THE QUALITY OF INSTITUTIONS IN THE COUNTRIES OF SOUTHEAST EUROPE: A COMPARISON WITH THE MEMBERS OF THE EUROPEAN UNION

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ABSTRACT

The purpose of this paper is to show the importance of the development of institutions and the institutional environment in a globalized world. The methodology used to measure the quality of institutions are components of the World Governance Indicators Database developed by Kaufmann, Kraay & Mastruzzi (2010) where we performed a comparative analysis of the quality of institutions for three samples of countries, the countries of Southeast Europe (countries of the region), the newest members of the EU and the countries of Central Europe and the Baltic States. After that, we showed the degree of correlation between economic development measured by GDP per capita in purchasing power parity and each of the six indicators of the quality of institutions. The results show that the countries of the region lag significantly behind the countries we call New Europe (Central Europe and the Baltics), but also lag behind the youngest members of the European Union in terms of the quality of institutions, i.e. the rules of the game. When it comes to correlation between economic development and institutional environment, for all 6 indicators of instituional environment, a strong and positive correlation was shown, especially between the rule of law and economic development. The conclusion is that the countries of the region must strengthen the rule of law, fight against institutional corruption, ensure political stability so that the economic standard of their citizens could improve.

1. INTRODUCTION

Many authors investigate the relationship between the quality of institutions and economic growth, and in addition to the basic determinants of economic growth such as the accumulation of physical and human capital and technological changes, they believe that institutions are one of the key factors of growth (Rodrik et al., 2002, p. 2). Positive relationship between the quality of institutions and economic growth and development has been proven by many reaserchers (Acquah et al., 2023; Acemoglu, Johnson & Robinson, 2004; Acemoglu & Robinson, 2010; Eicher & Leukert, 2009; Kanani & Larizza, 2021; Knack & Keefer, 1995; Hall and Jones, 1998; La Porta et al., 1998; Nikzad, 2021; Uddin et al., 2023).

New institutional economy is based on the teachings of Douglas North, a researcher who received the Nobel Prize in 1990 for his capital work "Institutions, Institutional Change and Economic Performance". My research of the impact of the development and quality of the institutional environment on economic development is based on Douglas North's concept of institutions and institutional environment.

As a rule, institutions should be distinguished from organizations. According to the postulates of the New Institutional Economy, institutions are the rules of the game, written and unwritten rules of the game that define political, economic and overall social relations, while organizations are only subjects that take care of implementing the rules of the game.

One practical definition of institutions is provided by Lin and Nugent (1995, pp. 2306-2307) who define institutions as a set of human-designed rules of behaviour that shape the interactions of human beings, in part by helping them form expectations of what other people will do.

Social infrastructure is a term coined by Hall and Jones (1998, p.2) who explored the role of institutions in economic development. According to them, social infrastructure includes institutions and government policies that determine the economic environment within which individuals accumulate skills, and firms accumulate capital and produce output. In addition to researching the connection between institutions and economic development, some authors also investigate the connection between institutions and the development of entrepreneurship, which also opens a new field and reveals new perspectives on the importance of the quality of institutions in the overall development of the country (Ferreira et al, 2023).

In several earlier works, we investigated connection between institutions and economic development, reaching similar conclusions. What is specific to this work is that over time, the countries of our region has still lagged behind not only the countries of Central Europe and the Baltic States, but also the countries that were last admitted to the membership of the European Union, such as Croatia, Bulgaria and Romania.

Globalization, which experienced its momentum after the fall of the Berlin Wall, marked the beginning of the rise for the countries of Central Europe and the Baltics, which after joining the European Union really experienced economic growth and ensured their population a decent life and an orderly system. We could state without exaggeration that these countries have completed their transition process (see EBRD Transition Report 2022-2023).

The claim that was written a long time ago in the Transition Report published by the European Bank for Reconstruction and Development is still evident for the countries of the region, namely that they are stuck in transition (EBRD, 2013).

2. MATERIALS AND METHODS

The basic question in the analysis of institutions and the institutional environment is how to measure institutions. In order to assess quality of the institutions many authors use Transition Report and their new methodology. However, in this paper we will stick to the 6 indicators developed by Kaufmann, Kraay & Mastruzzi (2010) called *World Governance Indicators*. The six components used to measure the quality of institutions include: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption. This database is also supported by the World Bank and data for 215 countries exist from 1998 to 2021. Our period of analysis will be from 2004 to 2021, the last year for which there are available data.

We have aggregated countries into three groups:

1. Countries of the region or countries of Southeast Europe: Albania, Bosnia and Herzegovina, North Macedonia, Montenegro and Serbia.
2. The youngest members of the European Union: Bulgaria, Croatia and Romania.
3. Central European countries and Baltic countries: Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Slovakia and Slovenia.

In the first part of the analysis, we will perform a comparative analysis of the quality of institutions for these three groups of countries, looking at the averages

of each group of countries. It is important to emphasize that the quality of institutions according to these indicators is measured on a scale from -2.5 to 2.5, where a higher value indicates a higher quality of the institutional environment.

In the second part of the research, we will focus on the last year for which there are data on the quality of institutions, 2021, and we will perform a correlation analysis between economic development measured by gross domestic product per capita at purchasing power parity and each of six indicators of the quality of institutions.

Before presenting the research results, it is necessary to explain in more detail the meaning of each of the indicators.

Table 1. Six measures of institutional quality in *World Governance Indicators Dataset*

Voice and Accountability (VACC)	Captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
Political Stability (PS)	Measures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.
Government Effectiveness (GE)	Captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
Regulatory Quality (RQ)	Captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
Rule of Law (ROL)	Captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
Control of Corruption (COC)	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites and private interests.

Source: World Governance Indicators (2023).

3. RESULTS

The first figure of results shows a comparative analysis of the variable *Voice and Accountability* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
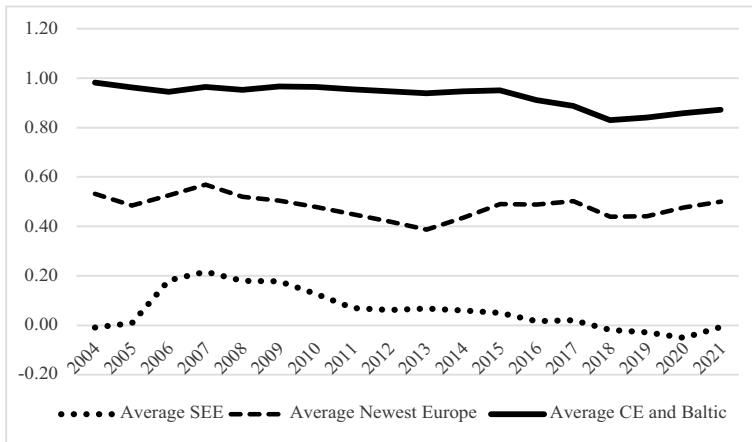
Figure 1. Comparison of Voice and Accountability between SEE countries,
Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

