

Institutional resilience

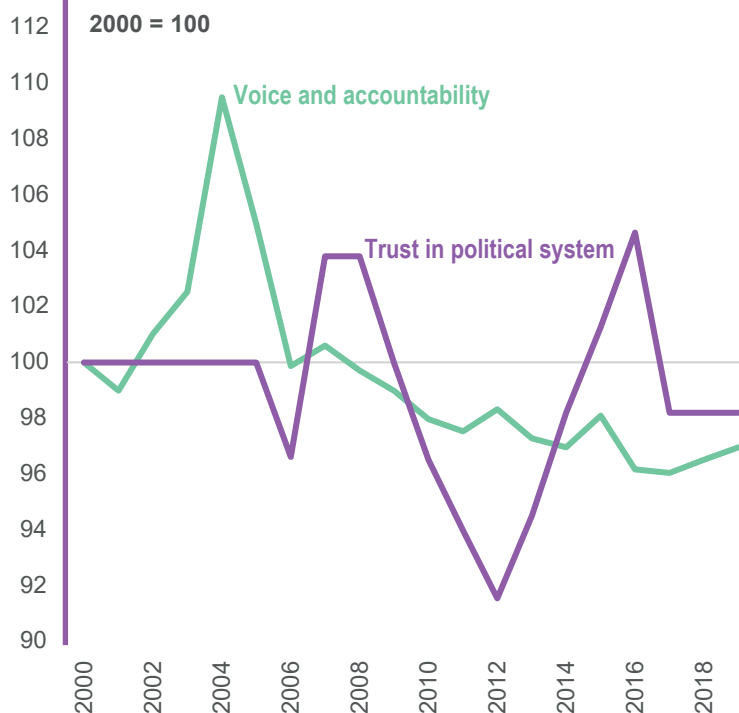
In our approach, the institutional resilience designates the ability of the system, characterized by a diversity of formal and informal institutions, to cope with change, without collapsing, by adapting to the context. As a result, the extent to which attention is paid to the major role of rules in society is what determines the degree of resilience of a country/region. Institutions put emphasis on values and rules (laws/regulations/norms) that are usually associated with democratic societies – powerful and adaptable institutions. An institution is resilient if it maintains its effectiveness over time, despite changes and shocks. Data on institutions are usually fragmented and based on perceptions, being difficult to quantify them accurately; however, this is a widely accepted approach, often used by various international organizations and expert groups. The analysis included only the indicators available over a longer period of time, which allowed comparability (ante-shock analysis vs. post-shock analysis). The reported shocks were: the EU enlargement to the East in 2004 and 2007 and the economic crisis of 2007/2008.

Conceptualisation of institutional resilience



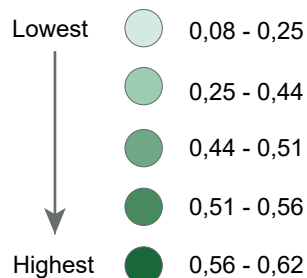
Note: resistance period shown in light green background, recovery period shown in dark green background.

