innovative, sustainable and inclusive growth (Pavlov et al. 2017).

Digital entrepreneurship, on the other hand, refers to 'entrepreneurial endeavours realised in a digital environment through digital media and ICT tools' (Antonizzi and Smuts 2020). It includes all entrepreneurial opportunities that are created and pursued through the use of technological platforms and other information communication equipment. As well as falling into many familiar business categories specific to DE, as technology advances and improves, potentially new types are created. This means that entrepreneurs must acquire both business-related knowledge, skills and technical competencies.

Digital entrepreneurship, according to Todorova (2024), is an innovative approach to business that takes place entirely or partially in the digital environment. It is not limited to creating an online business but requires innovative thinking, flexibility and continuous adaptation to the changing digital environment. This type of entrepreneurship is established as the main driver of the economy, on a par with traditional

forms. Beyond its economic dimensions, DE has a significant impact on social interactions, self-esteem, and individual personal development, reflecting the ever-increasing role of technology in the modern world.

[344] Rashidi et al. (2013) consider DE as a type of entrepreneurship defining IT jobs by using IT tools and then covering and executing them in a web environment. The team predicts that, as more economies enter the information age and traditional jobs disappear, the development of DE skills and the accumulation of knowledge and information will prove key to generating new ideas and putting them into practice. In their development, they also refer to many expert opinions, according to which 'by 2045, 3% of employment in the world will belong to the agricultural sector, 4% to the industrial sector and 93% to the service sector.' Considering DE as part of the service sector, it can be argued without a doubt that the role of these economic activities in the gross domestic product of countries will be extremely high in the coming decades.

As Kotsev (2020, 11) points out, DE is yet to attract research interest. Questions such as whether DE can be seen as a component of the digital economy related to entrepreneurship or a subspecies of entrepreneurship associated with the digital economy may never receive a satisfactory and even less unequivocal answer. It is only sure that digital business will inevitably lead to a change in the mission, vision and strategies that companies use to achieve their goals. Even now, the organisations that dominate and essentially build the world economy are proving this is an entirely new way of doing business, not just a new tool to adapt to outdated models. The unrestrained use of digital technologies requires, first of all, adapting the business strategy to the new realities, as well as a continuous effort to add value and foster relationships based on cooperation and empathy.

In this sense, DE is naturally 'hungry' for its digital leaders, but their formation requires much more than technological and information security. Leadership in a highly technological era requires a wide range of skills and competencies, including excellent communication, adaptability, motivation, and empathy. This is precisely what gives reason to claim that the digital transformation leaders are not necessarily the people with the highest quotient of rational intelligence but the individuals with the most developed EI.

From the discussion so far, it is clear that understanding the relationship between EI and entrepreneurial success is vital to developing an entrepreneurial ecosystem. However, although the topic of digital



entrepreneurship is not new in Bulgaria, the issue of EI and its influence on the performance and success of entrepreneurs is. There is a lack of systematic research to provide empirical evidence of this relationship, especially in the context of digital entrepreneurship. This motivated the authors of the present study to seek answers to the following research questions (RQ): [345]

- RQ1 *What is the degree of manifestation of EI among Bulgarian digital entrepreneurs?*
- RQ2 *Is there a positive relationship between a high level of EI and a sense of success among Bulgarian digital entrepreneurs?*
- RQ3 *Is there a positive relationship between the EI of Bulgarian digital entrepreneurs and the demographic characteristics of age and gender?*

RESEARCH METHODOLOGY

The methodology developed for this study is based on Daniel Goleman's (2005) model of EI, with five spheres of competence included (Ordu and Acar 2014). For the research, the survey was developed using questions from Professional Emotional Intelligence Tests by Robert Wood and Harry Tolley (2002). In the study, the Motivation component of Goleman's model is divided into Self-Motivation (Optimism) and Motivation, and the aim is to study the ability of Bulgarian digital entrepreneurs to motivate both themselves and others. This decision is influenced by the fact that people are undoubtedly the most important resource in any organisation, and the success of the entire organisation depends on how motivated they are to work and give their best (Ruskova and Ruseva 2018). Based on this, the research methodology covers the following EI components:

- Self-awareness – or self-knowledge – is related to openness to different experiences and new ideas, as well as learning from social contacts and influences (Craig 2019). Wood and Tolley (2002, 63) argue that good self-knowledge and the pursuit of human happiness are intimately linked – one follows from the other. Good self-awareness includes self-respect, a positive attitude, the ability to listen to the inner voice and abstract from logic and rationality, etc.
- Self-regulation – or self-control – is the person's ability to weather emotional storms (Goleman 2005, 87). Researchers claim that

leaders who have effective self-regulation rarely allow themselves to attack others verbally, do not make hasty or emotional decisions, avoid stereotypes, and stick to their values (Bell 2020).

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- Self-motivation (Optimism) and Motivation – are crucial drivers of entrepreneurial success. As Goleman (2005) suggests, optimism serves as an enduring source of motivation, shielding individuals from negative emotions like apathy and despair. In the context of entrepreneurship, optimism can be seen as an internal drive stemming from either extrinsic rewards (e.g., financial gain) or intrinsic motivations (e.g., passion for the venture). While Goleman’s model of EI does not explicitly address the ability to motivate others, it highlights the importance of related competencies such as self-control and empathy. These skills are essential for effective leadership and influence, especially in the digital age where motivating and inspiring individuals, both individually and collectively, is increasingly complex (Carnegie 2012).
- Empathy – the ability to perceive and understand the emotions of others is a crucial skill for entrepreneurs. As Bell (2020) emphasises, empathetic leaders can better connect with their team members and foster a supportive work environment. Additionally, empathy is essential for building and maintaining strong relationships, both personally and professionally. Albrecht (2009) highlights the importance of empathy in creating a positive team culture characterised by cooperation and understanding.
- Social skills – the attitude towards others and the influence on them. Leaders with excellent social skills are effective communicators who manage change and resolve conflict (Bell 2020). It is this way because social skills are the entire application of all EI competencies: understanding and applying one’s and others’ emotions, communicating and interacting with them. This competence includes active listening, skilful verbal and non-verbal communication, and leadership, and is largely equivalent to SI (Craig 2019).

This research focuses on digital entrepreneurs based in Bulgaria who operate in diverse sectors. The target population consists of 42,238 enterprises, with a minimum sample size of 381 at the 95% confidence level. Conducted between January 25 and March 25, 2021, this study



aims to assess the level of EI and its constituent competencies among digital entrepreneurs by determining the following:

- how successful and motivated digital entrepreneurs are in their own judgment;
- what is the degree of manifestation of individual EI competencies among digital entrepreneurs.

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A Google Forms survey questionnaire was designed to gather the required data. The questionnaire consisted of 42 questions, mostly closed-ended, tailored to the research objectives. To maintain confidentiality, the survey was administered anonymously and included:

- two demographic questions;
- two questions relating to the digital business in which the respective entrepreneur is developing;
- two questions giving a subjective assessment of how successful and motivated the respective respondent-digital entrepreneur is defined;
- thirty-six questions exploring individual EI competencies: self-awareness, self-regulation, optimism and motivation, empathy, and social skills.

The survey was disseminated through various channels, including professional groups on social media platforms, direct outreach to digital entrepreneurs, and collaboration with relevant organisations such as the Bulgarian Chamber of Commerce and Industry (BCCI) and the Bulgarian E-Commerce Association (BEA). These organisations shared the survey link with their members and followers, reaching a wider audience.

RESULTS AND DISCUSSION

A total of 1,175 ($N = 1175$) respondents completed the survey. The sample comprised 791 women (67%) and 384 men (33%). In terms of age, the majority of respondents (53.4%) were Millennials, born between 1980 and 1995. Generation X (born between 1965 and 1979) accounted for 24.9% of the sample, while Generation Z (born after 1995) represented 20.9%. A small percentage (0.9%) were Baby boomers born before 1965. This demographic breakdown aligns with the generational cohorts identified by Hristov (2021).

If more than one answer is marked, 707 of the respondents or slightly more than 60% indicated that they were involved 'Online sale of

[348] goods and services,' 222 (18.9%) – 'Digital marketing, advertising and media,' 207 (17.6%) offer 'Freelance services (designer, photographer, virtual assistant, etc.),' 153 (13%) are involved in the 'Creation of digital products (software, website, applications, etc.),' 28 (2.4%) indicated the domain 'Education/Conducting online trainings,' and less than half a per cent (0.4%, 4 people) chose 'Other.'