The second figure of results shows a comparative analysis of the variable *Political Stability* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
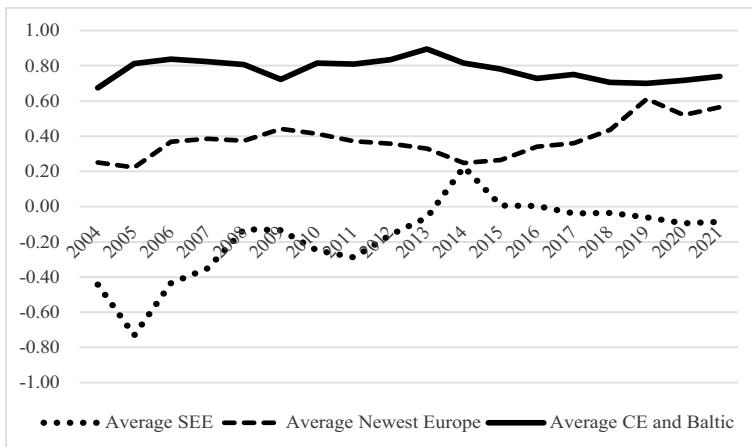
Figure 2. Comparison of Political Stability between SEE countries,
Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

The third figure of results shows a comparative analysis of the variable *Government Effectiveness* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
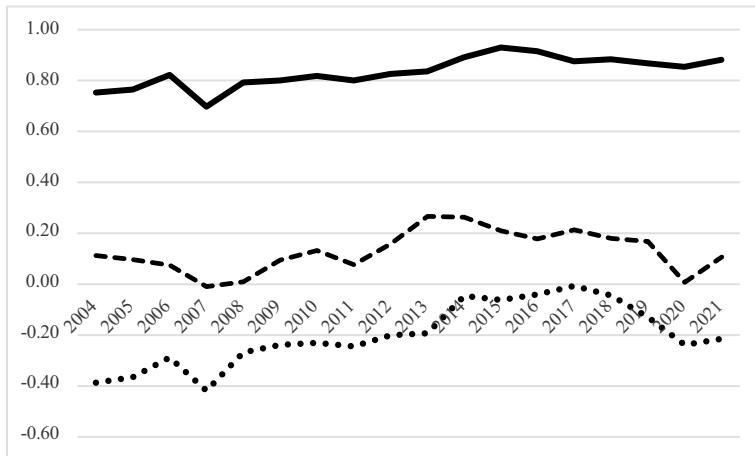
Figure 3. Comparison of Government Effectiveness between SEE countries, Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

The fourth figure of results shows a comparative analysis of the variable *Regulatory Quality* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
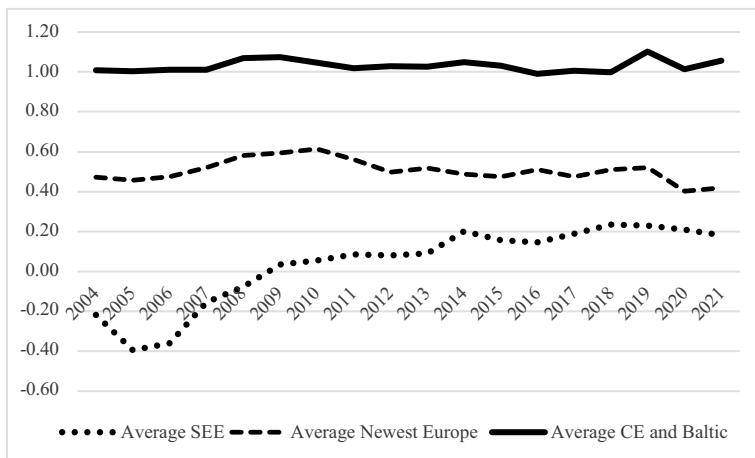
Figure 4. Comparison of Regulatory Quality between SEE countries, Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

The fifth figure of results shows a comparative analysis of the variable *Rule of Law* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
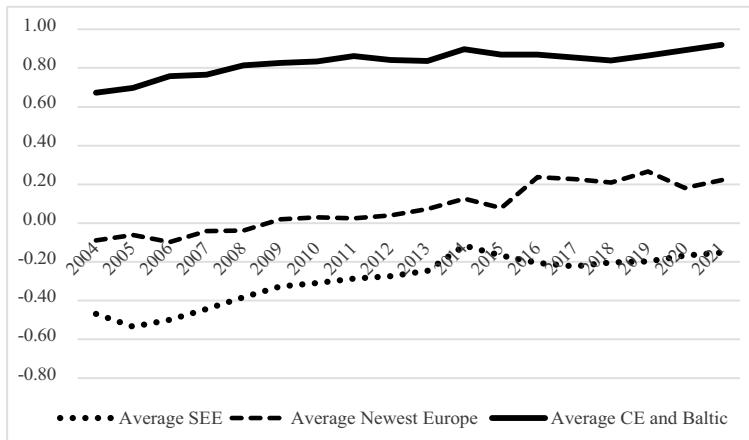
**Figure 5.** Comparison of Rule of Law between SEE countries, Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

The sixt figure of results shows a comparative analysis of the variable *Control of Corruption* for three groups of countries, where we used a simple arithmetic mean for each group of countries.
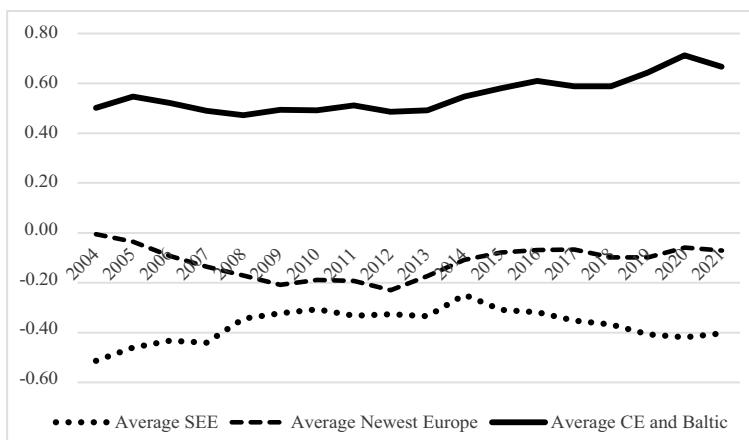
Figure 6. Comparison of Control of Corruption between SEE countries, Newest European Members and CE and Baltic countries