Key dimensions composing institutional resilience

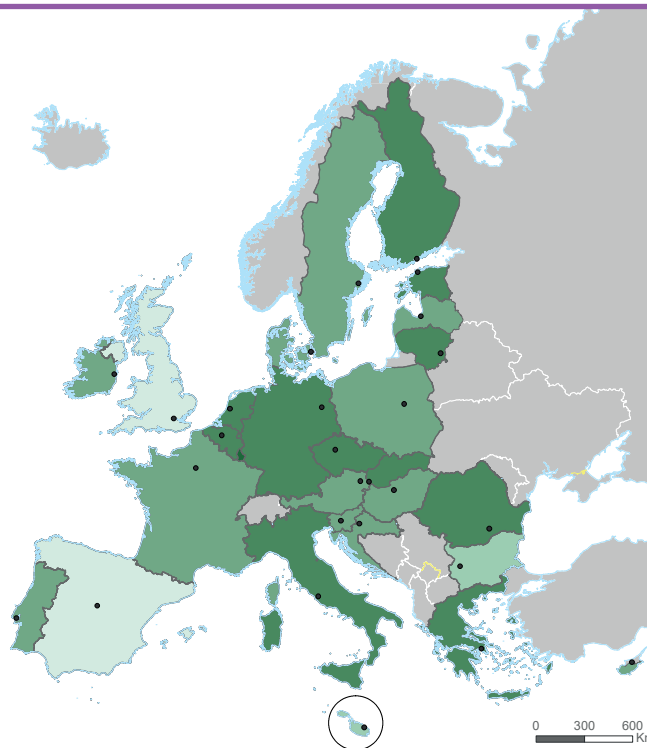


Generally, high institutional resilience is associated with an ability to absorb shocks more easily, while the opposite is correlated with low resistance to vulnerabilities. At the level of European states, the process of EU enlargement to the East (2004 and 2007) generated positive effects both in terms of voice and accountability and trust in the political system. After the onset of the economic crisis of 2007/2008, as a result of the measures taken to counteract it, the involvement of citizens in society and their trust in decision-makers have deteriorated sharply.

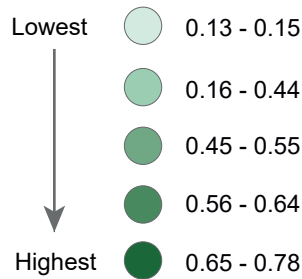
Resilience Index



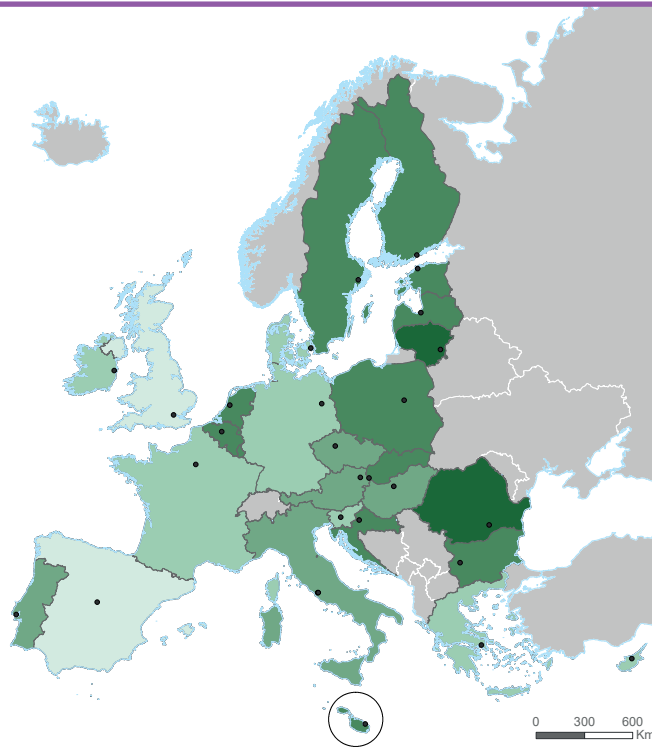
In the case of some older EU members (Germany, France, Belgium, Netherlands, Italy), the resilience is mainly dictated by the ability of institutions to respond promptly and effectively to shocks. In the case of states integrated after 2004, those who directed their resources towards reducing the acts of corruption, by implementing on a large scale public sector performance evaluation and monitoring systems, recorded the highest values (Estonia, Latvia, Romania).



