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INSTITUTIONS AND THEIR IMPACT ON ECONOMIC DEVELOPMENT

The theoretical assumption on the role of institutions in ensuring the unity of functioning and evolution of economic systems has been improved. Based on regression analysis the assumption on the significant effect of institutional quality on economic development has been developed.

Keywords: institutional structure of economy, economic institutions, quality of institutions, institutional development of economy.

Миколенко Е. Экономические институты и их влияние на развитие хозяйственной системы. *Усовершенствовано теоретическое положение о роли институтов в обеспечении единства функционирования и эволюции хозяйственных систем. На основе проведенного регрессионного анализа получило дальнейшее развитие положение о значимом влиянии качества институтов на развитие экономики.*

Ключевые слова: институциональное устройство экономики, экономические институты, качество институтов, институциональное развитие экономики.

Background. In modern conditions the research of institutional development of economic systems and its determinants has become increasingly important due to deepening of income and welfare inequality and diffe-

rentiation of accumulated human, physical and intellectual capital. The study of economic reality allows exploring just not only the essence of economic institutions but its role in ensuring of functioning of market mechanism.

Development of economic system is connected with evolution of economic institutions and desire of economic agents to reduce the uncertainty of their economic activities. In some systems institutional evolution copes with these challenges, and in others it results in economic destabilization or system failure [1, p. 48]. Therefore, institutional system of economy is not just a set of rules and regulations that govern social interactions. It has a structure and characterized by system and specific properties availability. The market economy is always more or less institutionalized.

Analysis of recent research and publications. Institutions and institutional development are of scientific interest. The well-known representatives of modern institutional concepts are both foreign (D. North [2], D. Rodrik [3]), and domestic authors: A. Hritsenko [4], V. Dementiev [5], V. Lipov [6] etc. The issue of impact of formal and informal institutions on functioning and development of economic systems has been actualized. The correlation between economic growth and institutional factors has been investigated by such authors as R. Barro, R. La Porta, A. Prasad, S. Neck, J. Gwartney [7–11] etc.

The **aim** of the article is to study the role of institutions in ensuring the unity of functioning and evolution of economic systems.

Materials and methods. The methodological basis of the paper is institutional theory and research results of domestic and foreign scientists on the issue of institutional development of economic system. The methods that have been used for scientific assumptions: analysis, synthesis and method of abstraction just to study the essence of institutional structure of economy, correlation and regression analysis to justify the significant impact of economic institutions on development and functioning of economic system.

Results. The initial concept of this analysis is economic institution. "This is something that does not fit into the content of rational choice based on the price mechanism and the others in relation to it" [5, p. 9]. The paper presented by V. Dementiev develops the analysis of attributes of institution as a social phenomenon that provide the link between society and individual spheres of life. The concept of economic institution as a mechanism of social control and coercion, that structures (orders) interactions and institutes giving them a stable recurring form, is of scientific interest. In this context, institutions and institutional forms organize stable institutional structures, which capture everything that have been verified. Thus, institutions are the foundation of economic activity and ensure the ordering of all elements in system in their interconnection. "They... fill the process of interaction with new qualitative attributes; provide an opportunity to concretize the conscious activity of people in organization of this process" [12, p. 123].

The notion of "institution" is closely correlated with the concept of "institutional structure of economy", regarded as a set of institutions that define a model of economic behaviour and eliminate a problem of rational

choice; it creates a system of incentives and prevailing motives. The dominant economic institutions, in turn, become a communication tool of behaviour that reduces uncertainty of basic economic activity of economic agents [4, p. 60]. Uncertainty reduce is considered to be a "working" zone as a set of alternatives for decision-making. This means that institute founds an alternative choice for decision maker. Any economic agent doesn't have any alternative in his choice beyond institutional system. For example, violation of established rules and regulations displaces economic agent outside of trusting relationship.