Source: World Governance Indicators Database, 2023 and Author's calculation

In the next part of the results, we will present the correlation coefficient between economic development of each country measured by gross domestic product per capita at purchasing power parity for 2021 and each of the indicators of institutional quality for each country in 2021.
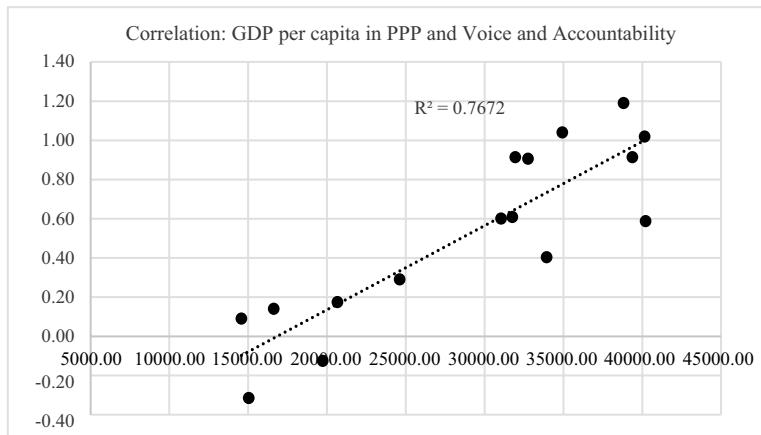
Figure 7. Correlation between economic development and Voice and Accountability of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic Outlook Database, 2023 and Author's calculation
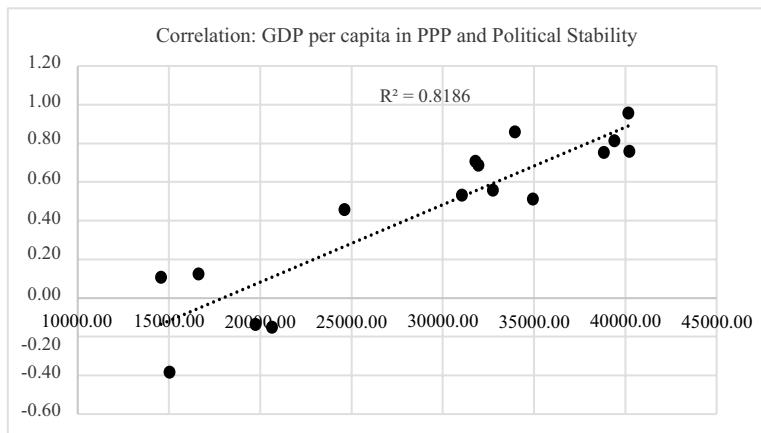
Figure 8. Correlation between economic development and Political Stability of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic Outlook Database, 2023 and Author's calculation

Correlation: GDP per capita in PPP and Government Effectiveness

R² = 0.7278
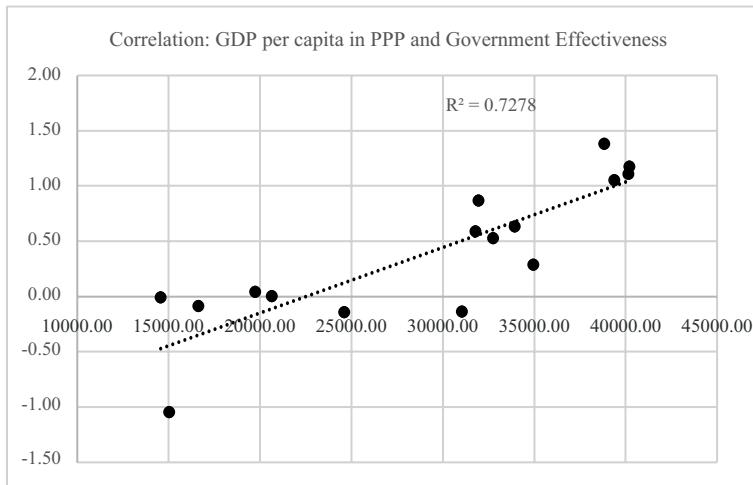
Figure 9. Correlation between economic development and Government
Effectiveness of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic
Outlook Database, 2023 and Author's calculation

Correlation: GDP per capita in PPP and Regulatory Quality

R² = 0.6691
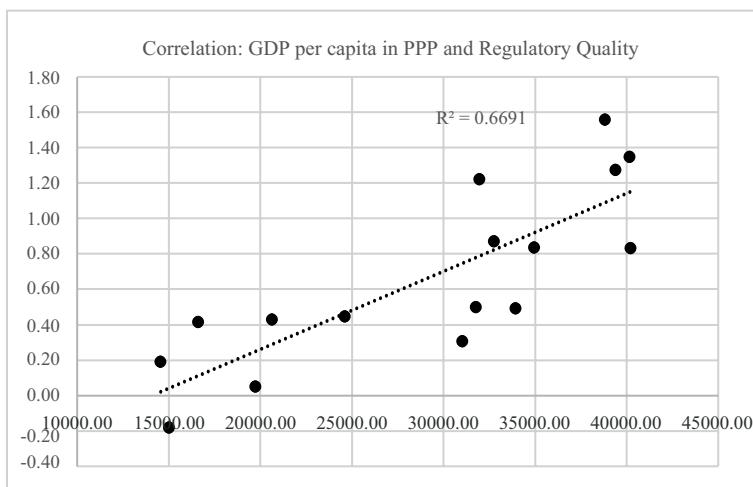
Figure 10. Correlation between economic development and Regulatory
Quality of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic
Outlook Database, 2023 and Author's calculation
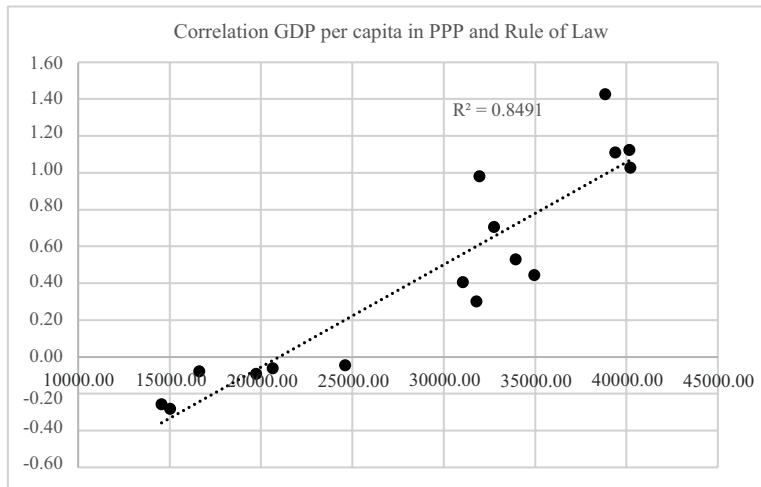
Figure 11. Correlation between economic development and Rule of Law of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic Outlook Database, 2023 and Author's calculation
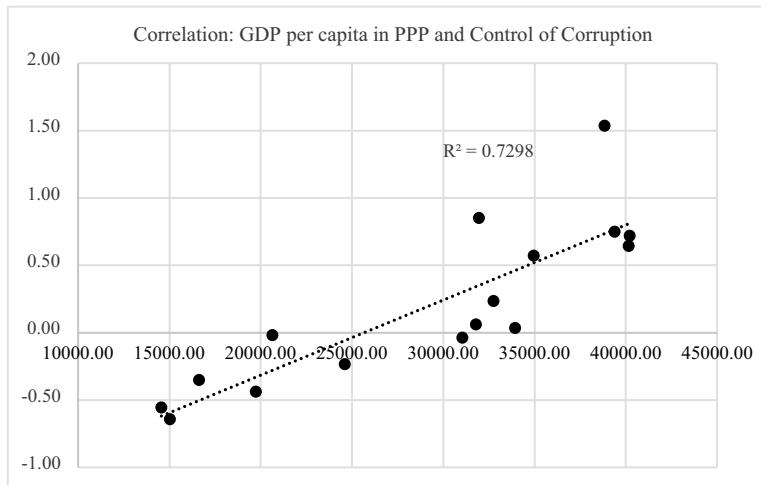
Figure 12. Correlation between economic development and Control of Corruption of each country for 2021