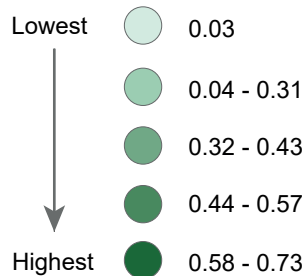
Resistance



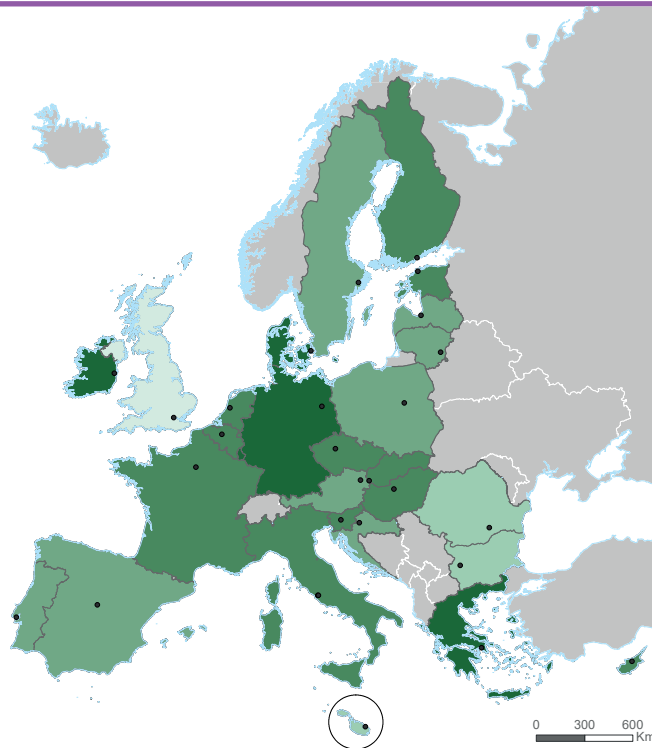
The existence of data without an obvious trend (institutions change over a longer period of time and they are usually much more stable than economic indicators) means that inter-scale variations are not significant. Institutions often do not respond immediately to shocks, lagging behind when a change is expected. Shocks must be extremely strong (profound transformations) to lead to changes at the level of institutions.



Recovery



There is greater heterogeneity in terms of resistance compared to recovery (East – West divide), especially due to: trust in the political systems, corruption, voice and accountability, respect of property rights. The East seems to be more resistant, while the West has recovered better. Recovery is usually associated with institutional adaptability to ever-changing contexts.