To the question 'How long have you been a digital entrepreneur?,' 52% or 611 of the respondents indicate that they have been developing a digital business 'between 1 and 5 years,' 29% or 339 of the respondents choose 'between 5 and 10 years,' 11% or 134 have started a digital business less than 1 year ago, 8% or 91 participants are developing business the most extended period in a digital environment: between 10 and 15 years. The number of people who chose the option 'over 15 years' is 0.

To the question 'When you think about your digital business, how do you feel?,' 53%, or 624 respondents, chose 'Motivated and Satisfied,' 33% or 391 indicated 'I am Optimistic,' and 14% or 160 identified themselves as 'Exhausted and Discouraged.' Asked 'What best describes your digital business?,' 859 (73%) of the respondents define their business as 'Successful,' 154 (13%) as 'Startup,' for 160 (14%) it is rather 'Unsuccessful,' and 2 (less than 1%) chose the option 'Other' ('Mid-level' and 'Successful business until Covid 19').

The results for the individual indicators – self-awareness, self-regulation, optimism, motivation, empathy and social skills – are as follows:

Self-Awareness

Just over 58% (686) of all surveyed digital entrepreneurs showed a high degree of self-awareness, 36% (428) performed at an average level, and about 5% (61) had a relatively low degree of self-awareness. The data showed that a significant share of the surveyed Bulgarian digital entrepreneurs have an accurate perception of how they feel and how their own emotions affect both themselves and others.

A generational analysis of self-awareness reveals a downward trend. Baby Boomers show the highest level of self-awareness (71%), followed by Millennials (66%) and Generation X (57%). Generation Z reports the lowest level (50%) of self-awareness. At first glance, the data reflect a downward trend of decreasing self-awareness with each successive generation. Indeed, viewed from a different angle, the results testify to the potential for the development of EI and, more specifically, of its competence – self-awareness with age (Todorova 2024).



TABLE 1 Scores of All Respondents on Indicators Self-Awareness and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Self-awareness	58.19	36.04	32.39	49.24	9.42	14.72

NOTES In percent.

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A look at the results by gender shows a preponderance of female digital entrepreneurs in terms of self-knowledge at almost 60% (460) relative to 36% (138) of males (table 1). The data resonates with the conclusion of Korn Ferry (2016), whose research found that ‘the most significant difference between men and women can be seen in emotional self-awareness.’

Eurich (2018) shares a similar opinion, stating that self-awareness has emerged as a critical competence in contemporary leadership and management literature. Empirical evidence shows that people with high self-esteem are more likely to exhibit confidence, creativity, and sound decision-making skills. Additionally, self-aware individuals tend to build stronger interpersonal relationships, communicate more effectively, and demonstrate higher levels of integrity. Such qualities are essential to both individual and organisational success.

Self-Regulation

The survey results indicate that a significant majority, 63% of the digital entrepreneurs, exhibited a high level of self-regulation. Approximately 21% demonstrated average self-control, while 16% displayed lower levels. A generational analysis reveals that Generation X had the highest percentage of individuals with high self-regulation (70%), followed closely by Baby Boomers (67%). Millennials (63%) and Generation Z (56%) showed slightly lower levels of self-regulation. This trend raises questions about the potential impact of generational factors on self-regulation and the extent to which this skill can be developed over time.

In the analysis of the self-regulation competence by gender of the respondents (table 2), the results show a significant advantage for female entrepreneurs – 464 (58%) demonstrate a high degree of self-control compared to 169 (44%) of the men, which is a likely consequence from their better self-knowledge (previous indicator).

According to Goleman (2005, 75), a good awareness of emotions is the essential skill on which the rest are built, including emotional self-control or self-regulation. Although the Korn Ferry agency (2016)

TABLE 2 Scores of All Respondents on Indicators Self-Regulation and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Self-regulation	58.68	44.00	22.16	22.35	19.16	33.65

[350]

NOTES In percent.

concluded in its study that ‘emotional self-control is the only competency in which men and women showed equal performance,’ the present study is indicative that Bulgarian female digital entrepreneurs demonstrate better self-control compared to men.

Optimism

A substantial portion (67%) of the surveyed digital entrepreneurs displayed high levels of internal motivation. Approximately 22% and 11% exhibited moderate and low levels of motivation, respectively. A generational analysis revealed that Generation X had the highest percentage of highly motivated individuals (72%), followed closely by Baby boomers (70%), Millennials (66%), and Generation Z (64%). These findings suggest that while generational factors may influence motivation, individual temperament, as described by Goleman (2005), also plays a significant role.

Women entrepreneurs show a higher level of internal motivation and optimism – 486 (61%) compared to 172 (44%) of men (table 3). This can be taken as an indicator that women are more oriented towards setting goals and taking the necessary actions to achieve them, and are highly committed and proactive.

TABLE 3 Scores of All Respondents on Indicators Optimism and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Optimism	61.38	44.83	22.02	33.69	16.60	21.63

NOTES In percent.

Motivation

The summary results of the survey for all participants in the study regarding the indicator ‘Motivation’ demonstrate that just over 61% (717) of the respondents possess to a high degree the ability to positively influence the behaviour of others, to express moderate and constructive criticism, compared to over 25% (294) with an average and over 14%



TABLE 4 Scores of All Respondents on Indicators Motivation and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Motivation	47.12	40.76	19.67	39.78	33.21	19.46

NOTES In percent.

[351]

(164) with a low degree of manifestation of the investigated competence.

The study found that the ability to motivate others varied across generations. Baby boomers were least likely to possess this skill, with only 40% demonstrating a high level of motivation. In contrast, Generations X and Y showed significantly higher levels of motivation, with 67% and 61%, respectively. Generation Z reported a somewhat lower level of motivation (54%). This discrepancy highlights the importance of balancing optimism and the ability to influence others for effective leadership.

When analysing the 'Motivation' indicator (table 4) according to the gender of the respondents, a certain equality is noticed, i.e. this skill is almost equally developed in women – 47% (373) and in men – 41% (156) entrepreneurs, but significant differences stand out in the medium and low values of this EI competence.

Empathy

The summarised results of the Empathy indicator survey demonstrate that over 63% (740) of digital entrepreneurs in Bulgaria have a high degree of empathy, about 22% (259) are moderately empathetic individuals, and less than 15% (176) do not feel or are not able to show empathy for others.

When we look at empathy levels by age group, we see that Generation X (69%), Y (62%) and Z (61%) demonstrate relatively similar high levels of empathy. A deviation from this trend is observed in the generation of baby boomers, where the share of entrepreneurs with moderately developed empathy (50%) is higher compared to those who can fully build and maintain relationships with others (42%).

In the analysis by Gender (table 5), a significant preponderance of female digital entrepreneurs – 535, or more than 67% – have developed empathy. In comparison, for men, this share is slightly more than 28% respondents. From such a result, the statement that ladies are more empathetic and men have a harder time putting themselves in an-

TABLE 5 Scores of All Respondents on Indicators Empathy and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Empathy	67.60	28.31	21.71	38.07	10.69	33.62

[352]

NOTES In percent.

other’s situation cannot be definitively deduced. Still, the data confirm the conclusion of Korn Ferry (2016): according to most instruments assessing EI, women’s norms are on average higher than men’s and females score higher on empathy and social skills.

Social Skills

The research demonstrates that digital entrepreneurs with the most developed social skills convey more than 57% (670) of those participating in the study. On the other hand, in just under 25% (294), it is medium, and in 18% (211) – respectively low, i.e. these entrepreneurs tend to lack the social skills listed above.

When it comes to social skills, Generation X stands out, with 62% of respondents demonstrating strong communication and interpersonal abilities. For those born after 1980 (Generations Y and Z), slightly over 55% possess these skills. In contrast, individuals born before 1965 exhibit lower levels of social skills, with only 44% demonstrating strong abilities. Like the empathy competence, social skills are more prevalent among women developing digital businesses – 52% or 416 of them possess this skill compared to 22% or 86 of men (table 6). However, over 41% (159) of men have developed the skills of active listening and effective communication to an average degree versus 32% (257) of women. This ability is relatively absent in almost 36% of 139 male respondents and 15% or 118 female respondents.

TABLE 6 Scores of All Respondents on Indicators Social Skills and Gender

Indicator	High		Average		Low	
	Women	Men	Women	Men	Women	Men
Social skills	52.58	22.46	32.26	41.34	15.16	36.08

NOTES In percent.

