

## Socio-economic cohesion and the future of the region of south-east Europe

### Abstract

*Among the most successful regional integrations, such as the European Union (EU), the level of socio-economic cohesion among the member states plays a central role in spurring both economic and political stability. However, this is not the case in the south-east European region which seems to have tactically ignored and neglected the imperative role played by socio-economic cohesion. Despite there being a number of problems, little has been done in terms of research in the region to provide empirical evidence that will enable decision-makers in various sectors to make informed decisions that address these issues in pursuit of their mitigation. This research serves the purpose of identifying the various social problems that affect the development of the south-east European region and proposing solutions. The article is intended to be a reliable source of information for decision-makers in politics, economics and sociology for the purpose of developing more consistent strategies to enhance the region's economic and political stability.*

**Keywords:** *regional integration, social and economic cohesion, inequality, research, poverty, corruption, governance, economic development, competitiveness, active labour market policies, education*

### Introduction

Regional integration is a highly crucial strategy for the enhancement of social, economic and political development among the nations involved. Quite a number of nations have, over time, been able to come together and make agreements regarding their interests in merging their social and economic policies in a bid to foster regional development and create a platform for political development. Indeed, there has been significant improvement and development among those nations that have managed successfully to implement regional development policies and strategies. Among the successful regional integrations that have registered positive such developments is the European Union (EU), which has been able to spur a level of both social and economic richness as well as political development among its member states.

South-eastern Europe is a defined geographical and political region, encompassing a clutch of fourteen sovereign states found on the Balkans peninsula (Bideleux, 1998: 39). However, such level of policy integration is not the case for south-eastern Europe. Over the past decades, the region has been in the midst of persistent structural reforms, primarily and invariably triggered by economic change, including economic transition, among the varied nations that make up the region (Bideleux, 1998: 53). In addition, there have been changes in social situations and settings, post-conflict reconstruction,

state-building, reforms in the administrative setting and preparations for accession to the European Union (Ott, 2006: 45).

This study seeks to provide reliable data, in accordance with the socio-economic challenges and solutions facing south-eastern Europe, as a means of fostering fresh regional development and a prosperous future among the several countries of the region.

**Research hypothesis:** *The socio-economic problems in south-east Europe are affecting the general development of the region. The proposed solutions for these problems may contribute to the region's political, economic and social stability.*

## Background

The large number of research studies conducted by scholars and research specialists in the EU has been a prolific contributor to effective decision-making since the research findings of such studies are relied upon to make decisions. This is mainly because such research covers, intensively and extensively, a wide array of both social and economic, as well as political, issues among the member states. Unlike in other regions, the several turbulences in south-east Europe arise from volatility in both the political and the economic spheres, which gives rise to ethnic aggression, specific unfairness and conspicuous social inequalities among the countries of the region (World Bank, 2000: 18).

However, despite these startling social and economic issues, zero effort has been put forward as far as studies in social and economic inclusion and cohesion are concerned. This is in contrast to other regions that, through consistent studies, have been able to detect and control the impediments to regional development. There is a need for further intensive studies on the various social issues that ought to be prioritised in south-east Europe as they significantly affect the region, as opposed to relying on secondary studies to make non-progressive decisions.

Therefore, this article seeks to explore the social challenges in south-east Europe and the improvements that ought to be carried out in a bid to enhance the region's socio-economic cohesion. Consequently, it outlines the possible advantages that may accrue from such essential studies and the contribution these may make to the region's advance in the economic and political arena and in the bridging of its inequalities. This article is intended to act as a relevant and reliable tool for experts and decision-makers in politics, economics and sociology for effective decision-making processes that cover all the needs and requirements of south-east Europe's development strategy. In addition, the research serves as a crucial resource and point of reference, helping to resolve the problems of the lack of studies into social issues in south-east Europe and with the aim of alleviating its economic, political, social and ethnic concerns.