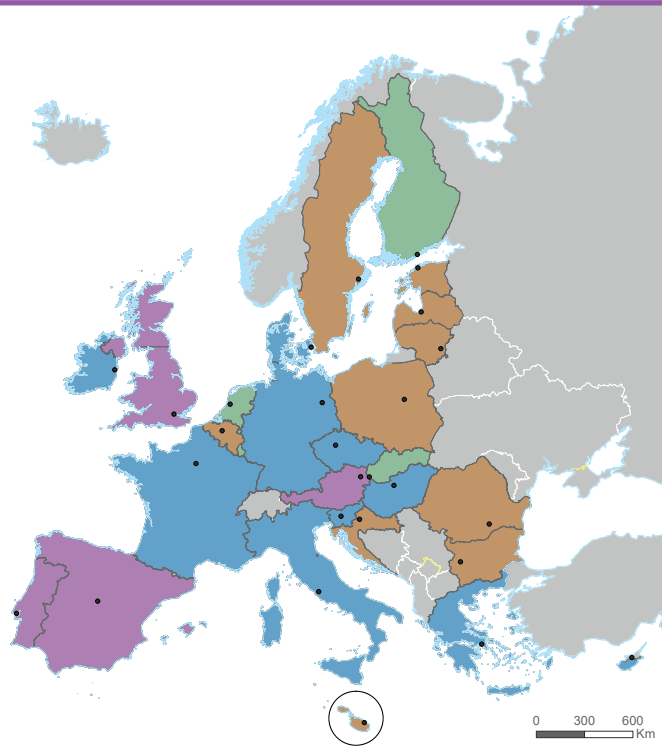


Typology of resilience

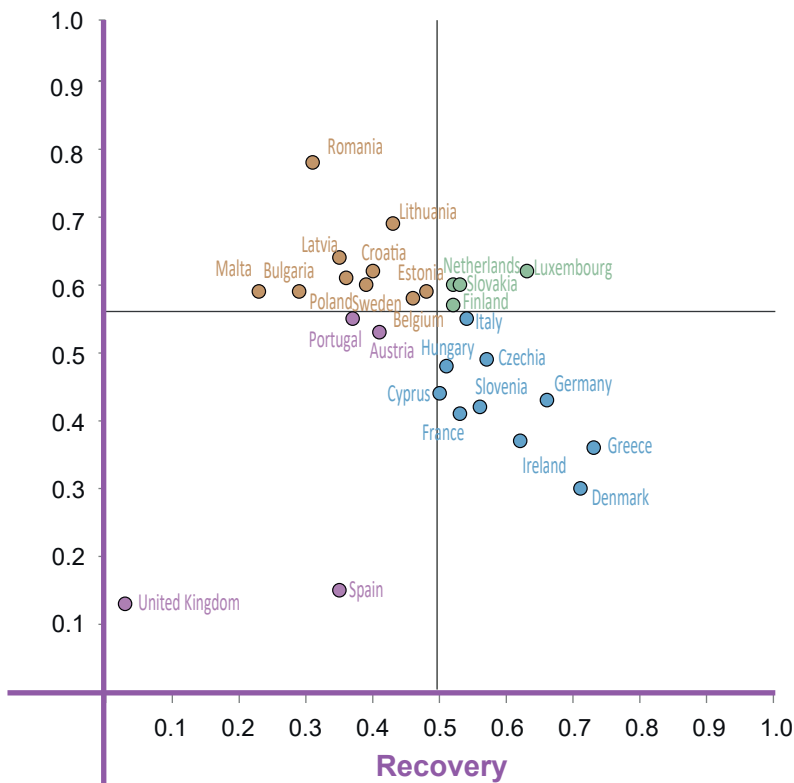
While the typology of resilience categorizes the countries in four classes, two main trends can be observed:

a) the Western European countries, which are more economically developed and with more stable administrative systems, have below average resistance, but quicker recovery;

b) the Eastern European countries, most of them former communist countries, still facing major structural problems, institutional fragility and high levels of corruption, are more resistant to the initial shock, but slower in recovery.