Emotional Intelligence (EI)

By analysing the results for each competency, we were able to categorise Bulgarian digital entrepreneurs into three groups based on their over-



all level of EI: high, average, and low. Summary data from the survey regarding the general level of EI indicates that just under 62% (727) have excellent understanding, management and response to their own and others' emotions, 25% (295) experience difficulties in conflict management, communication, empathy and coping with failure, and in 13% (153) the essential competencies of EI are poorly developed. [353]

In the survey, 859 (73%) respondents self-identified their digital business as successful, while 160 (14%) did as unsuccessful. The remaining 156 (13%) respondents indicated a response other than successful/unsuccessful. In the present work, the impact of EI on the success of digital entrepreneurs is investigated, which is why the survey results on the individual indicators of EI for the two leading groups of digital entrepreneurs for the study – successful and unsuccessful – were studied. Data analysis shows that among self-identified successful digital entrepreneurs, the percentage of respondents with a high degree of EI and its corresponding competencies varies between 65% and 78%. The rate of optimistic and self-motivated respondents is the highest – over 77% (661) have a positive attitude and know how to deal with problems. The share of highly emotionally intelligent entrepreneurs is around 70% (601).

In the opposite group there are those participants whose expectations were not justified by the digital business, entrepreneurs with an average level of EI predominate, with values ranging from 31% to 55% for each competency. On the 'Social skills' indicator, the share of ineffective communicators and those showing a lack of active listening is over 65% (104), i.e. the percentage of entrepreneurs with a relatively low level of social skills and relationships with others is the highest.

It is impossible to definitively conclude whether the group of respondents with failed businesses has a medium or low level of EI, as the values are close. However, the share of highly emotional entrepreneurs in this group is significantly lower than among those who self-identified as successful and satisfied with their business venture. Table 7 visualises the difference in EI between successful and unsuccessful entrepreneurs.

A relatively high percentage of female and male digital entrepreneurs self-identified as 'Successful' – over 78% (614) for the former and over 63% (245) for the latter. There is a significant difference in the results for 'Unsuccessful Business' – just over 5% (44) of women versus over 30% (116) of men believe DE has not met their expectations. The

TABLE 7 Results of the Study Regarding the General Level of Emotional Intelligence in Successful and Unsuccessful entrepreneurs

Emotional Intelligence	High	Average	Low
Successful entrepreneurs	70.30	21.39	8.30
Failed entrepreneurs	6.86	47.01	46.13

[354]

NOTES In percent.

share of the optimistic is similar, but still with a preponderance for male entrepreneurs – 39% (150) against over 30% for ladies (241). Over 16% (131) of female entrepreneurs show relatively higher initiative and ‘have started a new business,’ against about 6% (23) of male respondents.

After the analysis, it can be summarised that female digital entrepreneurs show higher results regarding EI and its inherent competencies. This does not reflect directly on successful business ventures – both groups of respondents have high values. But it is indicative, on the one hand, of the sense of ‘failure’ and, on the other hand, of the feeling of ‘discouragement’ in men – almost 30% (115) of male respondents feel ‘exhausted,’ while for women, this percentage is less than 6% (45).

Formulation of Conclusions and Recommendations

In summary, the research data satisfactorily answer RQ1: ‘What is the degree of manifestation of EI among Bulgarian digital entrepreneurs?’ Over 62% (727) of respondents have highly developed EI, 25% (295) are around an average level, and just over 13% (153) demonstrate a low level of empathy, communication, and optimism. In the aspect of the potentially nascent era of empathy (Kotler, Kartajaya, and Setiawan 2020, 133), it should be noted that a relatively large share – 63% (745) of entrepreneurs show empathy and understanding of other people’s emotions. In the case of successful entrepreneurs, this competence was developed in over 71% (616), and in the case of unsuccessful entrepreneurs – in only 11% (17) of the respondents. However, it cannot be categorically stated that success is directly dependent on empathy. It is conceivable that the presence of this trait is rather a prerequisite for morally justified decisions and actions but not for the achievement of material and financial results.

From the point of view of the influence of the individual competencies of EI on the success of the respective digital entrepreneur, the research shows that over 70% (604) of the respondents who self-identified as successful have the highest level of EI, while among the



unsuccessful this share is below 7% (11). Furthermore, optimism stands out as an essential and vital competence for success – almost 78% (668) of successful entrepreneurs are somewhat ‘Optimistic,’ compared to less than 5% (73) of unsuccessful ones. The difference is also significant regarding the ‘Social skills’ indicator – about 66% (565) of the successful [355] compared to just under 3% (5) of the unsuccessful digital entrepreneurs who mastered the skills of active listening and effective communication. This also provides an acceptable answer to the second formulated RQ2: ‘Is there a positive relationship between a high level of EI and a sense of success among Bulgarian digital entrepreneurs?’

The research answers RQ3: ‘Is there a positive relationship between the EI of Bulgarian digital entrepreneurs and the demographic characteristics of age and gender?’ Almost 70% of the generation born between 1965 and 1979 stand out as an age group with a high degree of EI, while for other age groups, this share varies between 55% and 61%. When compared by gender, female digital entrepreneurs have a significant advantage in each of the skills inherent in emotionally intelligent people. The overall proportion of women with highly developed EI is almost 58% (455) compared to just over 36% (138) for men. Unfortunately, although the study indicates that women demonstrate much more self-awareness, self-control, motivation and optimism, empathy, and social skills, in Bulgaria, for example, an individual’s gender remains a stronger predictor of career development than EI, and men remain preferred for leadership positions (Todorova and Antonova 2023).

Due to the different channels used to distribute the research survey (such as social networks and email), some participants took advantage of the feedback opportunity. Part of the respondents, for whom it is unknown what answers they indicated in the questionnaire, claim that such ‘emotional nonsense’ is unnecessary for business and that our economy only needs a ‘carrot and a stick.’

This result fully corresponds to the statement expressed in the introduction of the present study that until now, the main principle in management is top-down command and control. Unfortunately, too little consideration is given to the possibility that the subordinates play a significant role in the realisation of organisational goals and tasks through their unique human characteristics. Reality shows that these principles are relevant and, according to many, infinitely applicable.

Do emotions have a standing in business? Bryan Kramer (2017) attempts to debunk the dilemma in his book “There is no B2B or B2C:

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It's Human to Human: H2H,' where he states that 'The fact is that businesses do not have emotion. Products do not have emotion. Humans do. Humans want to feel something.' Yes, it is a fact that companies have no emotions. Yes, products do not have feelings. But people have and want to feel something positive while communicating with businesses. Kramer also argues that organisations and marketers must appeal to people's emotional needs to survive. Last but not least, their behaviour and communication with consumers must be corrected relative to the ever-evolving and fast-moving digital and social world. In addition to intelligence and digital knowledge, modern business leaders must also possess social skills.

Countless examples of successful entrepreneurs prove that classical intelligence is not enough: the heart may be irrational, but navigating with it in business is an intelligent and common-sense strategy (Galloway 2018, 181). Trust in instincts and an intuitive sense of what is right are the essential prerequisites for achieving enduring success (Byrne 2011, 219).

Scott Galloway (2018, 265–266), closely examining the 'Four Horsemen' (Amazon, Apple, Facebook and Google), gives an obvious explanation as to why classical intelligence alone is not sufficient and even an obstacle. He likens entrepreneurs to storytellers who share three common qualities: a high tolerance for risk, the ability to sell, and 'they don't have enough brains to know they'll fail.' According to the author, highly rational and knowledgeable people are rarely promising entrepreneurs, as they 'clearly see the risks,' i.e. they are cautious and indecisive.

A number of authors have also argued that we are entering an entirely new stage of development when the qualities of people that distinguish them today begin to emerge from their hearts. Less logical, linear, rule-based thinking will not be so relevant from now on. Instead, the value of empathy, joy, optimism, inner qualities, and relationships with others will rise like an avalanche. These highly underrated qualities can be developed when we do what we love and bring our whole being to our work – expertise and emotion will work better together (Byrne 2011, 217).

Stephen Sampson points to six leadership traits that draw others to them: physical attractiveness, intellectuality, sociability, emotionality, pleasant manners, and morality (Kotler, Kartajaya, and Setiawan 2020, 133). The listed characteristics partially overlap with EI indica-



tors, which leads to the question, isn't it time to emphasise EI competencies in the academic training of future entrepreneurs and leaders?

It is evident from the present research that one of the most prominent characteristics of Bulgarian digital entrepreneurs is precisely optimism. Self-motivation is a driving force for over 77% of respondents who perceive themselves as successful entrepreneurs. This supports the conclusion that a positive attitude is one of the EI competencies that must be stimulated and developed in current and future digital entrepreneurs. Failure should not be a reason for demotivation but to change direction and revise the plan.