Fixation and stability of institutional structure of economy does not mean its absolute immutability. On the contrary, any changes concerning institutional structure reflect deep social and economic changes affecting overall dynamics of economic system. In this way institutional structure has an ambivalent nature and is steady against environmental changes in comparison with other subsystems of economic system. At the same time its changes reflect structural changes in economy as a whole.

Understanding of the institutional arrangement of economy just only in terms of fixing (fundamental) component does not provide with notion of coordination system of economic activities. The institute is a real (operating) behaviour of economic agents. In this context, E. Ostrom notes that the institutions can be defined as a set of existing rules, as far as content of prescribed and realized rights are not the same [13, p. 8]. Actual functional basis of institutions is an important component of actual behaviour of economic agents and functioning of economic system. It coordinates social interactions, checks on suitability of rules and regulations from "bellow", changes them and enables implementation of proactive changes in system.

In this context, it is logical to identify a functional component of institutional system, which combines an actual framework of institutions and agents, incorporates a movement and a development, and forms a social reality. "By combining the essential (hierarchical) and appearing ... sides of research object, we get a real understanding of our reality", V. Lipov says [6, p. 123]. Regarding functionality of institutional system it is important to note its complementarity with the reproductive process. "This provides a possibility of rapid mutual response of functional components to reproducing process, their interactions, mutual adaptation to changing environment" [6, p. 123]. For example, a high tax burden deforms enterprise activities and results both in reduce of fixed capital formation and investment activities or in rejection of tax institution and reduce its actual potential.

Thus, the concept of institutional system of economy includes a fundamental stable component that fixes changes in a system and provides a stable environment, and a functional component, which coordinates the actual basis of economic institutions. The effect of interaction between actual functional and fundamental components is manifested through *ensuring the unity of functioning and evolution of economic system*. The concept of interaction characterizes functioning as well as development of economic system and its unity represents the dynamism [12, p. 154]. "Universal form

of economic dynamism are an active interaction of financial, monetary, financial and stock markets and corresponding institutions, which cover all socio-economic horizontal and vertical diversity of society" [14, p. 22].

Economic institutions related to the existence of different forms of interaction between economic agents, methods of action coordination, and forms of competition, cooperation and conscious control of economic reality. The increasing complexity of institutional structure due to increasing globalization leads to increased significance of certain institutions in economic system. Thus, current development of financial capital and its expansion have contributed to increasing position and importance of financial institutions in economy. And principles of private property create favourable conditions for intensive development of efficient financial markets [15]. E. Prasad, exploring the correlation between capital inflows and economic growth in developing and developed countries, concludes that weak financial institutions and weaknesses in a property rights protection in developing countries reduce returns on equity. In developed countries "deep" financial markets and stable legal institutions contribute to more efficiency of investment resources [9].

Property rights protection provides prerequisites for intensive expansion of investment and for enhancing the rate of economic growth [16]. Investing in this case is a mediator between institutional factors and economic growth. Therefore, developed countries are characterized by large amounts of investment in fixed assets in comparison with countries with weak financial institutions, where a correlation between profitability and capital inflows is absent. R. Barro notes that a level of property rights protection and a quality of legal order are supposed to be universal key determinants of economic growth in both developing and developed countries [7].

The judicial independence also plays an important role in the implementation of principles and private property rights that is employed by R. La Porta [8]. In those countries where the courts have a relatively greater independence and contracts enforcement mechanisms work the better conditions for economic growth are realized. In particular, D. Rodrik confirms that in cross-country regressions the factors of institutional quality (especially property rights, law enforcement and judicial system) more significant explain the differences in economic development than other factors [3]. Our results are robust to the use of this alternative measure of openness.

S. Neck and F. Kiefer note that the high levels of trust in transactions as well as the credibility of the state really contribute to economic growth [10]. Cross-country regression analysis that has been conducted by J. Gwartney and L. Holcomb shows that the quality of institutions just not only affects the incomes, but also makes a difference in the rate of its growth in long term, affects the investment processes and productivity [11].

