

Research in industrial structure upgrading (ISU) typically focusses on single-country cases, with the majority of empirical evidence being from China. The findings from these empirical findings highlight the relevance of the political, economic, and institutional contexts. In light of this and the absence of ISU research in other country contexts, this dissertation delves into the ISU in Central and Eastern European (CEE) countries from 1993 to 2022. This study is grounded in an extensive review of theoretical and empirical literature to develop a more informed statistical model. The first objective explores changes in the CEE countries' industrial structure since 1992. The study reveals the tertiary industry being smaller compared to the secondary industry, followed by a shift towards the tertiary sector. By 2022, the average ISU indicates a successful transition, although signs of premature industrialisation are evident. The second objective identifies factors influencing the ISU in CEE nations. A comprehensive literature review informs the selection of variables including development of the digital economy, physical capital investment, human capital investment, labour investment, consumption, foreign direct investment and openness and the EU ascension. The fixed effects panel regression model found that there were significant positive impacts from research and development, inward FDI, and internet infrastructure on ISU. On the other hand, the labour force and level of trade resulted in significant negative impacts on the ISU of CEE countries. Meanwhilst, this study finds demography (measuring the total population and population ageing), government expenditure on education as a percentage of GDP, capital investment and the number of mobile cellular subscriptions did not have a statistically significant impact on ISU. Based on these findings, the dissertation proposes policy recommendations to enhance ISU in CEE countries including promoting R&D investments, attracting inward FDI, focussing more on training and education of the labour force, shifting trade to focus more on high-value industries and exports, expanding the digital infrastructure, encouraging educational partnerships and strategic allocation of capital investments to promote industrial upgrading.