Source: World Governance Indicators Database, 2023; IMF World Economic Outlook Database, 2023 and Author's calculation

4. DISCUSSIONS

In the first part of the results, we could see that the countries of the region lag behind the youngest members of the European Union by all six criteria, and that they lag behind New Europe (Central Europe and the Baltics) even more significantly, without any prospects of catching up even in the long term. In some of my previous works, I hinted that the development of institutions can be accelerated in the countries of the region and that in some reasonable medium term they could catch up at least with neighboring EU member countries, but these new studies deny my earlier predictions. What is worrying is that the gap between the countries of the region is widening in terms of the quality of institutions, so not only are we not catching up with developed Europe, but the difference in the quality of institutions is even increasing in some segments, such as the rule of law, corruption control and the effectiveness of government policies.

What is noticeable from the previous six graphs is that the lag is the greatest for the variables Rule of Law and Control of Corruption. As expected, in the countries of the region, there is a lot of public opinion about the inefficiency of the judiciary, the absence of elements of the rule of law, and it is known that institutional corruption has become a model for the behavior of government bodies in many countries of the region. Of course, corruption is also present in the most developed countries of the world, but the degree of corruption is clearly determined by these indicators.

Regarding the correlation between economic development measured by GDP per capita by purchasing power parity, a high positive correlation was shown between economic development and each of the six indicators of the quality of institutions. In the table in the appendix, it can be seen that none of the correlation coefficients falls below the value of 0.80, which we interpret to mean that the development of institutions and overall economic development move together in a very strong and positive correlation relationship. As many other authors confirmed these statement, our work also makes contribution in that sense. The highest degree of correlation between economic development and the quality of institutions is shown by the variables of political stability, rule of law and absence of corruption (see Table 8 in Appendices).

5. CONCLUSIONS

After clarifying in the discussion the basic results obtained through the comparative analysis and correlation analysis, it is important to emphasize the implications of the obtained results for economic policy makers. And not only them, but also power holders in general.

We have seen that the quality of institutions in the countries of the region is significantly behind the countries that are the youngest members of the EU, but much more significantly behind the countries of New Europe and that this gap is widening. We could say that what was written in the EBRD Transition Report 15 years ago is still valid today: the region is trapped or trapped in the transition. The reform processes must be unleashed at high speed.

What the correlation analysis indicated clearly and unequivocally shows: there is no economic development and standard of living without the rule of law, the absence of corruption, political stability and the efficiency of government policies. This conclusion does not refer only to the bearers of economic policies, but also to all authorities of countries that influence the creation of the quality of institutions. Our key conclusion that we derive from the analysis is that the region as a whole, and then every individual country, if it wants to provide normal living conditions for its citizens, must build a functional country based on the rule of law, and then the economic parameters will not be missing, either: investments and capital flees from unstable areas where there are unclear rules of the game (there are no rules of institutions but some other unwritten rules). The construction of legal state for the countries of the region is a *conditio sine qua non* in order to catch connection at least with the New Europe. The bottom line is that reforms in the countries of the region are taking place too slowly and that the key to catching up with developed countries lies in the acceleration of the reform processes.

Conflict of interests

The author declares there is no conflict of interest.