## Statement of problems and objectives

South-east Europe faces many problems that are embedded in the political, social and economic environment, as well as ethnic issues, all of which, to a large extent, contribute to the outright failure of the region to realise its potential. Essentially, these challenges are the same issues affecting the region year-in, year-out, with these continually regenerating and presenting themselves in other forms. Coupled with the lack

of research studies seeking to determine the nature of these issues and the most viable approaches to tackling them, south-east Europe is confronted with a hard wall of social concerns. These lead to an outright failure to provide the regional cohesion required for significant development to take place, and are also paving the way for its eventual disintegration.

Therefore, this article aims at providing an insightful study into social and economic issues with a view towards developing reliable solutions and possible courses of action which encompass:

- poverty alleviation
- bridging the inequality gap
- educational attainment
- illegal payments to public officials and the fight against corruption
- extensive reforms in the social sector
- integration of the social and economic sectors.

The article seeks to address the challenges faced by the south-east European region in view of the socio-economic cohesion strategies which are necessary to enhance regional development and the possibility of the realisation of particular goals and objectives. In this way, the article plays a vital role in providing relevant findings which aim to enhance the policy development process and improve co-ordination as a means of spurring both economic and social prosperity as well as political development for a better future.

However, it is prudent to provide a proper consideration of such courses of action: appropriate policy formulation can help to reduce the challenges involved in the fight to attain both social and economic, as well as political, stability in the south-east Europe region.

The research on which this article is based therefore aims to identify the key social problems affecting the general development of south-east Europe and to propose solutions to contribute to the stability of the region in all areas, including on political, economic and social issues.

This objective is realised by determining the effects of the various social problems affecting south-east Europe; evaluating the relationship between these social problems and the economic instability in the region; and then evaluating the relationship between social issues and the political problems of south-east Europe. The research seeks to develop better strategies to help deal properly with the social issues of the region and to make recommendations on the best methods to address social problems so as to improve the political, social and economic situation right across the region.

## Literature review

Essentially, socio-economic cohesion within any region encourages a conspicuous level of development among the countries that constitute it, because it provides a platform for various socio-economic activities that promote the region's growth and performance. It encourages the countries involved to engage in such productive activities as trade and free movement of the factors of production which, consequently, augment the level of output as far as specialisation and increased efficiency in production are

concerned. Furthermore, regional socio-economic cohesion acts as a backbone for overall political, social, cultural and economic prosperity in those countries (World Bank, 2000: 13). Therefore, this means that, for a region to develop and to be able to attain its set goals and objectives, there is a need to resolve ethnic differences between countries so as to facilitate the achievement of the goals and objectives which the region is determined to accomplish. To do this successfully, countries must be kept on their toes in search not only of resolutions to economic and political issues but also to social ones. This will enable them to harmonise their cultural differences and develop a reliable approach to a common culture that helps establish a resolution to any form of social issue that may arise (Faludi, 2010: 27).

There has been little effort as regards original research concerning the unravelling of the social issues which affect the progress of south-east Europe, although some studies have laid bare a few of the appropriate indicators (Alemany, 2013: 9). For instance, Vojmir Franičević explains that inequality and poverty have been increasing alarmingly in south-east Europe due to the lack of a reliable framework to implement strategies that promote strong regional integration (Franičević, 2004: 223). Franičević further elucidates that south-east Europe is actually made up of a combination of weak states which have consistently registered high levels of corruption as well as severe fiscal deficits that deter the region from progressing. According to him, socio-economic cohesion can be achieved, at the price of lowering the levels of corruption among the governments concerned, and generating regional growth in the various sectors, provided they recognise the goals and objectives of the region as a whole (Franičević, 2004: 227).

Furthermore, there is a need for the implementation and co-ordination of policies and regulations that seek to strengthen the bond between the different countries and redress the rather necessary fiscal balance from which the economic, social and political development of the region may be spurred. Indeed, poverty is a key impediment to the achievement of robust regional integration and the cultivation of the significant potential for both social and economic prosperity because it encourages inequality. Therefore, socio-economic cohesion in south-east Europe will not be achieved in the absence of a reduction of poverty levels among the member states and a bridging of the inequality gap as measured by various social situations (Franičević, 2004: 230).