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The research does not conclusively prove the role of another EI competency (empathy) as significant for the success of digital entrepreneurs, especially as it relates to demographic profiling by age. For example, Baby boomers demonstrate a high self-efficacy rate but also show the lowest levels of empathy. Therefore, it is possible to reason from another point of view: even the basic levels of empathy in a person and/or its proper distribution can contribute to his success. And what would happen if we worked purposefully towards fully developing this competence?

It can also be assumed that empathy alone does not predetermine whether an entrepreneur will be successful or not. A is primarily responsible for the correct (moral) decisions he makes. Objectivity requires recognising that it is relatively easy to achieve success based on dishonest actions, i.e. those that support the personal but harm or are at the expense of someone else's good. In fact, the 'Four Horsemen' and the rest of the 'builders' of the digital age owe their success not to their own empathy but to their ability to monetise others' empathy and emotions. But do the world, humanity, and the economy of the future need entrepreneurs – digital or traditional – who have a value system that is devoid of empathy and morality?

The present study cannot commit to such a general conclusion. Still, it is undeniable that in today's highly digitalised environment, empathy is a powerful catalyst for igniting meaningful interactions and relationships in social media (Solis 2014, 219). New information and communication capabilities have put the power in the hands of consumers and they can afford to choose. Their attention is drawn to those companies that successfully demonstrate knowledge and openness to their interests. Genuine empathy is relatively easy to identify, but more importantly, it can be contagious.

[358] But this competence is not an object that could be bought, physically possessed and implemented. It is not something that companies can invent, it must be felt (Solis 2014, 310). Instead, businesses can increase their empathy by listening to their users and customers and openly caring about what is important to them. Put another way, empathy requires active listening, which is inherent in another EI competency – social skills. The latter, in turn, also include change management and conflict resolution, which requires entrepreneurs to exhibit self-control, flexibility and adaptability.

The conclusions formulated in this point regarding entrepreneurship in the aspect of EI are an attempt to show that a change in the traditional business model known as the 'principle of the carrot and the stick' is imperative. Perhaps the time has come when Muhammad Yunus's assertion that through the multifaceted definition of an entrepreneur, it is possible to radically change the nature of capitalism and solve many of the pressing social and economic problems of the free market (Byrne 2011, 313).

It is also widely believed that entrepreneurs are driven by maximum profit as a source of their intrinsic motivation. Is it not admissible that the sources are ultimately two mutually exclusive at first glance but equally competitive. According to Yunus, cited by Byrne (2011, 39), modern entrepreneurs should be precisely driven by these two specific goals: to make maximum profit and to do good deeds for the world. This not only goes beyond the meaning of typical corporate social responsibility but also requires developing EI along with rational intelligence. John Mackey's words can serve as a kind of recommendation and call for people to go out and use their creative energies because the world needs more innovation and creativity, and lacking humanity is a serious problem (Byrne 2011, 39).

CONCLUSION

Emotionally and socially intelligent people have the ability to put themselves in other people's shoes, but not only. They see challenges from different perspectives, which is a prerequisite for performing complex tasks and solving complex problems. In addition, higher EI quotient scores combined with well-cultivated social intelligence suggest higher productivity and better social skills, including perceiving the needs of others and influencing them through balanced interpersonal relationships.



Although decision-making is the essence of entrepreneurial initiative, running a business is also an emotional experience. Every entrepreneur puts heart and soul into their venture, and very often, this dedication is responsible for positive results. However, when emotions interfere in business, and it is difficult to distinguish them from facts and logic, there can be no talk of success in undertakings. Therefore, increasing EI could improve and even facilitate the process, helping a person to navigate faster and more accurately in any life and professional situation, which can be the real difference between a successful and a failed business. [359]

In essence, traditional businesses differ from digital entrepreneurs only in that the latter need significantly more specialised technical knowledge and skills to survive in the digital competition. But this does not change the profile of the entrepreneur – an optimist who listens to his intuition, is ready to take risks, is persistent, motivated, and successfully motivating. According to data from the current study, self-identified successful digital entrepreneurs demonstrate a much higher level of EI and its inherent competencies than those who consider themselves unsuccessful. Individual EI components – self-awareness, self-control, optimism and motivation, empathy, and social skills – also showed higher and more stable levels in achievement-satisfied versus failure respondents.

Based on the current results, future studies can develop the topic of the so-called human-centric business model or empathy marketing. Trends and analysis show that the more technologically advanced a society is, the more consumers prefer and will gravitate towards businesses that can communicate with their customers in a human and emotional way. Therefore, the entrepreneur's awareness and knowledge of EI will help him communicate more effectively, understand his customers, and realise a better impact on their needs and desires, frustration, or satisfaction.

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Résumés

Approches innovantes du marketing et transformation du comportement des consommateurs slovènes pendant la pandémie de COVID-19

MAJA PUCELJ, MUHAMMAD NAEEM SHAHID,
REGALLA RAVIKANTH, SAMAH ADEL IBRAHIM MOHAMMED
RADWAN, MUHAMMAD MALIK ET ANTHONY K. HUNT

La pandémie de COVID-19 a engendré des difficultés sans précédent, nécessitant des réponses flexibles et adaptatives de la part des sociétés et des entreprises. Cette étude vise à analyser les nouvelles techniques de marketing ainsi que les ajustements opérationnels développés en réponse à cette crise mondiale, en mettant l'accent sur leur impact sur le comportement et les choix d'achat des consommateurs. En adoptant un paradigme abductif avec un design exploratoire séquentiel, nous avons combiné des approches de recherche qualitative et quantitative. Les données ont été collectées auprès d'un échantillon de 204 répondants slovènes via une enquête en ligne, analysée rigoureusement à l'aide de la modélisation par équations structurelles, Structural Equation Modeling (SEM). Basée sur la théorie du comportement des consommateurs et les cadres d'innovation marketing, l'étude révèle des changements significatifs dans le comportement des clients, notamment un passage marqué vers les plateformes de vente au détail en ligne. L'éducation joue également un rôle crucial dans l'influence des changements de comportement des consommateurs, en particulier dans le contexte complexe de la pandémie. Par ailleurs, les modifications de la répartition des revenus influencent directement la dynamique de la demande de produits sur le marché. La pertinence pratique de cette étude réside dans les recommandations concrètes qu'elle offre aux décideurs politiques et aux organisations, leur permettant d'adapter efficacement leurs stratégies pour répondre aux besoins et préférences changeants des consommateurs et se préparer à d'éventuelles crises futures.

Mots clés : pandémie de COVID-19, comportement des consommateurs, achats en ligne, éducation, Modélisation par Équations Structurelles
IJEMS 17 (2): 195-234

Intégrer la spiritualité et la politique : Les perspectives de l'islam et du christianisme sur la religiosité et la gouvernance dans la société contemporaine

OTHMAN SQALLI HOUSSAINI

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La pertinence de ce papier scientifique réside dans l'exploration de la corrélation entre le spirituel et le politique à notre époque contemporaine, à travers une analyse des deux approches inversées reliant les sphères spirituelle et politique par l'analyse des valeurs religieuses, des croyances spirituelles et des visions politiques, ainsi que par l'exploration de l'interconnexion soufie entre le spirituel et le politique. L'étude examine également les fondements religieux du modèle marocain de religiosité, caractérisé par la Commanderie des Croyants et ses principes dans la gouvernance moderne, en mettant l'accent sur l'intégration des valeurs spirituelles dans le leadership pour l'harmonie sociétale. Les résultats de cette recherche, fondés sur une étude analytique des théories littéraires historiques et une étude comparative de la gouvernance et de la spiritualité dans l'islam et le christianisme, soulignent l'importance cruciale de l'équilibre entre la spiritualité et la politique pour relever les défis socio-économiques et environnementaux modernes. L'étude met également en avant l'importance d'une gouvernance équilibrée qui respecte la diversité religieuse, les perspectives spirituelles et un leadership guidé par les valeurs pour le bien-être et l'essor sociétal.