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APPENDICES: TABLES

Table 2. Values of indicator *Voice and Accountabily (VACC)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	0,01	0,00	0,08	0,11	0,17	0,14	0,12	0,06	0,02	0,05	0,14	0,16	0,17	0,20	0,18	0,14	0,09	0,09
Bosnia and Herzegovina	0,17	0,21	0,19	0,13	0,02	0,00	-0,08	-0,16	-0,10	-0,12	-0,07	-0,10	-0,13	-0,21	-0,27	-0,24	-0,32	-0,31
North Macedonia	-0,16	-0,10	0,17	0,28	0,20	0,17	0,11	-0,04	-0,03	-0,06	-0,14	-0,18	-0,23	-0,14	-0,03	-0,02	0,06	0,14
Montenegro	0,11	0,13	0,26	0,26	0,24	0,24	0,19	0,21	0,22	0,18	0,16	0,14	0,08	0,12	0,05	0,02	0,04	0,17
Serbia	-0,18	-0,21	0,21	0,31	0,28	0,33	0,29	0,28	0,20	0,29	0,21	0,23	0,20	0,12	-0,02	-0,05	-0,12	-0,12
Average SEE	**-0,01**	**0,01**	**0,18**	**0,22**	**0,18**	**0,18**	**0,13**	**0,07**	**0,06**	**0,07**	**0,06**	**0,05**	**0,02**	**0,02**	**-0,02**	**-0,03**	**-0,05**	**-0,01**
Bulgaria	0,57	0,59	0,58	0,69	0,58	0,56	0,53	0,45	0,40	0,34	0,37	0,43	0,40	0,43	0,36	0,36	0,26	0,29
Croatia	0,66	0,45	0,48	0,52	0,47	0,49	0,48	0,52	0,54	0,51	0,51	0,56	0,53	0,48	0,44	0,46	0,58	0,61
Romania	0,37	0,41	0,52	0,50	0,51	0,46	0,43	0,38	0,32	0,31	0,43	0,49	0,54	0,60	0,52	0,52	0,59	0,60
Average Newest Europe	**0,53**	**0,49**	**0,53**	**0,57**	**0,52**	**0,50**	**0,48**	**0,45**	**0,42**	**0,39**	**0,44**	**0,49**	**0,49**	**0,50**	**0,44**	**0,44**	**0,48**	**0,50**
Czech Republic	0,95	0,91	0,96	1,00	1,03	1,03	1,01	1,02	0,97	0,98	1,03	1,04	1,03	0,88	0,81	0,84	0,98	1,02
Estonia	1,09	0,99	1,07	1,07	1,09	1,09	1,11	1,13	1,11	1,12	1,17	1,19	1,21	1,21	1,18	1,18	1,17	1,19
Hungary	1,15	1,18	1,02	1,04	0,97	0,91	0,89	0,84	0,75	0,74	0,55	0,56	0,40	0,54	0,48	0,34	0,39	0,40
Lithuania	0,88	0,90	0,86	0,89	0,85	0,90	0,92	0,86	0,93	0,94	0,96	0,97	1,00	0,99	0,89	1,00	1,01	1,04
Latvia	0,70	0,78	0,85	0,83	0,78	0,85	0,79	0,74	0,78	0,77	0,85	0,85	0,84	0,80	0,78	0,86	0,87	0,91
Poland	1,02	0,94	0,80	0,88	0,95	1,03	1,04	1,03	1,06	1,00	1,11	1,04	0,84	0,78	0,70	0,67	0,62	0,59
Slovak Republic	0,95	0,90	0,93	0,95	0,94	0,88	0,91	0,97	0,97	0,96	0,96	0,97	0,96	0,91	0,84	0,86	0,88	0,91
Slovenia	1,11	1,09	1,07	1,06	1,02	1,06	1,05	1,06	1,00	1,00	0,96	0,99	1,01	1,01	0,96	0,98	0,94	0,91
Average CE and Baltic	**0,98**	**0,96**	**0,94**	**0,96**	**0,95**	**0,97**	**0,97**	**0,96**	**0,95**	**0,94**	**0,95**	**0,95**	**0,91**	**0,89**	**0,83**	**0,84**	**0,86**	**0,87**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 3. Values of indicator *Political Stability (PS)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	-0,43	-0,51	-0,51	-0,20	-0,03	-0,05	-0,19	-0,28	-0,14	0,09	0,49	0,35	0,34	0,38	0,37	0,11	0,09	0,11
Bosnia and Herzegovina	0,02	-0,50	-0,44	-0,63	-0,54	-0,67	-0,69	-0,82	-0,54	-0,40	-0,02	-0,40	-0,40	-0,35	-0,40	-0,42	-0,44	-0,38
North Macedonia	-0,85	-1,16	-0,74	-0,43	-0,30	-0,30	-0,52	-0,62	-0,49	-0,42	0,26	-0,29	-0,35	-0,25	-0,21	0,00	0,11	0,12
Montenegro	#N/A	#N/A	0,05	0,11	0,77	0,82	0,58	0,57	0,60	0,50	0,22	0,14	0,28	-0,06	0,04	0,07	-0,06	-0,15
Serbia	-0,51	-0,76	-0,54	-0,59	-0,54	-0,48	-0,42	-0,28	-0,22	-0,08	0,18	0,24	0,14	0,09	0,01	-0,07	-0,16	-0,13
Average SEE	**-0,44**	**-0,73**	**-0,44**	**-0,35**	**-0,13**	**-0,13**	**-0,25**	**-0,29**	**-0,16**	**-0,06**	**0,23**	**0,01**	**0,00**	**-0,04**	**-0,04**	**-0,06**	**-0,09**	**-0,09**
Bulgaria	0,00	0,15	0,39	0,36	0,37	0,35	0,36	0,30	0,38	0,17	0,08	0,02	0,08	0,33	0,46	0,58	0,42	0,46
Croatia	0,69	0,43	0,56	0,61	0,57	0,61	0,61	0,62	0,61	0,64	0,62	0,59	0,66	0,69	0,80	0,69	0,61	0,71
Romania	0,06	0,09	0,15	0,20	0,18	0,36	0,27	0,19	0,08	0,18	0,05	0,19	0,28	0,06	0,05	0,56	0,53	0,53
Average Newest Europe	**0,25**	**0,22**	**0,37**	**0,39**	**0,37**	**0,44**	**0,41**	**0,37**	**0,36**	**0,33**	**0,25**	**0,27**	**0,34**	**0,36**	**0,44**	**0,61**	**0,52**	**0,57**
Czech Republic	0,65	0,94	1,05	1,02	1,05	0,91	0,99	1,11	1,05	1,08	0,99	0,98	0,98	1,00	1,03	0,94	0,92	0,96
Estonia	0,70	0,61	0,74	0,63	0,57	0,57	0,66	0,61	0,64	0,75	0,78	0,62	0,67	0,65	0,59	0,63	0,72	0,76
Hungary	0,83	1,00	0,99	0,75	0,75	0,54	0,69	0,74	0,68	0,80	0,67	0,75	0,65	0,81	0,75	0,77	0,84	0,86
Lithuania	0,77	0,78	0,87	0,82	0,75	0,63	0,72	0,67	0,79	0,96	0,74	0,76	0,83	0,78	0,74	0,78	0,93	0,82
Latvia	0,62	0,81	0,84	0,56	0,20	0,35	0,53	0,32	0,45	0,59	0,49	0,44	0,48	0,46	0,41	0,44	0,47	0,69
Poland	0,15	0,36	0,35	0,68	0,91	0,94	1,02	1,07	1,05	0,97	0,84	0,87	0,51	0,52	0,49	0,56	0,52	0,51