Thus, different methods to include the variable "quality of institutions" in the growth model have been developed. One of the two types of models is more often used to study the influence of institutions on economy: a structural model or in a reduced form. The period from 2010 to 2014, taken for the analysis, is characterized by a complete sample data that have a common

methodology of calculation. During this time the resurgence is moving after the previous downturns. The data sources are the wide range of components (pillars) that characterize the level of public and private institutions in different countries. The data are obtained from database *WEFORUM* (Global Competitiveness Reports) [17]. Components of institutional development cover both formal and informal market institutions. According to the methodology a country receives the highest possible score of 7, thus ensuring that 1 and 7 still corresponds to the worst and best possible outcomes, respectively. 10 institutional factors that characterize property rights, economic power and availability of informal networks in economy have been selected. In this analysis because of data availability issues we could include only 71 countries. These figures have been processed in the application package for mathematical analysis *Statistica*. *Table 1* presents the initial results of data processing.

Table 1

Statistics indicators of institutions

Institutional faktors	Average	Standard deviation
Property rights (*PR*)	4.348870	1.061964
Judicial independence (*JI*)	4.134823	1.398812
Efficiency of legal framework in settling disputes, efficiency of legal framework in challenging regulations (*ELF*)	3.498256	0.469774
Wastefulness of government spending, favoritism in decisions of government officials (*DPF*)	3.157645	0.477943
Irregular payments and bribes (*IPB*)	4.502960	1.194984
Public trust in politicians (*PTP*)	3.084325	1.157068
Transparency of government policymaking (*TGP*)	4.408660	0.704704
Efficacy of corporate boards (*ECB*)	4.640196	0.564928
Reliance on professional management (*RPM*)	4.579735	0.903401
Ease of access to loans (*EAL*)	2.950534	0.696000

To measure the relationship between multiple variables we use correlation matrix. The correlation coefficients between each variable and the others show that there is a correlation between the factors identified, which can be rated as average and strong. The maximum value is 0.9274. Consequently, there is an effect of multicollinearity (intercorrelations among the independent variables) which must be removed to obtain undistorted results of the analysis. To reduce the dimension of the matrix we can use the principal components analysis. This transformation is defined in a such way that the first principal component has the largest possible variance and each succeeding component in turn has the highest variance possible under the constraint that it is orthogonal to the preceding components (*table 2*).

In our case the first component explains 82.51 % of total variance and describes the changes of the 9 factors. The factor loadings of 3 components are represented (*table 3*). The first component explains the maximum amount of variance for each factor analyzed (more than 70 %). It means that there is strong interconnection between the first component and all other factors. The first component matches all the requirements.

Table 2

Eigenvalues of the correlation matrix

Component	Eigenvalues	% Total variance
1	8.250891	82.50891
2	0.668752	6.68752
3	0.363650	3.63650

Table 3

Main component loading faktors

Institutional faktors	Component		
	1	2	3
Property rights (*PR*)	0.9414	−0.1649	−0.1009
Judicial independence (*JI*)	0.9264	−0.2829	−0.0599
Efficiency of legal framework in settling disputes, efficiency of legal framework in challenging regulations (*ELF*)	0.9596	0.0161	0.0420
Wastefulness of government spending, favoritism in decisions of government officials (*DPF*)	0.9619	−0.0030	0.1726
Irregular payments and bribes (*IPB*)	0.9105	−0.3039	−0.0089
Public trust in politicians (*PTP*)	0.9070	0.0999	0.3399
Transparency of government policymaking (*TGP*)	0.8904	0.0619	0.2292
Efficacy of corporate boards (*ECB*)	0.9079	0.1519	−0.2606
Reliance on professional management (*RPM*)	0.9373	−0.0746	−0.2689
Ease of access to loans (*EAL*)	0.7164	0.6529	−0.0997

Principal components analysis allows to reduce the number of variables, avoid multicollinearity and to eliminate other predictors relative to the number of observations without any changes in eigenvectors of 1st components (*table 4*).