Mots clés : gouvernance, politique, spirituel, Soufisme, Commanderie des Croyants, Vatican

IJEMS 17 (2): 235–258

Démocratisation en Tunisie : comprendre l'interaction entre la politique et le développement économique

NOUREDDINE SELMI

Cette recherche analyse les implications de la révolution tunisienne de 2011 et son évolution démocratique. Elle se concentre sur les conditions préalables à la transition démocratique durant le printemps arabe, en s'articulant autour de deux axes principaux. Le premier explore les raisons objectives et les facteurs qui ont entravé cette transition en Tunisie, notamment l'intervention étrangère et le rôle décisif des forces politiques et sociales dans le blocage du processus de démocratisation. Parmi ces acteurs, notre étude met en évidence l'Union Générale Tunisienne du Travail (UGTT), des médias, des organisations de la société civile, ainsi que des entités influentes au sein de l'administration bureaucratique. Le second axe examine l'impact de la situation économique et des politiques mises en place après la révolution,



qui n'ont pas abouti aux résultats escomptés. Le blocage de la transition démocratique s'accompagne de signes annonciateurs d'une crise économique imminente, aux répercussions sociales et sécuritaires profondes. Cette recherche affirme que le ralentissement économique et les inégalités régionales ne suffisent pas à expliquer l'échec de la transition démocratique. Il est également crucial de prendre en compte le rôle central des conflits idéologiques et la nécessité d'une culture démocratique partagée.

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Mots clés : démocratisation, développement économique, Moyen-Orient et Afrique du Nord, Printemps arabe, Tunisie

IJEMS 17 (2): 259–282

L'impact du comité d'audit sur la performance financière des PME marocaines : une étude empirique

HANAE LAAROUSHI, MOHAMED AMINE TBATOU
ET BABOUNIA AZIZ

Cette étude examine l'impact des comités d'audit sur la performance financière des PME marocaines, en soulignant l'importance du contexte et de sa valeur ajoutée. En outre, elle examine l'influence du système de gouvernance sur l'indépendance du comité d'audit et explore les variables liées aux caractéristiques du comité d'audit. Basée sur un échantillon de 58 PME marocaines, l'étude s'étend sur une période de 4 ans, de 2018 à 2022. Grâce à l'utilisation de l'analyse de régression, les résultats révèlent des défis à l'indépendance totale du comité d'audit, attribués à un système dual et à la taille limitée du comité. Par conséquent, les comités d'audit des PME marocaines sont confrontés à des contraintes dans l'exercice de leurs responsabilités, en particulier dans l'examen des états financiers, ce qui pourrait entraver la performance financière et la croissance des PME. Cette recherche contribue à la compréhension des dynamiques de gouvernance au sein des PME marocaines, en soulignant l'importance du contexte et en offrant un aperçu des complexités des comités d'audit.

Mots clés : comité d'audit, performance financière, PME marocaines, qualité de l'audit

IJEMS 17 (2): 283–312

L'impact du tourisme, d'investissement direct à l'étranger, du commerce, de la croissance économique et de l'énergie renouvelable sur les émissions de carbone : le cas des pays méditerranéens

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YOUNESSE EL MENYARI

Dans cette étude, nous examinons l'influence du tourisme international, du commerce, de l'investissement direct à l'étranger, de la croissance économique et de la consommation d'énergie renouvelable sur les émissions de CO_2 dans 17 pays méditerranéens, couvrant la période de 1995 à 2018, en utilisant des techniques d'estimation en panel hétérogènes. Les résultats montrent que la croissance économique a un impact fort sur les émissions de dioxyde de carbone. Nos résultats sont en faveur de l'existence d'une courbe de Kuznets environnementale (CKE) en forme de U inversé dans les pays méditerranéens. De plus, les résultats économétriques ont prouvé que le tourisme international, l'ouverture commerciale, l'IDE et la consommation d'énergie renouvelable ont un impact négatif sur les émissions de dioxyde de carbone. En outre, les résultats du test de causalité de Granger en panel de Dumitrescu et Hurlin suggèrent qu'il existe une causalité bidirectionnelle entre les émissions de CO_2 et les autres variables explorées (tourisme international, ouverture, IDE, consommation d'énergie renouvelable et revenu réel) et une causalité unidirectionnelle allant de la consommation d'énergie renouvelable et de l'ouverture commerciale au revenu réel. Par conséquent, le développement des échanges internationaux dans le domaine des énergies renouvelables et l'exploitation de ces énergies dans le domaine du tourisme et des IDE peuvent être favorables à la croissance économique et à la réduction des émissions de dioxyde de carbone.

Mots clés : tourisme, commerce, investissement direct à l'étranger, croissance économique, énergies renouvelables, émissions CO_2

IJEMS 17 (2): 313–337

Intelligence émotionnelle et sociale et son impact sur la réussite commerciale des entrepreneurs numériques Bulgares

ANA TODOROVA ET IRINA KOSTADINOVA

Le développement rapide des technologies numériques au cours des deux dernières décennies a créé un nouvel environnement économique qui nécessite une adaptation continue. Cependant, paradoxalement, la numérisation croissante souligne l'importance des compétences générales telles que l'in-



telligence émotionnelle et sociale. La présente étude vise à analyser empiriquement la relation entre ces compétences et la réussite des entrepreneurs numériques Bulgares. Les résultats montrent que les entrepreneurs à succès font preuve de niveaux plus élevés d'intelligence émotionnelle et sociale, toutes ses composantes – conscience de soi, maîtrise de soi, motivation, empathie et compétences sociales – contribuant de manière significative à la réussite entrepreneuriale. L'importance de l'optimisme pour surmonter les défis dans l'environnement numérique dynamique est particulièrement soulignée. La conclusion est que, malgré les exigences spécifiques de l'entreprise numérique, le profil de base d'un entrepreneur à succès reste universel et se caractérise par une intelligence émotionnelle et sociale élevée. Par conséquent, l'étude ajoute de la valeur à la littérature sur l'entrepreneuriat, le management, le comportement organisationnel et la gestion des ressources humaines et peut éclairer le développement d'outils d'évaluation ainsi que de programmes de formation et de développement de l'intelligence émotionnelle et sociale.

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Mots clés : intelligence émotionnelle, entrepreneuriat numérique, compétences, empathie, motivation

IJEMS 17 (2): 339–362



Povzetki

Inovativni marketinški pristopi in preobrazba vedenja slovenskih potrošnikov med pandemijo covid-19

MAJA PUCELJ, MUHAMMAD NAEEM SHAHID,
REGALLA RAVIKANTH, SAMAH ADEL IBRAHIM MOHAMMED
RADWAN, MUHAMMAD MALIK IN ANTHONY K. HUNT

Pandemija covid-19 je prinesla zahtevne razmere brez primere, ki so zahtevale prilagodljive in prožne odzive tako od družb kot podjetij. Ta študija analizira nove marketinške tehnike in operativne prilagoditve, ki so se pojavile kot odgovor na globalno krizo, s posebnim poudarkom na njihovem vplivu na vedenje in nakupne odločitve potrošnikov. Uporabili smo abduktivni pristop s sekvenčnim raziskovalnim načrtom, ki združuje kvalitativne in kvantitativne raziskovalne metode. Podatke smo zbrali z vzorcem 204 slovenskih respondentov preko spletne ankete, ki smo jo natančno analizirali z modeliranjem strukturnih enačb (SEM). Študija temelji na teoriji potrošniškega vedenja in okvirih inovativnega marketinga. Rezultati kažejo pomembne spremembe v vedenju potrošnikov, predvsem prehod na spletne prodajne platforme. Izobrazba se je izkazala za ključno pri vplivanju na spremembe v potrošniškem vedenju, zlasti v kompleksnem kontekstu pandemije. Poleg tega spremembe v razporeditvi dohodkov neposredno vplivajo na dinamiko povpraševanja po izdelkih na trgu. Praktični pomen te študije poudarjajo predlogi za oblikovalce politik in organizacije, ki zagotavljajo potrebno razumevanje za učinkovito prilagajanje strategij spremenjenim zahtevam in preferencam potrošnikov ter za pripravo na morebitne prihodnje krize.

Ključne besede: pandemija covid-19, vedenje potrošnikov, spletno nakupovanje, izobrazba, modeliranje strukturnih enačb

IJEMS 17 (2): 195–234

Integracija duhovnosti in politike: vpogledi iz islama in krščanstva o religioznosti in upravljanju v sodobni družbi

OTHMAN SQALLI HOUSSAINI

Namen tega prispevka je raziskati odnos med duhovnim in političnim v sodobnem času z analizo dveh nasprotujočih si pristopov, ki povezujeta duhovno in politično sfero. To so avtorji dosegli s preučevanjem verskih vrednot, duhovnih prepričanj, političnih ciljev in raziskovanjem sufijske povezanosti med duhovnimi in političnimi področji. Študija preučuje tudi religiozne temelje maroškega modela religioznosti, ki ga zaznamuje institucija za

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povedništva vernikov in njegove principe v sodobnem upravljanju, s poudarkom na vključevanju duhovnih vrednot v voditeljstvo za družbeno harmonijo. Ugotovitve te raziskave, ki temeljijo na analitični študiji literarnih teorij in primerjalni študiji upravljanja ter duhovnosti v islamski in krščanski religiji, poudarjajo ključno pomembnost uravnoveženja duhovnosti in politike pri reševanju sodobnih družbeno-ekonomskih in okoljskih izzivov. Študija prav tako izpostavlja pomen uravnoveženega upravljanja, ki spoštuje versko raznolikost, duhovne uvide in na vrednotah temelječe voditeljstvo za dobrobit družbe.