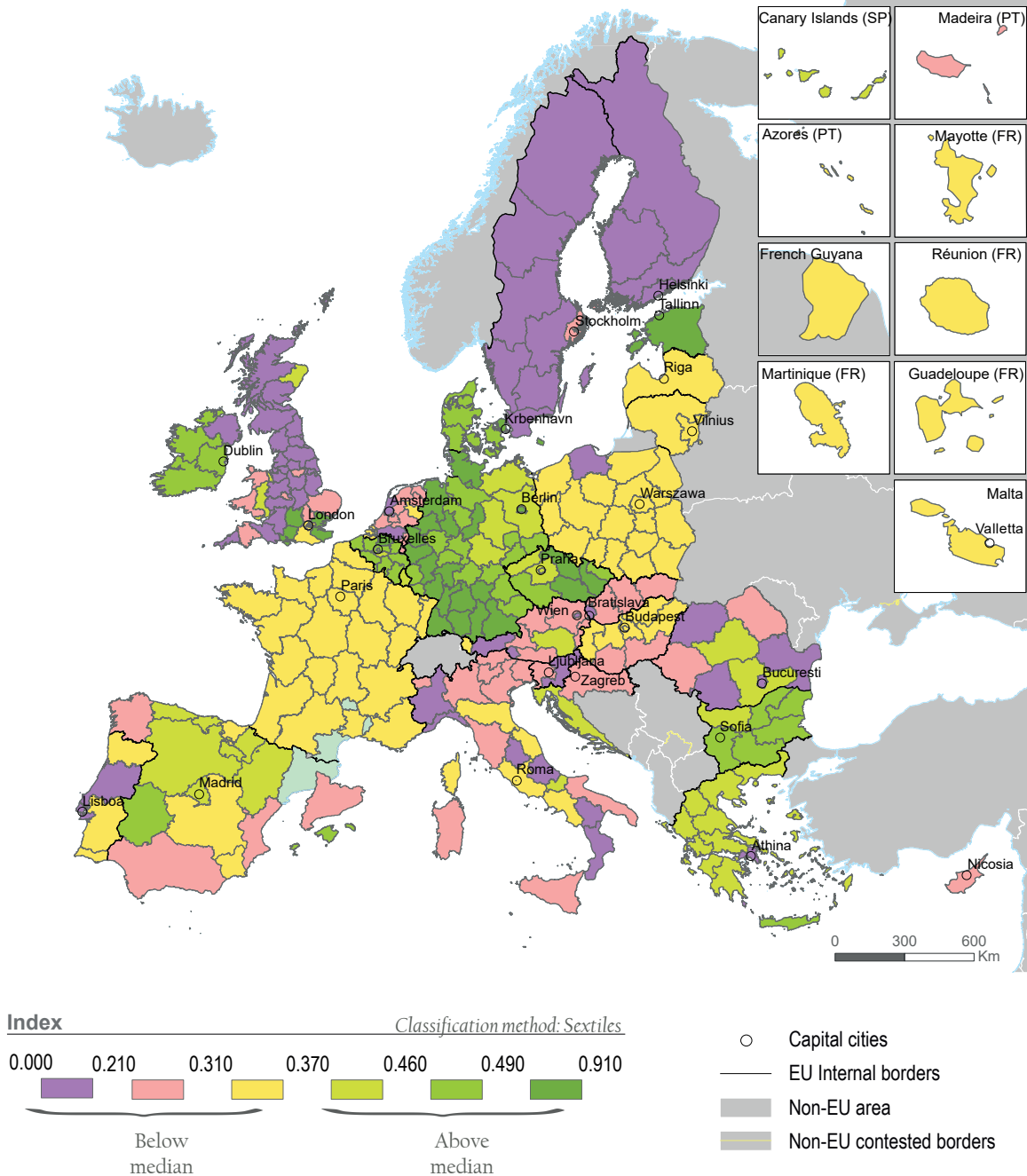


Resistance



Overall, resistance is influenced by informal institutions (corruption, trust), while recovery is rather associated with formal institutions (property rights, voice & accountability). The results highlight that the EU enlargement to the East has had a greater impact on the institutional component compared to the economic crisis. A possible explanation for this could lead to the need to adapt institutions to the requirements of the Internal Market / *acquis communautaire*.