Table 4

Eigenvector of the correlation matrix

Institutional faktors	Variable number (*Z*)	Component 1
PR	1	0.327721
JI	2	0.322505
ELF	3	0.334038
DPF	4	0.334857
IPB	5	0.316986
PTP	6	0.315764
TGP	7	0.309995
ECP	8	0.316075
RPM	9	0.326322
EAL	10	0.249409

Thus, the equation of the first principal component is made up as follows:

$$C_1 = 0.328 \cdot Z_1 + 0.323 \cdot Z_2 + 0.334 \cdot Z_3 + 0.335 \cdot Z_4 + 0.317 \cdot Z_5 +$$
$$+ 0.316 \text{ x } Z_6 + 0.31 \cdot Z_7 + 0.316 \cdot Z_8 + 0.326 \cdot Z_9 + 0.249 \cdot Z_{10}, \quad (1)$$

Z_i – standardized variables X_i.

The first principal component is used as an integral index in the analysis. To apply for analyzed variables standardized variables Z_i must be replaced by the formula (2):

$$Z_i = (X_i - X_{av}) / \sigma_i, \quad (2)$$

X_{av} – average value of X_i variables;
 σ_i – standard deviation of X_i variables.

Thus, the equation made up with usual variables is made as follows:

$$IP = 0.309 \cdot X_1 + 0.231 \cdot X_2 + 0.712 \cdot X_3 + 0.701 \cdot X_4 + 0.265 \cdot X_5 +$$
$$+ 0.273 \cdot X_6 + 0.44 \cdot X_7 + 0.56 \cdot X_8 + 0.361 \cdot X_9 + 0.358 \cdot X_{10} - 16.278. \quad (3)$$

This value is an integral index (*IP*) that is aimed to assess the impact of institutional quality on development and functioning of economy. The integral index for each country is calculated by formula and presented in *table 5*. This indicator allows to eliminate the interference between factors and build an adequate regression model as the relationship between dependent variable (GDP per capita) and independent variables – factors of institutional development – for 71 countries (*figure*).
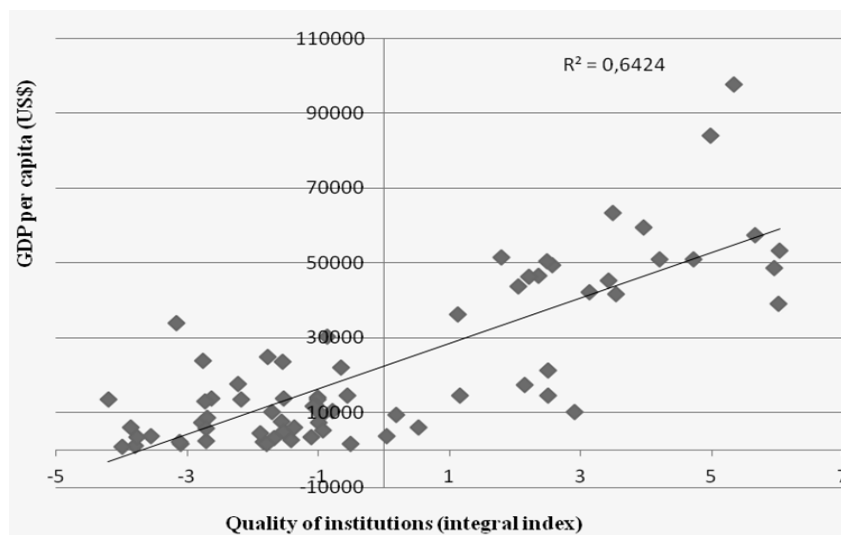
**The quality of the institutional development and GDP
per capita (USD) with the line of regression (71 countries)**

