

Determinants of Innovation Activity in Southeast European Countries

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Abstract

This paper is dedicated to examining the influence of a number of factors on the global innovation index in the countries of South-Eastern Europe. The purpose of this study is to explore how various factors, specifically GDP per capita, education enrollment, population density, and COVID-19, impact innovation activities in South-Eastern European countries. This research utilizes panel data from 2013-2021 for nine countries in South-Eastern Europe. A linear regression model was employed, estimated using the least squares method, and analyzed with E-views and Stata statistical software. The independent variables studied include GDP per capita, education enrollment, population density, and the COVID-19 pandemic. Data for these variables are annual and national level. Specifically, education enrollment is defined as the percentage of the population enrolled in undergraduate studies or equivalent, according to the International Standard Classification of Education (2011), sourced from the European Commission's database. Population data and GDP per capita are obtained from the International Monetary Fund's World Economic Outlook database.

The findings reveal that among the examined variables, COVID-19 is the only one that shows a statistically significant impact on innovation, even when correcting for standard errors due to autocorrelation in the model. This paper offers unique insights into the dynamics of innovation in South-Eastern Europe, highlighting the significant influence of the COVID-19 pandemic. The results are valuable for policy makers focusing on economic growth and development through innovation.

Keywords: Innovation, Southeast Europe, Linear Regression Model, E-Views, Stata

JEL codes: C33, O31, O52

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