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Slovak Republic	0,59	0,90	0,78	1,04	1,08	0,92	1,05	0,97	1,09	1,12	1,04	0,87	0,72	0,91	0,74	0,67	0,63	0,56
Slovenia	1,08	1,09	1,09	1,10	1,15	0,94	0,87	0,97	0,94	0,88	0,97	0,95	0,99	0,87	0,90	0,81	0,71	0,76
Average CE and Baltic	**0,67**	**0,81**	**0,84**	**0,82**	**0,81**	**0,72**	**0,81**	**0,81**	**0,83**	**0,90**	**0,81**	**0,78**	**0,73**	**0,75**	**0,71**	**0,70**	**0,72**	**0,74**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 4. Values of indicator *Government Effectiveness (GE)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	-0,41	-0,70	-0,59	-0,43	-0,37	-0,25	-0,28	-0,20	-0,27	-0,32	-0,05	0,06	0,06	0,13	0,11	-0,03	-0,12	0,00
Bosnia and Herzegovina	-0,70	-0,77	-0,63	-0,86	-0,60	-0,72	-0,74	-0,73	-0,45	-0,43	-0,49	-0,59	-0,41	-0,48	-0,64	-0,67	-1,04	-1,04
North Macedonia	-0,18	-0,34	-0,13	-0,24	-0,10	-0,14	-0,19	-0,23	-0,22	-0,17	0,02	0,00	0,00	0,02	0,09	-0,10	0,06	-0,08
Montenegro	#N/A	0,35	0,16	-0,29	-0,01	-0,01	0,13	0,08	0,12	0,15	0,29	0,20	0,17	0,20	0,12	0,14	-0,07	0,01
Serbia	-0,25	-0,36	-0,24	-0,26	-0,26	-0,07	-0,08	-0,14	-0,18	-0,18	0,00	0,02	-0,01	0,10	0,11	0,02	-0,01	0,05
Average SEE	**-0,39**	**-0,36**	**-0,29**	**-0,42**	**-0,27**	**-0,24**	**-0,23**	**-0,24**	**-0,20**	**-0,19**	**-0,05**	**-0,06**	**-0,04**	**-0,01**	**-0,04**	**-0,13**	**-0,24**	**-0,22**
Bulgaria	0,08	0,13	-0,14	-0,13	-0,18	0,07	-0,07	-0,08	-0,03	-0,02	-0,11	0,02	0,12	0,13	0,14	0,20	-0,18	-0,14
Croatia	0,44	0,45	0,56	0,46	0,58	0,59	0,59	0,51	0,68	0,68	0,68	0,49	0,45	0,57	0,55	0,49	0,46	0,59
Romania	-0,18	-0,30	-0,19	-0,36	-0,37	-0,37	-0,12	-0,20	-0,17	0,14	0,23	0,13	-0,04	-0,06	-0,15	-0,19	-0,26	-0,13
Average Newest Europe	**0,11**	**0,1**	**0,07**	**0**	**0,01**	**0,1**	**0,13**	**0,08**	**0,16**	**0,27**	**0,26**	**0,21**	**0,18**	**0,21**	**0,18**	**0,17**	**0,01**	**0,11**
Czech Republic	0,87	0,92	1,09	0,85	0,96	0,88	0,91	0,93	0,93	0,92	1,03	1,06	1,04	1,06	0,98	0,95	0,95	1,11
Estonia	0,91	0,94	1,15	1,01	1,16	1,00	1,08	1,07	0,95	0,97	1,01	1,06	1,09	1,11	1,18	1,17	1,33	1,38
Hungary	0,81	0,75	0,84	0,70	0,70	0,68	0,65	0,66	0,62	0,69	0,59	0,55	0,50	0,52	0,49	0,49	0,57	0,63
Lithuania	0,69	0,76	0,72	0,66	0,56	0,69	0,74	0,70	0,83	0,83	0,98	1,18	1,07	0,96	1,07	1,04	1,05	1,06
Latvia	0,58	0,53	0,66	0,43	0,52	0,62	0,73	0,69	0,83	0,88	0,95	1,09	1,00	0,90	1,04	1,10	0,87	0,87
Poland	0,44	0,45	0,34	0,36	0,46	0,52	0,63	0,60	0,66	0,66	0,77	0,77	0,68	0,58	0,58	0,54	0,36	0,29
Slovak Republic	0,82	0,88	0,83	0,69	0,85	0,86	0,78	0,78	0,78	0,73	0,79	0,77	0,83	0,70	0,61	0,58	0,54	0,53
Slovenia	0,90	0,89	0,96	0,89	1,12	1,15	1,02	0,98	1,02	1,01	1,00	0,97	1,12	1,17	1,12	1,08	1,16	1,18
Average CE and Baltic	**0,75**	**0,77**	**0,82**	**0,7**	**0,79**	**0,8**	**0,82**	**0,8**	**0,83**	**0,84**	**0,89**	**0,93**	**0,92**	**0,88**	**0,88**	**0,87**	**0,85**	**0,88**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 5. Values of indicator *Regulatory Quality (RQ)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	-0,19	-0,40	-0,15	0,03	0,14	0,24	0,23	0,28	0,24	0,25	0,28	0,19	0,20	0,23	0,27	0,29	0,24	0,19
Bosnia and Herzegovina	-0,23	-0,58	-0,47	-0,29	-0,18	-0,11	-0,12	-0,06	-0,06	-0,07	-0,04	-0,17	-0,13	-0,04	-0,13	-0,11	-0,17	-0,18
North Macedonia	0,02	-0,23	-0,09	0,04	0,12	0,19	0,24	0,22	0,26	0,25	0,42	0,37	0,39	0,45	0,52	0,45	0,45	0,42
Montenegro	#N/A	-0,13	-0,55	-0,13	-0,07	0,03	-0,01	0,00	0,03	0,09	0,18	0,24	0,24	0,34	0,40	0,41	0,44	0,43
Serbia	-0,47	-0,62	-0,53	-0,44	-0,39	-0,18	-0,07	-0,02	-0,07	-0,06	0,18	0,15	0,03	-0,03	0,11	0,11	0,09	0,05
Average SEE	**-0,22**	**-0,39**	**-0,36**	**-0,15**	**-0,08**	**0,03**	**0,06**	**0,08**	**0,08**	**0,09**	**0,20**	**0,16**	**0,15**	**0,19**	**0,24**	**0,23**	**0,21**	**0,18**
Bulgaria	0,71	0,66	0,62	0,64	0,73	0,69	0,68	0,55	0,57	0,55	0,59	0,59	0,71	0,67	0,62	0,54	0,47	0,45
Croatia	0,53	0,48	0,37	0,41	0,41	0,47	0,49	0,44	0,35	0,37	0,28	0,25	0,25	0,31	0,50	0,56	0,37	0,50
Romania	0,18	0,24	0,44	0,51	0,60	0,62	0,67	0,69	0,56	0,63	0,60	0,58	0,58	0,45	0,42	0,46	0,36	0,31
Average Newest Europe	**0,47**	**0,46**	**0,47**	**0,52**	**0,58**	**0,59**	**0,61**	**0,56**	**0,50**	**0,52**	**0,49**	**0,48**	**0,51**	**0,48**	**0,51**	**0,52**	**0,40**	**0,42**
Czech Republic	1,00	1,11	1,11	1,05	1,22	1,31	1,30	1,20	1,05	1,08	1,00	1,09	0,98	1,23	1,27	1,24	1,24	1,35
Estonia	1,23	1,25	1,29	1,32	1,39	1,39	1,39	1,39	1,41	1,44	1,67	1,66	1,70	1,64	1,55	1,59	1,54	1,56
Hungary	1,17	1,05	1,20	1,21	1,17	1,08	1,01	1,03	0,98	0,90	0,75	0,76	0,60	0,65	0,57	0,60	0,48	0,50
Lithuania	1,06	0,94	0,97	1,01	1,04	0,95	0,96	0,93	1,12	1,15	1,19	1,27	1,13	1,15	1,10	1,16	1,09	1,28
Latvia	0,92	0,87	0,93	0,95	0,97	0,92	0,93	0,95	1,01	1,04	1,17	1,08	1,15	1,14	1,19	1,19	1,19	1,22
Poland	0,76	0,81	0,70	0,77	0,84	0,98	1,02	0,96	1,00	1,05	1,06	0,97	0,91	0,82	0,88	1,02	0,86	0,84
Slovak Republic	1,08	1,13	1,08	0,97	1,08	1,05	1,00	1,00	1,04	0,93	0,89	0,78	0,89	0,82	0,81	1,01	0,79	0,87
Slovenia	0,84	0,88	0,79	0,80	0,85	0,91	0,76	0,69	0,63	0,62	0,66	0,62	0,64	0,58	0,65	1,01	0,92	0,83