Table 5

Integral index (*IP*) and average indexes of institutional development of analyzed countries (2010–2014)*

Country	PR	JI	ELF **	DPF **	IPB	PTP	TGP	ECP	RPM	EAL	IP	GDP ***
Australia	5.49	6.01	3.97	3.59	5.85	4.21	4.76	5.63	5.84	3.62	3.48	63289.69
Austria	5.80	5.36	3.99	3.44	5.63	3.55	5.05	5.10	5.32	3.10	2.56	49504.46
Belgium	5.32	5.36	3.73	3.52	5.65	3.71	4.30	5.22	5.54	3.69	2.36	46515.12
Canada	5.86	6.24	4.14	3.63	5.98	4.47	5.31	5.56	6.00	3.70	4.2	51056.95
Denmark	5.64	6.33	3.95	3.93	6.38	4.95	4.97	5.27	5.97	3.20	3.95	59492.04
Finland	6.35	6.48	4.53	4.05	6.60	5.27	5.89	5.64	6.20	4.31	5.95	48588.54
France	5.74	4.92	3.94	3.38	5.44	3.61	4.52	5.15	4.90	3.30	2.05	43747.66
Germany	5.74	6.17	4.17	3.76	5.78	4.11	5.02	5.22	5.58	3.10	3.43	45251.80
Island	5.15	5.71	3.99	3.40	6.35	3.34	5.01	4.84	5.33	2.62	2.22	46214.97
Ireland	5.76	6.29	3.95	3.52	6.14	3.51	5.02	4.78	5.74	2.00	2.48	50501.28
Italy	4.05	3.70	2.95	2.67	3.92	1.84	3.11	3.87	3.54	1.92	–3.16	33886.84
Israel	4.87	5.96	3.68	3.21	5.55	3.15	4.24	4.59	4.90	3.14	1.12	36200.95
Netherland	5.86	6.26	4.33	4.06	6.10	5.22	5.22	5.43	6.05	3.50	4.71	51072.21
New Zealand	5.93	6.72	4.40	4.24	6.71	5.54	5.93	5.76	6.31	3.97	6.02	39047.79
Norway	5.84	6.27	4.24	4.01	6.34	5.71	5.22	5.70	6.20	4.40	5.33	97631.87
Sweden	5.92	6.22	4.38	4.23	6.27	5.59	5.54	5.71	6.19	4.32	5.67	57348.94
Switzerland	6.25	6.24	4.35	3.91	6.22	5.19	5.77	5.36	5.96	3.65	4.99	83917.55
United Kingdom	5.97	6.22	4.19	3.65	5.93	3.84	5.16	5.27	5.93	2.85	3.54	41671.34
USA	5.13	4.99	3.82	3.15	4.90	3.27	4.49	5.18	5.55	3.72	1.79	51395.87
Bulgaria	3.24	2.74	3.05	2.72	3.84	2.24	3.44	4.00	3.63	3.10	–2.77	7324.98
Croatia	3.74	3.03	2.94	2.81	3.78	2.10	3.91	3.98	3.71	2.48	–2.62	13747.70
Czech Republic	4.01	3.80	3.12	2.73	3.86	1.70	3.86	4.59	4.61	3.03	–1.53	13747.70
Estonia	5.08	5.54	3.80	3.50	5.57	3.63	5.15	4.86	5.23	3.02	2.14	17488.99
Greece	4.09	3.40	3.05	2.78	3.55	1.96	3.70	3.89	3.82	1.96	–2.76	23765.72
Hungary	3.96	3.91	2.98	2.77	4.29	1.92	3.74	4.25	3.95	2.25	–2.17	13403.99
Latvia	4.14	3.87	3.20	2.98	4.33	2.41	4.28	4.58	4.43	2.48	–1.0	13963.89
Lithuania	4.08	3.57	3.37	3.08	4.56	2.27	4.61	4.93	4.51	2.33	–0.56	14554.71
Poland	4.18	4.22	3.20	3.11	4.84	2.43	3.74	4.39	4.30	2.65	–1.01	13509.95
Portugal	4.71	4.15	3.22	3.03	5.17	2.92	4.12	4.30	4.19	2.50	–0.66	22006.37
Romania	3.66	3.11	3.09	2.69	3.95	1.95	3.31	4.13	3.68	2.71	–2.7	8727.03
Slovak Republic	3.95	2.57	2.83	2.48	3.61	1.82	4.07	4.57	4.38	3.11	–2.22	17648.05
Slovenia	4.33	3.74	3.09	2.83	4.89	2.21	4.67	3.89	4.03	2.16	–1.54	23671.03
Spain	4.49	3.72	3.47	3.08	4.80	2.48	4.04	4.32	4.56	2.10	–0.87	30400.53
Argentina	2.56	2.42	2.73	2.40	2.95	1.54	3.18	4.12	4.36	1.72	–4.2	13590.57
Brazil	4.03	3.69	3.43	2.93	3.91	1.89	3.83	4.75	4.74	2.92	–1.04	12028.50
Bolivia	2.91	2.98	3.18	3.04	2.58	2.85	3.50	3.89	3.49	3.21	–2.72	2507.66