Ključne besede: voditeljstvo, politika, duhovnost, sufizem, zapovedništvo vernikov, Vatikan

IJEMS 17 (2): 235–258

Demokratizacija v Tuniziji: pogajanja o prepletu politike in gospodarskega razvoja

NOUREDDINE SELMI

Študija preučuje posledice tunizijske revolucije leta 2011 in njenega nadaljnega demokratičnega razvoja v okviru predpogojev za demokratični prehod med Arabsko pomladjo. Raziskava se osredotoča na dve glavni razsežnosti: prvič, gre za preučevanje objektivnih razlogov in dejavnikov, ki so povišali ovire v demokratični preobrazbi Tunizije, kar vključuje identifikacijo elementov tujih intervencij ter političnih in družbenih sil, ki so igrale vlogo pri zaostankih, s posebnim poudarkom na entitetah, kot so Tunizijska splošna delavska zveza (UGTT), medijski kanali, organizacije civilne družbe in vplivni akterji znotraj birokratske administracije. Drugič, raziskava ocenjuje gospodarski razvoj, ki ni dosegel pričakovanih rezultatov, kar se kaže v upadu različnih gospodarskih kazalnikov in slabšanju socio-ekonomskega okolja, ki napoveduje bližajočo se gospodarsko krizo z globokimi socialnimi in varnostnimi posledicami. Raziskava poudarja, da razvojne ovire, gospodarski upad in nezadosten gospodarski napredek sami po sebi ne morejo biti edini razlog za oviranje poti demokratične transformacije v Tuniziji. Pomembno je razumeti tudi ključno vlogo ideoloških konfliktov in pomanjkljive konsolidacije demokratične kulture.

Ključne besede: demokratizacija, gospodarski razvoj, Bližnji vzhod in severna Afrika, Arabska pomlad, Tunizija

IJEMS 17 (2): 259–282



Vpliv revizijske komisije na finančno uspešnost maroških malih in srednje velikih podjetij: empirična analiza

HANAE LAAROUSSI, MOHAMED AMINE TBATOU
IN BABOUNIA AZIZ

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Študija preučuje vpliv revizijskih komisij na finančno uspešnost maroških malih in srednje velikih podjetij (MSP), s poudarkom na pomembnosti konteksta in dodani vrednosti. Poleg tega analizira vpliv sistema upravljanja na neodvisnost revizijskih komisij ter raziskuje spremenljivke, povezane z značilnostmi teh komisij. Na vzorcu 58 maroških MSP, zajetih v obdobju štirih let (od 2018 do 2022), so bile ugotovitve pridobljene z uporabo regresijske analize. Rezultati razkrivajo izzive pri zagotavljanju popolne neodvisnosti revizijskih komisij, kar je pripisano dvojnemu sistemu in omejeni velikosti komisij. Posledično se maroške MSP soočajo z omejitvami pri zagotavljanju odgovornosti revizijskih komisij, zlasti pri pregledu finančnih izkazov, kar lahko negativno vpliva na finančno uspešnost in rast podjetij. Raziskava prispeva k razumevanju dinamike upravljanja v maroških MSP, osvetljuje pomen konteksta in ponuja vpogled v kompleksnost delovanja revizijskih komisij.

Ključne besede: revizijska komisija, finančna uspešnost, maroška MSP, kakovost revizije

IJEMS 17 (2): 283–312

Vpliv turizma, neposrednih tujih investicij, trgovine, gospodarske rasti in obnovljivih virov energije na emisije ogljika: primer sredozemskih držav

YOUNESSE EL MENYARI

V tej raziskavi preučujemo vpliv mednarodnega turizma, trgovine, neposrednih tujih investicij (NTI), gospodarske rasti in porabe obnovljivih virov energije na emisije CO₂ v 17 sredozemskih državah v obdobju 1995–2018, z uporabo heterogenih panelnih metod ocenjevanja. Ugotovitve kažejo, da ima gospodarska rast močan vpliv na emisije ogljikovega dioksida. Naši rezultati podpirajo obstoj okoljske Kuznetsove krivulje (EKC) v obliki obrnjene črke U v sredozemskih državah. Poleg tega ekonometrični rezultati kažejo, da imajo mednarodni turizem, odprtost trgovine, NTI in poraba obnovljivih virov energije negativen vpliv na emisije ogljikovega dioksida. Poleg tega Dumitrescu-Hurlinov panelni Grangerjev test vzročnosti nakazuje na dvo-smerno vzročnost med emisijami CO₂ in drugimi preučevanimi spremenljivkami (mednarodni turizem, odprtost, NTI, poraba obnovljivih virov energije in realni dohodek) ter enosmerno vzročnost, ki teče od porabe obnovljivih

virov energije in odprtosti trgovine k realnemu dohodku. Zato lahko razvoj mednarodne trgovine na področju obnovljivih virov energije ter izkoriščanje teh energij na področju turizma in NTI ugodno vplivata na gospodarsko rast in zmanjšanje emisij ogljikovega dioksida.

- [372] *Ključne besede:* turizem, trgovina, neposredne tuje investicije, gospodarska rast, obnovljivi viri energije, emisije CO₂
IJEMS 17 (2): 313–337

Čustvena in socialna inteligenca ter njen vpliv na poslovni uspeh bolgarskih digitalnih podjetnikov

ANA TODOROVA IN IRINA KOSTADINOVA

Hitri razvoj digitalnih tehnologij je v zadnjih dveh desetletjih ustvaril novo gospodarsko okolje, ki zahteva nenehno prilagajanje. Paradoksalno pa prav povečana digitalizacija poudarja pomen mehkih veščin, kot sta čustvena in socialna inteligenca. Namen te študije je empirično analizirati povezavo med temi veščinami in uspehom bolgarskih digitalnih podjetnikov. Rezultati kažejo, da uspešni podjetniki izkazujejo višje ravni čustvene in socialne inteligence, pri čemer vse njene komponente – samozavedanje, samokontrola, motivacija, empatija in socialne veščine – pomembno prispevajo k podjetniškemu uspehu. Poseben poudarek je na optimizmu, ki pomaga premagovati izzive v dinamičnem digitalnem okolju. Raziskava ugotavlja, da je osnovni profil uspešnega podjetnika, kljub specifičnim zahtevam digitalnega poslovanja, univerzalen in zaznamovan z visoko čustveno in socialno inteligenco. S tem prispeva k literaturi s področja podjetništva, managementa, organizacijskega vedenja in upravljanja človeških virov ter nudi podlago za razvoj orodij za ocenjevanje, kot tudi za programe usposabljanja in razvoja čustvene in socialne inteligence.

- Ključne besede:* čustvena inteligenca, digitalno podjetništvo, kompetence, empatija, motivacija
IJEMS 17 (2): 339–362



ملخصات

حلول تسويقية مبتكرة في فترة ما قبل الوباء السلوفيني في ظل جائحة كوفيد-19

الملخص

لقد تسببت جائحة كورونا في صعوبات غير مسبوقة، مما تطلب استجابات مرنة وقابلة للتكيف من كلا من المجتمعات والشركات. لذلك هدفت هذه الدراسة إلى تحليل تقنيات التسويق الجديدة وطرق التشغيل المستحدثة التي ظهرت كاستجابة لهذه الأزمة العالمية، مع التركيز على تأثير هذه التقنيات على سلوك واختيارات الشراء لدى العملاء. ولقد اعتمدت هذه الدراسة علي النموذج الاستنباطي والتصميم الاستكشافي المتسلسل، وذلك من خلال الجمع بين مناهج البحث النوعية والكمية. وتم جمع بيانات الدراسة من عينة قدرها ٢٠٤ من المستجيبين السلوفينيين من خلال استطلاع عبر الإنترنت، والذي خضع لفحص صارم باستخدام نمذجة المعادلات ولقد ركز الاستطلاع على فهم سلوك المستهلكين واطارات التسويق (SEM) البنوية المبتكرة. وكشفت نتائج الدراسة عن تحولات هامة في سلوك العملاء، والتي لوحظت في تحول العملاء نحو منصات البيع بالتجزئة عبر الإنترنت. أيضاً لعب التعليم دوراً حاسماً في التأثير على تغييرات سلوك المستهلك، وخاصة في ظل ظروف الوباء المعقد. بالإضافة إلى ذلك، فقد اثرت التغييرات في توزيع الدخل بشكل مباشر على ديناميكية وآلية الطلب على المنتجات في السوق. أما من ناحية الأهمية العملية لهذه الدراسة فلقد تمثلت في الاقتراحات العملية والتوصيات التي تقدمها لصناع السياسات والمنظمات والتي تمنحهم الفهم اللازم لتعديل استراتيجياتهم بشكل فعال لتلبية المتطلبات والنفضيلات المتغيرة لدى العملاء وكلك الاستعداد لمواجهة الأزمات المستقبلية المحتملة