Average CE and Baltic	**1,01**	**1,00**	**1,01**	**1,01**	**1,07**	**1,07**	**1,05**	**1,02**	**1,03**	**1,03**	**1,05**	**1,03**	**0,99**	**1,00**	**1,00**	**1,10**	**1,01**	**1,06**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 6. Values of indicator *Rule of Law (ROL)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	-0,70	-0,76	-0,70	-0,66	-0,60	-0,49	-0,39	-0,44	-0,52	-0,52	-0,31	-0,30	-0,30	-0,40	-0,40	-0,40	-0,35	-0,26
Bosnia and Herzegovina	-0,49	-0,52	-0,50	-0,47	-0,41	-0,36	-0,36	-0,33	-0,20	-0,14	-0,13	-0,24	-0,17	-0,18	-0,21	-0,20	-0,29	-0,28
North Macedonia	-0,19	-0,30	-0,54	-0,42	-0,32	-0,29	-0,30	-0,27	-0,25	-0,23	-0,06	-0,22	-0,33	-0,29	-0,29	-0,28	-0,08	-0,08
Montenegro	-0,22	-0,14	-0,21	-0,19	-0,09	-0,02	-0,06	-0,06	-0,06	-0,03	0,01	-0,02	-0,12	-0,09	0,02	0,02	-0,01	-0,06
Serbia	-0,74	-0,95	-0,54	-0,46	-0,49	-0,47	-0,43	-0,33	-0,33	-0,30	-0,09	-0,06	-0,11	-0,16	-0,15	-0,12	-0,10	-0,09
Average SEE	**-0,47**	**-0,53**	**-0,50**	**-0,44**	**-0,38**	**-0,33**	**-0,31**	**-0,29**	**-0,27**	**-0,24**	**-0,12**	**-0,17**	**-0,21**	**-0,22**	**-0,20**	**-0,20**	**-0,17**	**-0,15**
Bulgaria	-0,12	-0,11	-0,11	-0,06	-0,12	-0,04	-0,10	-0,14	-0,12	-0,15	-0,08	-0,14	-0,12	-0,11	-0,09	-0,01	-0,11	-0,04
Croatia	0,04	0,08	-0,05	0,04	0,03	0,04	0,08	0,11	0,15	0,18	0,22	0,15	0,36	0,33	0,32	0,37	0,26	0,30
Romania	-0,19	-0,15	-0,13	-0,11	-0,02	0,05	0,11	0,10	0,09	0,19	0,24	0,23	0,47	0,46	0,39	0,44	0,39	0,41
Average Newest Europe	**-0,09**	**-0,06**	**-0,10**	**-0,04**	**-0,04**	**0,02**	**0,03**	**0,02**	**0,04**	**0,07**	**0,13**	**0,08**	**0,24**	**0,23**	**0,21**	**0,27**	**0,18**	**0,22**
Czech Republic	0,76	0,86	0,86	0,88	0,90	0,96	0,93	1,02	1,02	1,02	1,14	1,13	1,01	1,12	1,05	1,05	1,05	1,13
Estonia	0,88	0,90	1,13	1,12	1,16	1,12	1,15	1,18	1,15	1,19	1,37	1,33	1,22	1,28	1,23	1,27	1,37	1,43
Hungary	0,85	0,84	0,98	0,94	0,91	0,77	0,77	0,76	0,61	0,58	0,51	0,40	0,43	0,56	0,58	0,52	0,51	0,53
Lithuania	0,56	0,58	0,71	0,69	0,68	0,72	0,78	0,77	0,84	0,83	0,94	1,00	1,02	0,99	0,95	1,02	0,99	1,11
Latvia	0,54	0,57	0,62	0,72	0,78	0,79	0,76	0,74	0,78	0,76	0,87	0,79	0,95	0,93	0,95	1,01	0,95	0,98
Poland	0,42	0,47	0,38	0,41	0,55	0,65	0,71	0,79	0,82	0,84	0,87	0,83	0,62	0,42	0,40	0,41	0,53	0,44
Slovak Republic	0,46	0,49	0,49	0,43	0,53	0,53	0,56	0,60	0,49	0,46	0,49	0,49	0,62	0,54	0,50	0,52	0,67	0,71
Slovenia	0,91	0,88	0,90	0,95	1,01	1,07	1,00	1,05	1,01	0,99	1,00	0,97	1,08	1,02	1,05	1,11	1,06	1,03
Average CE and Baltic	**0,67**	**0,70**	**0,76**	**0,77**	**0,81**	**0,83**	**0,83**	**0,86**	**0,84**	**0,84**	**0,90**	**0,87**	**0,87**	**0,86**	**0,84**	**0,86**	**0,89**	**0,92**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 7. Values of indicator *Control of Corruption (COC)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Albania	-0,72	-0,81	-0,79	-0,71	-0,61	-0,55	-0,53	-0,70	-0,78	-0,75	-0,59	-0,52	-0,45	-0,46	-0,52	-0,54	-0,55	-0,56
Bosnia and Herzegovina	-0,32	-0,23	-0,30	-0,37	-0,36	-0,38	-0,34	-0,33	-0,31	-0,24	-0,30	-0,39	-0,46	-0,53	-0,58	-0,63	-0,62	-0,64
North Macedonia	-0,55	-0,49	-0,40	-0,39	-0,21	-0,15	-0,09	-0,11	-0,05	-0,06	-0,03	-0,24	-0,27	-0,30	-0,37	-0,43	-0,47	-0,35
Montenegro	-0,47	-0,35	-0,38	-0,38	-0,24	-0,22	-0,25	-0,22	-0,13	-0,29	-0,08	-0,09	-0,05	-0,06	0,01	0,00	-0,02	-0,02
Serbia	-0,49	-0,41	-0,28	-0,34	-0,30	-0,32	-0,32	-0,30	-0,36	-0,33	-0,25	-0,29	-0,36	-0,41	-0,37	-0,43	-0,43	-0,44
Average SEE	**-0,51**	**-0,46**	**-0,43**	**-0,44**	**-0,34**	**-0,32**	**-0,31**	**-0,33**	**-0,33**	**-0,33**	**-0,25**	**-0,31**	**-0,32**	**-0,35**	**-0,37**	**-0,41**	**-0,42**	**-0,40**
Bulgaria	0,07	0,02	-0,11	-0,23	-0,27	-0,23	-0,24	-0,27	-0,28	-0,33	-0,30	-0,32	-0,24	-0,17	-0,16	-0,16	-0,30	-0,24
Croatia	0,24	0,14	0,04	0,06	-0,05	-0,09	0,02	0,03	-0,03	0,11	0,20	0,23	0,18	0,09	0,07	0,08	0,20	0,06
Romania	-0,32	-0,26	-0,21	-0,23	-0,19	-0,31	-0,35	-0,33	-0,38	-0,30	-0,22	-0,14	-0,15	-0,12	-0,20	-0,21	-0,07	-0,04
Average Newest Europe	**0,00**	**-0,03**	**-0,09**	**-0,13**	**-0,17**	**-0,21**	**-0,19**	**-0,19**	**-0,23**	**-0,17**	**-0,11**	**-0,08**	**-0,07**	**-0,07**	**-0,10**	**-0,10**	**-0,06**	**-0,07**
Czech Republic	0,38	0,48	0,35	0,32	0,34	0,38	0,38	0,38	0,31	0,30	0,43	0,50	0,59	0,60	0,54	0,56	0,58	0,64
Estonia	0,98	0,99	1,01	0,97	0,95	1,00	0,99	1,05	1,09	1,18	1,30	1,29	1,27	1,24	1,50	1,56	1,61	1,54
Hungary	0,67	0,63	0,63	0,60	0,43	0,40	0,30	0,33	0,30	0,29	0,16	0,15	0,10	0,12	0,08	0,06	0,09	0,04
Lithuania	0,37	0,31	0,16	0,10	0,11	0,23	0,37	0,32	0,39	0,42	0,55	0,61	0,71	0,55	0,49	0,69	0,80	0,85
Latvia	0,15	0,37	0,36	0,34	0,23	0,20	0,20	0,28	0,24	0,32	0,41	0,46	0,43	0,53	0,32	0,51	0,72	0,75
Poland	0,11	0,25	0,26	0,28	0,45	0,44	0,51	0,56	0,66	0,65	0,68	0,73	0,79	0,73	0,65	0,64	0,65	0,57
Slovak Republic	0,34	0,45	0,38	0,30	0,31	0,27	0,25	0,23	0,07	0,05	0,12	0,14	0,18	0,13	0,26	0,21	0,44	0,24
Slovenia	1,02	0,90	1,03	1,01	0,94	1,05	0,92	0,94	0,83	0,72	0,72	0,77	0,82	0,81	0,87	0,92	0,80	0,72
Average CE and Baltic	**0,50**	**0,55**	**0,52**	**0,49**	**0,47**	**0,49**	**0,49**	**0,51**	**0,49**	**0,49**	**0,55**	**0,58**	**0,61**	**0,59**	**0,59**	**0,64**	**0,71**	**0,67**