In a wider context and at a more distant perspective, a higher degree of economic freedom enhances success in fighting corruption as a critical measure of institutional performance. This is not a fixed solution to the far more complex problem of corruption, but it does contribute, and quite simply, to the understanding of an important relationship that, if addressed properly and effectively by relevant decision-making processes, would evidently enhance the realisation of the desired outcomes (Qerimi and Sergi, 2012).

Predrag Bejaković also depicts the region of south-east Europe as a collection of weak governments where equity and efficiency in social policy, including social welfare, employment and education, are the key issues that countries have failed to address in their quest to resolve their problems. Bejaković continues that the weak governments of the region lack the required proficiency in the development of reliable social policies that address the various social challenges which hinder the region's development. Fur-

thermore, he explains that there is limited capacity and willingness among the countries of the region to develop the constitutional and legal measures that perfectly go with their own social, cultural, political and economic circumstances, and their settings and potential. Bejaković believes that each government should strive to create a steady legal culture and develop a social infrastructure, in collaboration with the citizens of each nation, in a bid to provide a foundation for the rule of law. This, in his view, would protect most social groups in adverse situations, especially the underprivileged and the socially-excluded, from suffering from a deficit of clear acts of parliament and the reluctance of society to respect even those laws that do exist to protect the common interest (Bejaković, 2012: 180).

In other words, Bejaković advocates reform and the development of a reliable legal framework in a bid to enhance equity and develop a strong policy that seeks to encourage socio-economic cohesion. In turn, this will create fair conditions for vigorous economic and social activities as regards regional development in the long-run (Bejaković, 2012: 182).

A report put together for the Council of Europe Development Bank (Smet *et al*, 2005) claims that, in the past few years, despite the region's persistent struggle with development issues, all its members have been able to attain and manage significant levels of progress in economic reforms. However, this is not the case in the social sector, since social reforms have been ignored. The report further explains that key social issues, such as ever-rising instances of unemployment, soaring rates of poverty and corruption should be addressed with renewed vigour and vitality in a bid to achieve the region's full economic development.

As far as the report is concerned, there is also a need better to integrate the reforms which have made in the social sphere with policies on economic development within the overall perspective of establishing a regional approach to the promotion of social and economic cohesion (Smet *et al*, 2005: 10). More economic activities should be encouraged in the region in a bid to create as many opportunities as possible and to deal with the high levels of unemployment. This, according to the report, will also help alleviate poverty since more entrepreneurial skills will be utilised to increase revenues and raise the living standards of the citizens of each south-east European country. In addition, the report shows that the governments of each of the countries that make up the region need to develop policies on corruption as regards public officials which will contribute towards the reduction of the overall levels of corruption and help focus attention on resolving inequality and poverty (Smet *et al*, 2005: 16).

The phenomenon of rising unemployment and jobless growth has often been mentioned in the European context, particularly for central and eastern Europe, but the negative champion in this field is, without doubt, south-east Europe. Active labour market policies are required such as, for example, vocational training and educational programmes for workers. Given that policy reforms are essential to restoring competitiveness and boosting job creation and making it more inclusive, this will necessarily impose a burden which will have wide-ranging social consequences. Extensive consultations between the social partners are, therefore, crucial to maintain social cohesion while restoring overall competitiveness and engineering a successful and lasting economic recovery (Gradev *et al*, 2013).

## Theoretical framework

It is possible that the policy quandaries of the south-east European region may be resolved through various approaches and the deployment of more practicable theories. For instance, the region harbours widespread cases of corruption revolving around senior public officials (Ott *et al*, 2006: 23). Consequently, discrimination and criminal activities are what define social and economic behaviour in the region. There is a fundamental need to understand these issues, which makes a reliable tool out of rational choice theory. This theory helps us not only in understanding but also in modelling social and economic behaviour (Bartlett and Monastiriotis, 2010: 75), while it will also assist the relevant authorities develop the most efficient policies and strategies to carry out the necessary social reforms and achieve the set goals and objectives.

In addition, there is a need to understand the principles of inclusion and exclusion, especially among minorities. Consequently, cognitive dissonance theory may be used to explain these social issues which are of great magnitude as far as the conflicting social norms of the south-east European region is concerned. A theory has been put forward by Leone Festinger that, despite there being many attitudes and beliefs, one cannot be at peace unless one abjures the rest, relying on one such as a means of making reliable choices and regaining a level of policy comfort (Oxoby, 2009: 13).

