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## **Business Climate Evolution in the Balkans: Correlations, Growth, and Structural Changes (2004–2020)**

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### **ABSTRACT**

This research investigates the evolution of business regulatory environments in the Balkans over seventeen years (2004-2020). The paper uses data from the World Bank's Doing Business reports. We focus on the main indicator groups: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, and Resolving Insolvency. A correlation analysis is performed within and across indicator groups for the purpose of estimating the degree of convergence among countries. Through this analysis, it is possible to identify countries showing greater similarity in terms of business environment, and how it changes in time. Moreover, it is estimated that the growth of each indicator from 2004 to 2020 provides a view of times of changes in business conditions. Last, we assess the possible structural breaks in 2016 for each indicator, with the purpose of understanding whether important regulatory changes impacted the estimated observations during that period. Our research objective is to analyze the impact of regulatory reforms, the pace of convergence of key business indicators towards the best global practices, and the divergence of improvement path across different areas of business regulations in different countries. The conclusions of this research may serve policymakers and other stakeholders interested in long-term institutional improvements in the Balkan Region.

The findings aim to shed light on regional patterns of regulatory reform, the pace of convergence toward global best practices, and the heterogeneity of progress across different areas of business regulation. Insights from this study offer valuable input for policymakers and investors interested in the long-term institutional development of the Balkan economies.

**Keywords:** Doing Business; Western Balkans; Regulatory Evolution; Correlation Analysis; Comparative Statistics