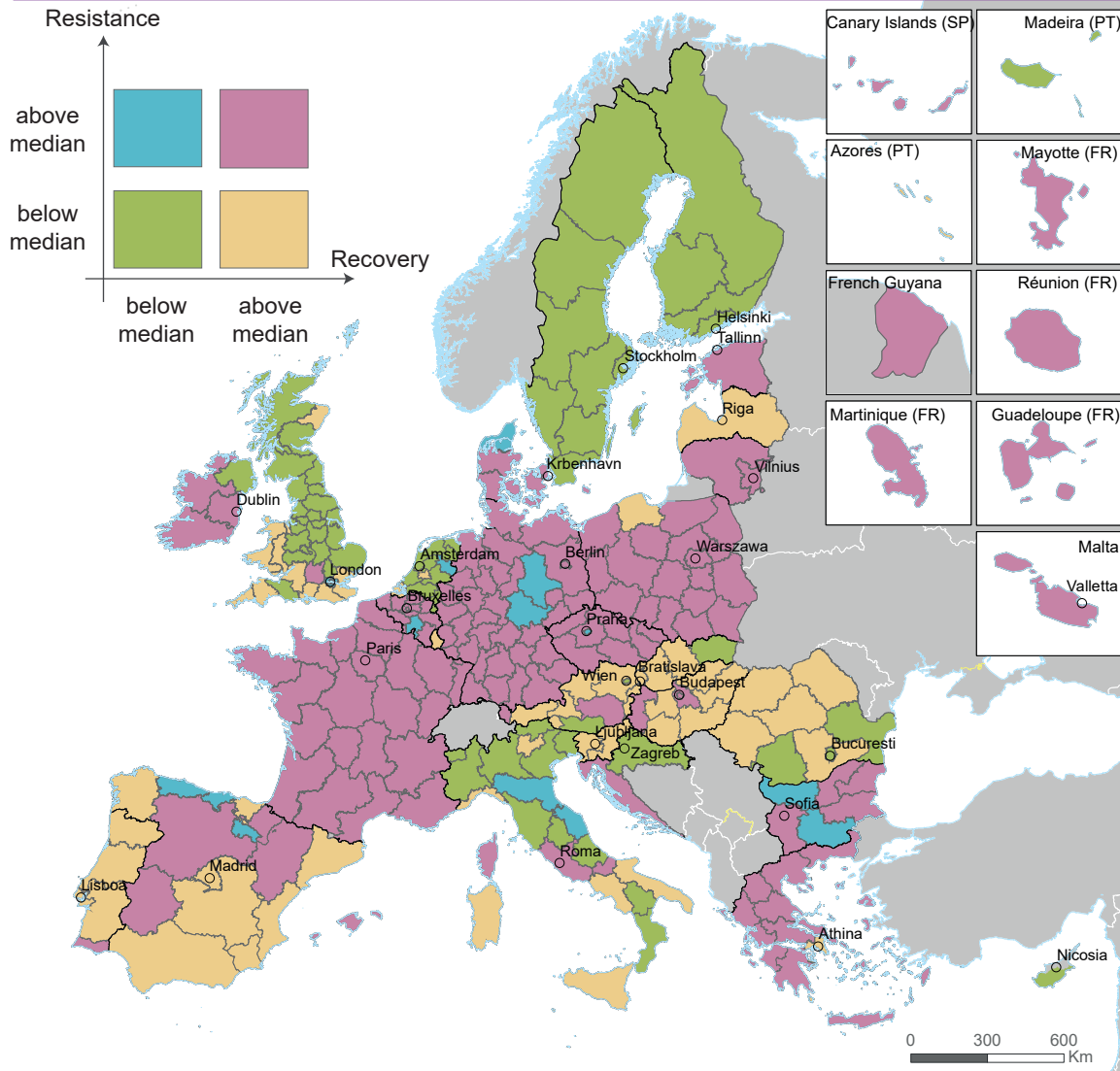
Institutional resilience



Institutional resilience at NUTS2 level

Regarding the NUTS2 level, most of the variables that define the institutions and the governance do not have a regional variance, being, thus, more appropriate as factors (drivers) of resilience. This can be explained by the fact that it is not necessary to talk, for example, about the rule of law, political stability or the integrity of the legal system at NUTS2 level.