Country	PR	JI	ELF **	DPF **	IPB	PTP	TGP	ECP	RPM	EAL	IP	GDP ***
Chile	4.65	5.33	3.90	3.62	5.72	3.88	5.26	5.05	4.95	3.66	2.51	14523.97
Columbia	3.62	3.21	3.32	2.78	3.48	2.17	4.15	4.71	4.23	2.94	−1.56	7531.25
Costa-Rica	4.21	4.94	3.70	3.21	4.44	3.11	4.42	4.82	4.65	2.27	0.19	9450.55
Dominican Republic	3.53	2.64	3.17	2.44	3.26	1.74	4.29	4.37	3.55	2.65	−2.71	5818.97
Honduras	3.52	3.26	3.38	2.75	3.48	2.23	4.08	4.68	3.80	2.68	−1.84	2262.35
Jamaica	4.01	4.45	3.35	2.77	3.83	2.15	3.88	4.51	4.45	2.03	−1.52	5083.11
Mexico	3.83	3.27	3.33	2.91	3.57	2.24	4.18	4.38	4.10	2.47	−1.71	10166.90
Nicaragua	3.13	2.20	2.98	2.76	3.37	2.29	3.69	4.10	3.49	2.68	−3.09	1693.83
Panama	4.62	2.46	3.36	2.83	3.85	2.24	4.57	4.51	3.76	4.05	−0.95	9384.82
Paraguay	2.80	1.74	3.10	2.57	2.85	1.57	3.93	4.06	3.28	3.00	−3.56	3795.83
Peru	3.38	2.54	3.20	2.92	3.92	1.89	4.11	4.85	4.54	3.46	−1.37	6007.00
Uruguay	4.61	5.36	3.71	3.49	5.52	4.36	4.87	4.47	3.95	2.70	1.16	14603.59
Albania	3.05	2.73	3.34	2.97	3.60	2.65	4.33	4.65	4.06	2.02	−1.88	4497.61
Azerbaijan	3.82	3.32	3.55	3.16	3.36	3.39	4.40	4.39	3.79	2.86	−0.99	7247.06
Armenia	3.81	2.82	3.32	2.95	3.61	2.70	4.80	4.10	3.79	2.49	−1.67	3053.05
Georgia	3.17	3.29	3.23	3.13	5.36	2.81	4.76	4.13	4.01	2.51	−1.11	3335.09
Kazakhstan	3.66	3.12	3.37	2.94	3.75	3.57	4.55	4.66	3.91	2.52	−1.08	11602.57
Kyrgyz Republic	2.57	2.12	2.95	2.66	2.58	2.02	4.01	4.12	3.41	1.96	−3.79	1155.52
Moldova	3.08	2.08	2.80	2.52	3.23	2.36	4.19	4.38	3.75	2.32	−3.12	2024.95
Russian	2.89	2.69	3.07	2.77	3.19	2.75	3.79	4.18	3.79	2.63	−2.73	13089.69
Serbia	3.03	2.50	2.54	2.58	3.70	2.10	3.77	3.73	3.24	2.30	−3.86	5983.39
Tajikistan	2.93	2.89	3.09	2.76	2.77	3.03	3.21	3.16	2.70	2.42	−4.00	937.91
Ukraine	2.63	2.17	2.83	2.71	2.78	2.10	3.62	4.22	3.41	2.23	−3.76	3537.66
Japan	5.68	5.90	3.78	3.91	6.21	3.53	4.98	5.18	5.52	3.27	3.13	42143.6
Kora, Rep.	4.38	3.70	3.20	2.9	4.47	2.17	3.40	3.99	4.75	2.15	−1.77	24967.4
Singapore	6.26	5.66	4.21	4.21	6.57	6.28	6.20	5.68	5.93	4.57	6.04	53313.7
Taiwan, China	5.56	4.53	3.634	3.54	5.16	4.06	5.58	4.97	5.23	3.77	2.50	21183
China	4.54	3.95	3.61	3.45	4.02	4.13	4.58	4.40	4.63	3.26	0.53	6121.51
India	4.1	4.52	3.63	2.95	3.47	2.47	4.34	4.44	4.51	3.37	−0.5	1516.63
Indonesia	4.0	3.70	3.57	3.41	3.35	3.27	4.14	4.67	4.64	3.92	0.03	3570.84
Malaysia	5.14	4.61	4.06	3.54	4.71	4.30	5.03	5.35	5.41	4.46	2.91	10041.2
Philippines	3.74	3.11	3.25	2.85	3.19	2.19	3.77	4.82	4.85	3.19	−1.41	2560.66
Thailand	3.61	4.03	3.51	2.92	3.78	2.20	4.02	4.56	4.38	3.54	−0.92	5269.28
Vietnam	3.37	3.52	3.42	3.00	3.19	3.55	3.86	4.17	3.76	2.49	−1.79	1707.34
Turkey	3.99	3.32	3.51	3.00	4.18	3.09	4.58	4.27	4.21	2.83	−0.79	10443.7