الكلمات المفتاحية: جائحة كوفيد-19، سلوك المستهلك، التسوق عبر الإنترنت، التعليم
معادلة النمذجة الهيكلية

الذكاء العاطفي والاجتماعي وتأثيره على نجاح الأعمال الرقمية لرواد الأعمال البلغاريين

الملخص

أدت التطورات السريعة في التكنولوجيا الرقمية خلال العقدين الماضيين إلى خلق بيئة اقتصادية جديدة تتطلب تكيفاً مستمراً. ومع ذلك فإن الرقمنة المتزايدة تسلط الضوء على أهمية المهارات الشخصية مثل الذكاء العاطفي والاجتماعي. تهدف هذه الدراسة إلى تحليل العلاقة بين هذه المهارات ونجاح رواد الأعمال الرقميين البلغاريين بشكل تجريبي. تظهر النتائج أن رواد الأعمال الناجحين يظهرون مستويات أعلى من الذكاء العاطفي والاجتماعي، حيث تسهم – جميع مكوناته – الوعي الذاتي، التحكم الذاتي، التحفيز، التعاطف والمهارات الاجتماعية بشكل كبير في نجاح ريادة الأعمال. يتم التركيز بشكل خاص على أهمية التفاؤل في التغلب على التحديات في بيئة رقمية ديناميكية. الاستنتاج هو أنه، على الرغم من المتطلبات المحددة للأعمال الرقمية يظل الملف الشخصي الأساسي لرائد الأعمال الناجح عالمياً ويتميز بذكاء عاطفي واجتماعي عالٍ. وبالتالي، تضيف هذه الدراسة قيمة إلى الأدبيات المتعلقة بريادة

الأعمال، الإدارة، السلوك التنظيمي، وإدارة الموارد البشرية، ويمكن أن تساهم في تطوير أدوات التقييم، بالإضافة إلى برامج التدريب والتطوير للذكاء العاطفي والاجتماعي

الكلمات المفتاحية: الذكاء العاطفي، ريادة الأعمال الرقمية، الكفاءات، التعاطف، التحفيز

[374] تأثير السياحة والاستثمار الأجنبي المباشر والتجارة والنمو الاقتصادي والطاقة المتجددة على انبعاثات الكربون: حالة بلدان البحر الأبيض المتوسط

الملخص

في هذه الدراسة، ندرس تأثير السياحة الدولية والتجارة والاستثمار الأجنبي المباشر والنمو الاقتصادي واستهلاك الطاقة المتجددة على انبعاثات ثاني أكسيد الكربون لعينة من الدول المتوسطة، وعددها 17 دولة، خلال الفترة الزمنية 1995 - 2018، وذلك باستخدام تقنيات تقدير اللوحة غير المتجانسة. وتظهر النتائج أن النمو الاقتصادي له تأثير قوي على انبعاثات U على شكل حرف (EKC) ثاني أكسيد الكربون. تدعم نتائجنا وجود منحى كوزنيس البيئي في دول البحر الأبيض المتوسط. علاوة على ذلك، أثبتت نتائج الاقتصاد القياسي أن السياحة الدولية والانفتاح التجاري والاستثمار الأجنبي المباشر واستهلاك الطاقة المتجددة لها تأثير سلبي على انبعاثات ثاني أكسيد الكربون. إضافة إلى ذلك، يشير اختبار السببية للوحة جرانجر إلى وجود علاقة سببية ثنائية (Dumitrescu & Hurlin) لدوميتريسكو وهولرين الاتجاه بين انبعاثات ثاني أكسيد الكربون والمتغيرات الأخرى التي تم استكشافها (السياحة الدولية، والانفتاح التجاري، والاستثمار الأجنبي المباشر واستهلاك الطاقة المتجددة والدخل الحقيقي)، والسببية أحادية الاتجاه الناجمة عن استهلاك الطاقة المتجددة والانفتاح التجاري على الدخل الحقيقي. ولذلك فإن تطور التجارة الدولية في مجال الطاقات المتجددة واستغلال هذه الطاقات في مجال السياحة والاستثمار الأجنبي المباشر يمكن أن يكون ملائماً للنمو الاقتصادي وخفض انبعاثات ثاني أكسيد الكربون

الكلمات المفتاحية: السياحة، التجارة، الاستثمار الأجنبي المباشر، النمو الاقتصادي، الطاقات المتجددة، انبعاثات ثاني أكسيد الكربون

تأثير لجنة التدقيق على الأداء المالي في الشركات الصغيرة والمتوسطة المغربية: دراسة تطبيقية

الملخص

تبحث هذه الدراسة في تأثير لجان التدقيق على الأداء المالي للمؤسسات الصغيرة والمتوسطة المغربية، مع التركيز على أهمية السياق وقيمه المضافة. كما تستعرض تأثير نظام الحكامة على استقلالية لجان التدقيق وتكشف المتغيرات المرتبطة بخصائص لجان التدقيق. استناداً إلى عينة من 58 مؤسسة صغيرة ومتوسطة مغربية، تغطي الدراسة فترة 4 سنوات من 2018 إلى 2022. ومن خلال استخدام تحليل الانحدار، تكشف النتائج عن التحديات التي تواجه الاستقلالية التامة للجنة التدقيق، والتي تُعزى إلى النظام المزدوج وحجم اللجنة المحدود. ونتيجة لذلك، تواجه لجان التدقيق في المؤسسات الصغيرة والمتوسطة المغربية قيوداً في تنفيذ مهامها، خاصة في مراجعة البيانات المالية، مما قد يعيق الأداء والنمو المالي لهذه المؤسسات.

تساهم هذه الدراسة بشكل كبير في فهم ديناميكيات الحكامة داخل المؤسسات الصغيرة والمتوسطة المغربية، مع تسليط الضوء على أهمية السياق وتقديم رؤى حول تعقيدات لجان التدقيق.

الكلمات المفتاحية: لجنة التدقيق؛ الأداء المالي؛ المؤسسات الصغيرة والمتوسطة المغربية؛ جودة التدقيق

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التحول الديمقراطي في تونس: جدلية العلاقة بين السياسة والتنمية الاقتصادية

الملخص

تبحث هذه الدراسة في تداعيات الثورة التونسية لسنة 2011 وما تلاها من تطور في سياق متطلبات التحول الديمقراطي خلال سنوات الربيع العربي. ويتطرق البحث إلى بعدين أساسيين: أولاً، استكشاف المسوغات الموضوعية والعوامل التي أدت إلى إعاقة التحول الديمقراطي تونس وينطوي ذلك على تحديد عناصر التدخل الأجنبي والقوى السياسية والاجتماعية التي لعبت دوراً في انتكاسة المسار الديمقراطي. مع التركيز بشكل خاص على أهم الجهات وهي الاتحاد العام التونسي للشغل وكثير من وسائل الإعلام ومنظمات المجتمع المدني والكيانات المؤثرة داخل الإدارة البيروقراطية. وثانياً، تسعى الدراسة إلى تقييم المنجز الاقتصادي الذي لم يرق إلى مستوى النتائج المأمولة، وهو ما يتجلى في تراجع مختلف المؤشرات الاقتصادية وتدهور المشهد الاقتصادي والاجتماعي، ما يندرج بأزمة اقتصادية وشبكة ذات تداعيات اجتماعية وأمنية عميقة. ويؤكد البحث أن الواقع الاقتصادي غير المتكافئ بين الجهات وما يمتاز به من انتكاسات تنموية لا يمكن أن يكون وحده مسؤولاً عن عرقلة مسار التحول الديمقراطي في تونس. فمن الضروري أيضاً فهم الدور المحوري الذي لعبته الصراعات الأيديولوجية وعدم ترسيخ الثقافة الديمقراطية بشكل كاف.

