

Master thesis analyses the institutional framework in twelve transition economies (Baltic republics, Bulgaria, the Czech Republic, Hungary, Poland, Romania, and the Slovak Republic as new EU member states, plus Belarus, Russian Federation and Ukraine) on the Worldwide Governance Indicators (WGI) data from 1998 to 2008. The results show good position of new EU member states (except for Bulgaria and Romania) in four indicators, namely Voice and Accountability, Political Stability, Government Effectiveness and Regulatory Quality. In our terminology, it can be viewed as completed second stage of transition. On the other side, all countries have insufficient position in case of Rule of Law and Control of Corruption indicators, or in other words still ongoing third stage of transition.

Panel data analysis suggests similar conclusions, moreover the relevance of institutional quality on economic growth become less significant over time, which can be translated as overall quality of institutional framework become sufficiently high for properly working market economy.

However, our analysis shows the stagnation of institutional framework in all countries, where over last decade only little improvement was made and business environment in the Czech Republic, Poland, Russian Federation and Ukraine is very rigid mainly in the most problematic fields. This shows persistent relevance of strong interest groups and path dependency as by product of centrally planned economy and little experience with market economy in the beginning of transition process.