Typology of resilience



Institutional resistance vs. recovery at NUTS2 level

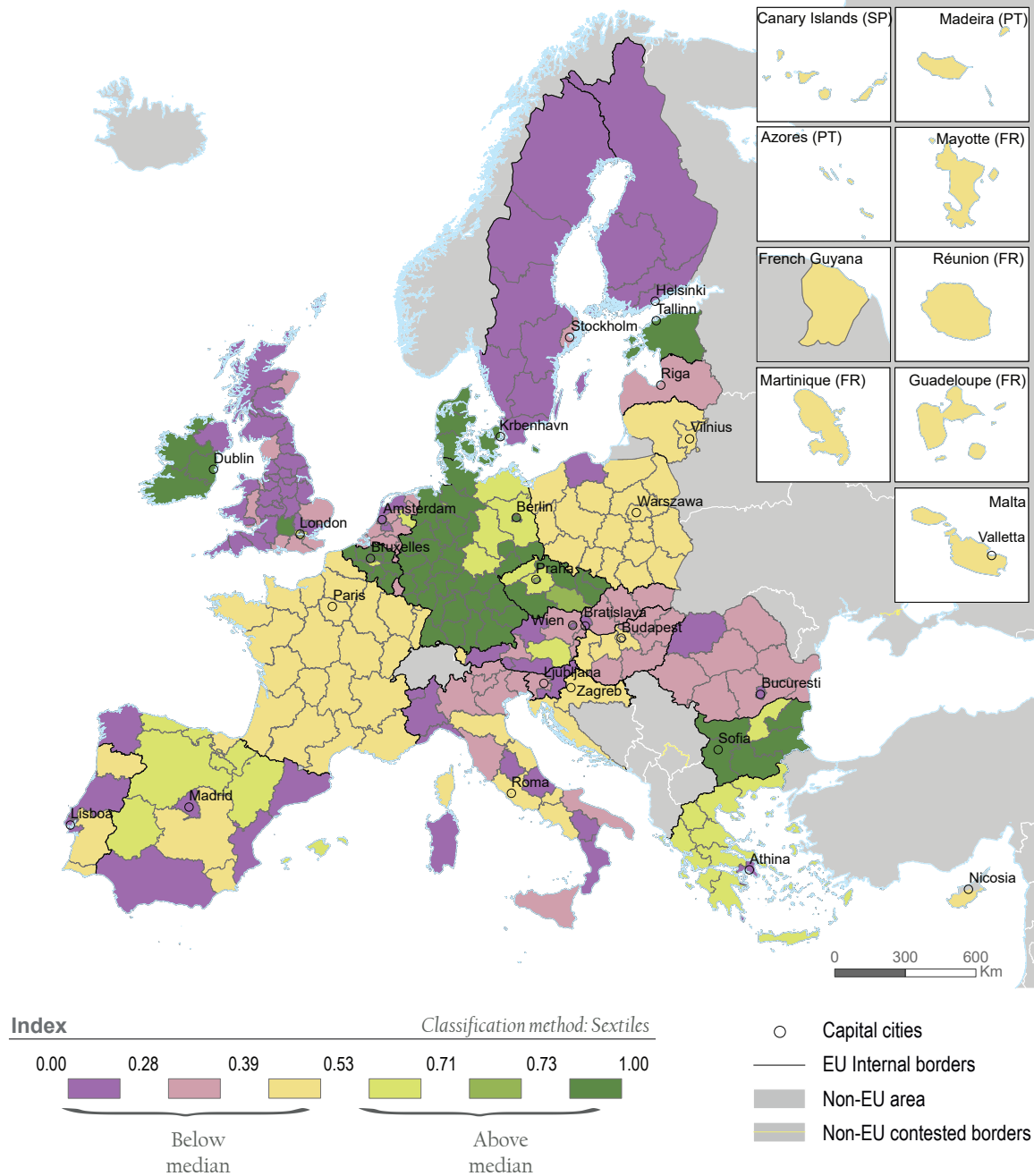
It can be noted a certain homogeneity of the northern countries.

Most governance variables do not vary from one region to the other – for example, political stability and rule of law are similar for all regions. At the same time, being giving the static nature of the indicators, change is quite difficult to identify and observe, especially when we talk about public institutions.

The scaling process and the final results can be affected, mainly due to insufficient data for some regions:

- Some databases use the values from NUTS0 level at the NUTS2 level as well;
- Short time series, no annual values (every two or three years);
- There are not really many solutions in terms of how we can replace missing values.