الكلمات المفتاحية: إرساء الديمقراطية؛ التنمية الاقتصادية؛ الشرق الأوسط وشمال أفريقيا؛ الربيع العربي؛ الجمهورية التونسية

دمج الروحانية والسياسة: رؤى من النموذج المغربي في التدين والحكم في المجتمع المعاصر

الملخص

تكمن أهمية هذا المقال في استكشاف العلاقة بين الثقافة الروحية والرهانات السياسية في عصرنا المعاصر، من خلال تحليل نهجين متعاكسين يربطان بين المجالات الروحية والسياسية انطلاقاً من القيم الدينية والروحية والثقافية، ومن جهة أخرى، الأهداف والرؤى السياسية، مع استكشاف الرابط التصوفي، الذي بإمكانه أن يجمع بين الروحي والحكمة. كما تتناول هذه الورقة العلمية الدور الفعال للثوابت الدينية ونموذج تدبير الحقل الديني بالملكة المغربية، الذي يتميز بمؤسسة إمارة المؤمنين ومبادئها الشريفة في الحكامة الحديثة، مع التركيز على ترسيخ القيم الروحية والثقافية في الحكامة لتحقيق التماسك الاجتماعي. تستند مخرجات هذا البحث إلى دراسة تحليلية للنظريات الأدبية والتاريخية، ودراسة مقارنة لأسس الحكامة والثقافة الروحية في الديانتين، الإسلامية والمسيحية، حيث تؤكد على الأهمية الحاسمة

ملخصات

لتحقيق التوازن بين الروحانية والسياسة لمواجهة التحديات الاجتماعية والاقتصادية والبيئية الحديثة. كما تبرز الدراسة أهمية الحكامة المتوازنة التي تحترم التنوع الديني والرؤى الروحية، والقيادة القائمة على القيم من أجل تنمية وازدهار المجتمعات

[376] **الكلمات المفتاحية:** الحكامة، السياسة، الثقافة الروحية، التصوف، إمارة المؤمنين، الفاتيكان



Empowering the Mediterranean: EMUNI's Journey of Growth and Innovation

EMUNI University has made significant strides under the leadership of its new president, Prof. Dr. Rado Bohinc, embarking on a path of expansion, development, and increased engagement within the Euro-Mediterranean region. By prioritising deeper partnerships between academic and professional sectors, the university has actively collaborated with various partners through forums, conferences, and bilateral meetings, creating new opportunities for cooperation. These efforts have expanded EMUNI's network, fostering joint research projects, student exchange programmes, and collaborative academic initiatives. As a result, the university's role as a hub for Euro-Mediterranean cooperation continues to grow, laying the foundation for long-term success in its mission.

A pivotal achievement for EMUNI was the successful organisation of its 16th Annual EMUNI Conference, held on 10th–11th October 2024, in Piran, Slovenia, focusing on ancient hydrological systems and water management in the Mediterranean. Co-organised by Prof. Dr. Andrea Ripam (RIPAM), Dr. Stefano OGS, and the Union for the Mediterranean (UfM), the conference featured keynote speakers such as Dr. Mounir Ghribi, Prof. Dr. Daniela Pittaluga, Dr. Octavi Quintana Trias, Dr. Khaled Abu Zeid, and Dr. Alessandro Leto. Discussions addressed critical issues such as water scarcity and water diplomacy, with a strong emphasis on sustainable management practices. Attendees also visited the Sečovlje Salt Pans, gaining insights into traditional water management techniques.

The event included a high-level panel, 'Higher Education as a Bridge Between the Two Shores of the Mediterranean,' moderated by Dr. Mouin Hamze. The panel featured prominent speakers, including Prof. Dr. Rado Bohinc, Ambassador Nasser Kamel, Prof. Dr. Maria Cristina Pedicchio, Prof. Dr. Luigia Melillo, Dr. Alaa Abdelwahed Abdelbary, and Dr. Michele Civiero. The discussion underscored the essential role of education in fostering regional collaboration and strengthening ties across the Mediterranean through shared knowledge and cultural ex-

change. This event exemplifies EMUNI's commitment to promoting sustainable development and regional cooperation.

[378] EMUNI's R&D Projects and Innovation Department has been actively involved in several impactful initiatives aimed at addressing regional and global challenges. As part of the EU-funded Change Hubs for Ecosystemic Social Solutions (CHESS) project, the department participated in the Final Event held in Vilnius, Lithuania, on 11th December 2024, showcasing its commitment to implementing ecosystem-based approaches to address social challenges, particularly in the Mediterranean region. Additionally, the Erasmus+ EUNICoast Project highlights EMUNI's dedication to fostering cross-border collaboration, with the launch of the EUNICoast Blended Intensive Programme, addressing the unique social, economic, and environmental challenges faced by coastal areas. The department is also preparing for the OER-CODEX Project Final Conference, scheduled for 14th January 2025, to present achievements in integrating Open Educational Resources (OER) within Open Science and Virtual Collaborative Learning (VCL). These initiatives collectively demonstrate EMUNI's leadership in advancing sustainable solutions, promoting innovative education, and strengthening international collaboration.

In the coming months, EMUNI will establish the EMUNI Knowledge & Innovation Centres (EKICS), strategically located across seven Mediterranean countries, including Tunisia, Egypt, and Algeria. These centres represent a groundbreaking initiative designed to enhance institutions through elevated academic standards, expanded international partnerships, and dynamic innovation ecosystems. By partnering with EMUNI to host an EKIC, institutions will gain access to a vast network of universities, joint study programmes, support for PhD and Master's initiatives, and opportunities for collaborative research. Additionally, EKICS will provide strategic support for marketing and branding, increasing visibility and reputation while driving knowledge exchange and fostering transformative collaborations.

Alongside its impactful events and projects, EMUNI has focused on strengthening its global network of partnerships. The university's president has actively engaged with institutions across the Mediterranean, seeking to reinforce existing collaborations and forge new ones. These efforts form a critical component of EMUNI's strategy to expand its international presence, facilitating joint research, academic exchanges, and innovative projects.



EMUNI also continues to celebrate the Mediterranean's rich cultural heritage alongside its academic pursuits. Recent initiatives include Into the Blue, an artistic exhibition honouring the region's cultural diversity, and the Celebrating the Mediterranean programme, which promotes intercultural dialogue among students. A notable event was the Dr. Rami Basisah Quartet concert in Ljubljana, blending traditional Syrian and Mediterranean music. Furthermore, the university co-organised a roundtable discussion titled 'The Power of Journalism and Music as Media for Intercultural Dialogue' in collaboration with the APIS Institute, ZRC SAZU, and Radio Prvi, highlighting the role of cultural and media platforms in fostering understanding.

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As EMUNI advances its mission to elevate educational and research standards, the university remains committed to strengthening international partnerships, driving innovation, and celebrating Mediterranean culture. With numerous promising events and initiatives on the horizon, EMUNI is well-positioned to make lasting contributions to the academic and scientific landscape of the Mediterranean region.

Emna Jbara

EMUNI Marketing

Studying at EMUNI

Unique Euro-Mediterranean Focus EMUNI University has a strong focus on the Euro-Mediterranean region, offering programs in intercultural business communication and kinesiology with a perspective that blends European and Mediterranean influences. This can prepare you for a career with a global perspective.

Immerse Yourself in a Stunning Location Piran is a beautiful coastal town in Slovenia, known for its Venetian-inspired architecture and picturesque setting on the Adriatic Sea. Studying at EMUNI allows you to combine your academic pursuits with the chance to live in a charming seaside location.

Small, International Community EMUNI is a relatively young and small university, which can foster a close-knit and international community. This can provide a supportive learning environment where you can easily connect with classmates and professors from around the world.

Master Study Programmes

Intercultural Business Communication

2 years | 120 ECTS Credits | Blended Learning

Digitalization and Human Rights

2 years | 120 ECTS Credits | Blended Learning

Comparative Business Law

2 years | 120 ECTS Credits | Blended Learning

Kinesiology of Human Performance

2 years | 120 ECTS Credits | Blended Learning

Sport Management

2 years | 120 ECTS Credits | Blended Learning

Doctoral Study Programmes

Comparative Corporate Governance

3 years | 180 ECTS Credits | Part-Time

Kinesiology for Quality of Life

3 years | 180 ECTS Credits | Part-Time

<https://emuni.si/education>





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