Source: World Governance Indicators Database, 2023 and Author's calculation

Table 8. Correlation between economic development measured by GDP per capita in PPP and each of six indicators of institutional quality

Country	Gross domestic product per capita, constant prices in PPP for 2021	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Albania	14559,68	0,09	0,11	0,00	0,19	-0,26	-0,56
Bosnia and Herzegovina	15030,36	-0,31	-0,38	-1,04	-0,18	-0,28	-0,64
North Macedonia	16614,64	0,14	0,12	-0,08	0,42	-0,08	-0,35
Montenegro	20650,59	0,17	-0,15	0,01	0,43	-0,06	-0,02
Serbia	19732,73	-0,12	-0,13	0,05	0,05	-0,09	-0,44
Bulgaria	24609,70	0,29	0,46	-0,14	0,45	-0,04	-0,24
Croatia	31767,73	0,61	0,71	0,59	0,50	0,30	0,06
Romania	31034,91	0,60	0,53	-0,13	0,31	0,41	-0,04
Czech Republic	40151,25	1,02	0,96	1,11	1,35	1,13	0,64
Estonia	38810,65	1,19	0,76	1,38	1,56	1,43	1,54
Hungary	33932,85	0,40	0,86	0,63	0,50	0,53	0,04
Lithuania	39380,87	0,91	0,82	1,06	1,28	1,11	0,75
Latvia	31947,41	0,91	0,69	0,87	1,22	0,98	0,85
Poland	34940,55	1,04	0,51	0,29	0,84	0,44	0,57
Slovak Republic	32745,07	0,91	0,56	0,53	0,87	0,71	0,24
Slovenia	40199,07	0,59	0,76	1,18	0,83	1,03	0,72
Correlation Coefficient		**0,88**	**0,90**	**0,85**	**0,82**	**0,92**	**0,85**
Determination Coefficient		**0,77**	**0,82**	**0,73**	**0,67**	**0,85**	**0,73**

Source: World Governance Indicators Database, 2023; IMF World Economic Outlook Database, April 2023 and Author's calculation

КВАЛИТЕТ ИНСТИТУЦИЈА У ЗЕМЉАМА ЈУГОИСТОЧНЕ ЕВРОПЕ: ПОРЕЂЕЊЕ СА ЧЛАНИЦАМА ЕВРОПСКЕ УНИЈЕ

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Сажетак

Сврха овог рада јесте да покаже значај развоја институција и институционалног окружења у глобализованом свету, а поготово у земљама у транзицији какав је наш регион. Земље региона су још увијек заглављене у транзицији с обзиром да кључне реформе још увијек стоје или се крећу врло спорим темпом. Квалитет институција у земљама региона у доброј мјери може да одрази напредак у транзицији. Методологија која се користи за мјерење квалитета институција је саставни дио базе података свјетских показатеља управљања коју су развили Кауфманн ет ал. (2010) гдје смо извршили компаративну анализу квалитета институција за три узорка земаља, земље југоисточне Европе (земље региона – Албанија, БиХ, Црна Гора, Сјеверна Македонија и Србија), најновије чланице ЕУ (Бугарска, Хрватска и Румунија) и земље средње Европе и балтичких држава (Чешка. Естонија, Мађарска, Летонија, Литванија, Пољска, Словенија и Словачка). Након тога, показали смо степен корелације између економског развоја

мјереног БДП-ом по становнику у паритету куповне моћи и сваког од шест индикатора квалитета институција. Резултати показују да земље региона значајно заостају за државама које називамо „Нова Европа" (Централна Европа и Балтик), али и за најмлађим чланицама Европске уније по квалитету институција. Када је у питању корелација између економског развоја и институционалног окружења, за свих шест индикатора институционалног окружења, показала се снажна и позитивна корелација, посебно између владавине права и економског развоја. Нарочито је изражена позитивна корелациона веза између квалитета институција и владавине права (правне државе), као и економског развоја и контроле корупције гдје су корелациони коефицијенти били највећи, а управо у ове двије области квалитета институција земље региона највише заостају не само за најмлађим државама чланицама ЕУ, већ и за земљама „Нове Европе". Закључак је да земље региона морају да ојачају владавину права, да се боре против институционалне корупције, да обезбиједе политичку стабилност како би побољшале економски стандард својих грађана.

Кључне ријечи: *институције, институционално окружење, транзиција, глобализација, економски развој, Европска унија, свјетски индикатори управљања.*