Global Competitiveness Index [17], *World Bank* [18]; ** Average from 2010 till 2014; *** Per capita, average 2010 – 2014 (US$).

The same institutions in different countries may be more or less signi-ficant in the analyzed interval (2010–2014). It varies depending on the group of analyzed countries. Several groups with different levels of market deve-lopment and relevant institutions as well as cultural and historical proximity have been empirically identified. In addition, there are the groups of countries according to the IMF classification *(table 6)*.

Table 6

Partial correlation between GDP per capita (average for 2010–2014) and institutional development value in different groups of countries (71 countries)

Countries	PR	JI	ELF	DPF	IPB	PTP	TGP	ECP	RPM	EAL
Total sample	0.35***	−0.14	−0.04	0.28**	0.33***	0.44***	0.39***	0.08	0.23*	−0.16
The developed countries of the EU and Western countries with developed market institutions	0.42**	−0.09	0.08	0.39*	0.1	0.46**	0.54***	0.06	0.31	0.37*
EU countries as well as Albania, Serbia and Turkey, that are experien-cing institutional transformation	0.98***	0.86***	0.1	−0.17	0.26	0.17	0.59*	084***	0.82**	0.85***
According to the IMF classification:										
Developed countries	0.36*	0.24	−0.06	0.38*	−0.06	0.43**	0.46**	0.05	0.20	0.01
Emerging market countries with relevant institutions	0.28***	−0.09	−0.14	0.24	0.41***	−0.19	−0.27	0.35**	0.37**	−0.25

Note: null hypothesis of no correlation is rejected on: * – 10 % level; ** – 5 % level; *** – 1 % level.