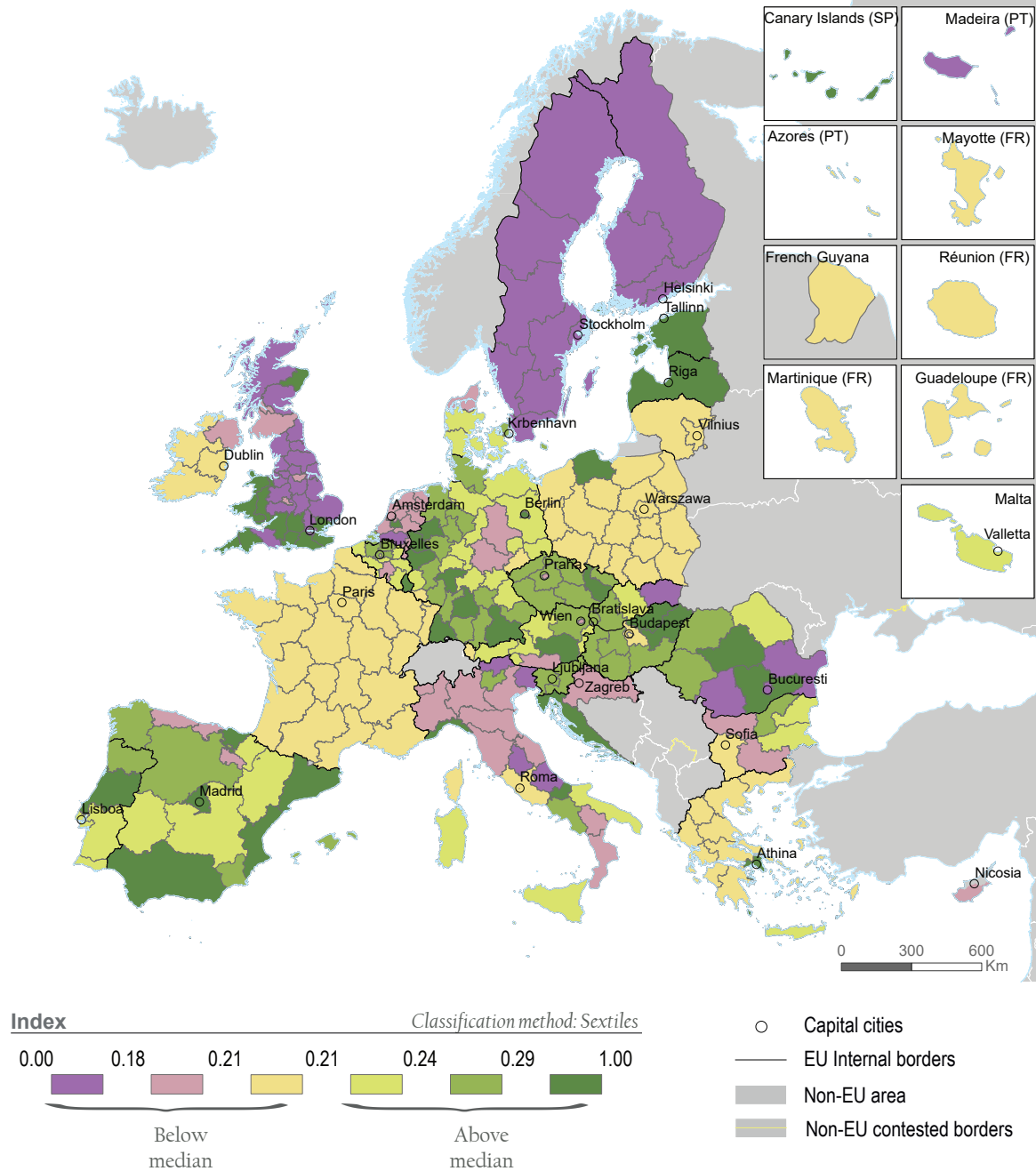
Institutional resistance



Institutional resistance at NUTS2 level

Richer regions can be more affected by shocks and this can make it difficult for them to recover (more to lose), meaning that countries and regions with high living standards can take more time to recover because of the amount of resources lost when facing the shock. This trend is quite obvious and palpable if we look at the last 10-20 years. Therefore, the more a region possesses, the more it will take for it to recover in the face of adversity.

Institutional recovery



Institutional recovery at NUTS2 level

The North-East region of Romania has a low level of living standards, thus less to lose and can recover faster. In this regard, another interesting aspect to ponder is how we can ensure a fast recovery to the better developed regions as well. It is worth mentioning the fact that sometimes recovery does not necessarily mean a well-structured government, but it can also refer to fewer resources to lose, thus a region can have a faster recovery due to this variable.