Statistical significance assessment of partial correlation coefficients is based on *t*-test. Estimated criterion is supposed to be compared with the critical ($t_{obs} \geq t_{crit}$) for a certain number of degrees of freedom. After that the significance of particular factors is determined. Wherein correlations do not establish a causal link and do not indicate its strength, but indicate its presence. The correlation coefficients more than 0.7 indicate that the sample group is small. And its expansion leads to a reduction of the values. Besides correlation can also occur through indirect impact of institutions on economic growth, for example through investment, government spending.

The results are consistent with other researches in this area. The most substantial institutions for developed countries in the analyzed period (2010 – 2014) are property rights; public trust in government, and transparency of government policymaking. For countries with emerging markets and institutions – property rights, judicial independence, bribes and informal irregular payments, and reliance on professional management. The level of property rights protection and public trust in government are the universal

key determinants for all groups of countries. They provide the transformation of physical, financial and intellectual capital to company assets, as well as profitability and growth in a long term.

Conclusion. The theoretical assumption on the role of institutions in ensuring the unity of functioning and evolution of economic systems has been improved due to the expansion of the concept of institutional system. It includes stable fundamental component that fix system changes in the past and relevant functional that coordinate the actual foundation of economic institutions. Inter-country regression analysis proves a significant effect of institutional quality on economic development on the example of selected countries in the analyzed period from 2010 to 2014. The level of property rights protection and public trust in government are the universal key determinants for all groups of selected countries.

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Миколенко О. Економічні інститути та їх вплив на розвиток господарської системи.

Постановка проблеми. Дослідження інституційного розвитку економічних систем і його детермінант набуває все більшої актуальності в сучасних умовах у зв'язку з поглибленням диференціації в рівні доходів, добробуті населення, обсягах накопиченого людського, фізичного та інтелектуального капіталів. При цьому вивчення економічної реальності потребує дослідження не тільки сутності економічних інститутів, але й їх ролі в забезпеченні функціонування механізму ринкової економіки.

Метою статті є дослідження ролі інститутів у забезпеченні єдності функціонування та еволюції господарських систем.

Матеріали та методи. Методологічною основою є інституційна теорія та результати досліджень вітчизняних та зарубіжнхх науковців з проблем інституційного розвитку господарських систем. Застосовано такі методи наукового пізнання: аналіз, синтез, абстракції при вивченні сутності інституційного устрою економіки, кореляційно-регресійний аналіз при обґрунтуванні значущого впливу економічних інститутів на розвиток та функціонування економічної системи.

Результати дослідження. Проведений аналіз інституційного устрою дозволив виокремити структурну і функціональну компоненти, що в своїй єдності забезпечують еволюцію і розвиток господарської системи. Функціональна компонента відображає важливий взаємозв'язок між інститутами і відтворювальним процесом в економіці. Кореляційно-регресійний аналіз дав змогу визначити значущий вплив якості інститутів на функціонування економічної системи. Для кожної групи країн, що сформовані автором за різними критеріями, виділені економічні інститути, які мають найбільше значення для їх економічного розвитку.

Висновки. Удосконалено теоретичне положення про роль інститутів у забезпеченні єдності функціонування та еволюції економічних систем за рахунок включення в зміст поняття інституційного устрою економіки розгорнутої характеристики стійкої фундаментальної компоненти, що фіксує зміни системи в минулому, і актуальної функціональної, яка координує діяльну основу економічних інститутів. Міждержавний регресійний аналіз продемонстрував значущий вплив якості інститутів на розвиток економіки на прикладі аналізованих країн за період з 2010 по 2014 рр. Рівень захисту прав власності та довіра виступають універсальними ключовими інституційними детермінантами в усіх країнах.

Ключові слова: інституційний устрій економіки, економічні інститути, якість інститутів, інституційний розвиток економіки.