The risk of rising income inequality can lead to social, economic and efficiency damage, while missing the positive external effects of greater equality for society (Gradev *et al*, 2013). In trying to understand and resolve the problem of poverty in south-east Europe, it would be wise to rely on cognitive dissonance theory to help individuals under the tyranny of typical social norms to renounce those that cause dissonance.

Meanwhile, the labour market situation is alarming in most of the countries. This represents the biggest social challenge for the region, as well as for those whose purpose is the interpretation of economic and social trends. A critical review of the many social problems affecting the region reveals that these are the very reason why economic development has been a slow process, despite there being sufficient resources to spur development.

## Methodology

The target population identifies certain issues regarding the variables of the study. A descriptive research design was used to explore the relationships which exist between independent variables and the dependent variable, while this also underpinned quantitative data from a cross-section of the chosen population, drawn from each country that makes up the region of south-east Europe.

### *Study population*

The study population was drawn from each country in the region, with each country represented by a sample population of 1 000 respondents, of which 700 were ordinary citizens, 100 were economic experts, 100 were social experts and the remaining 100 were political experts. The study population accommodated a large number of ordinary citizens because it was assumed that they have first-hand information regarding their

social situations. The experts drawn from the other fields provided special and technical assistance as far as enhancing the reliability and validity of data collection was concerned.

**Table 1 – Sample design**

Population categories	Population size	No. of countries	Total
Common citizen	700	14	9 800
Economic experts	100	14	1 400
Social experts	100	14	1 400
Political experts	100	14	1 400
<b>TOTAL</b>	<b>1 000</b>	<b>14</b>	<b>14 000</b>

#### *Sampling strategy*

The study population was sampled through a random sampling strategy, which gave each item in the population size equitable prospects of being selected for the study. This is important because the method is neutral and eliminates the possibility of collecting compromised data, which would have rendered the study unreliable as regards its potential support for decision-making over the various social, economic and political issues affecting the region. The sample size was considered to be representative of each country, as well as being cheap but cost effective. Additionally, this sampling method made the study run faster, considering how limited was the time in which to conduct the data analysis.

#### *Data collection*

Data collection involved a survey instrument with the aim of collecting primary information from a pre-determined sample group from the region. This was done through postal questionnaires and both telephone and personal interviews. The questionnaires were tailored in a manner such that the collection of both quantitative and qualitative data could be achieved. The responses from each respondent were treated with confidentiality and proper ethical consideration was respected.

The postal questionnaire was sent to 14 000 chosen respondents within the region and, out of the 13 550 people who received the questionnaire, 11 350 people responded. Among them, 7 500 were ordinary citizens; 1 350 were economic experts; 1 300 were social experts; and 1 200 were political experts. Telephone and personal interviews were conducted among the economic, social and political experts to seek clarification to enhance the credibility and the reliability of the data. The questions sought to establish the prevailing levels of education, poverty, corruption and inequality in south-east Europe.

#### *Data processing*

Data processing entailed the tabulation of the data collected by use of complex tabulations, giving summary information on inter-related data characteristics for ef-

fective data analysis. This enhanced the reliability and validity of the study materials, both for qualitative and for quantitative data analysis.

Table 2 below shows the results obtained from the study.

**Table 2 – Data summary**

Popula- tion division	Poverty			Corruption			Literacy level			Income inequality		
	High	Me- dium	Low	High	Me- dium	Low	High	Me- dium	Low	High	Me- dium	Low
Ordinary citizens	5 020	2 005	475	5 000	1 750	750	3 750	3 150	575	5 015	2 000	485
Economic experts	900	300	150	1 200	100	50	850	350	100	1 250	50	50
Social experts	1 000	200	100	1 050	150	100	1 000	100	200	900	300	100
Political experts	900	205	45	1 000	150	50	985	105	110	705	400	95
<b>TOTAL</b>	<b>7 820</b>	<b>2 710</b>	<b>770</b>	<b>8 250</b>	<b>2 150</b>	<b>950</b>	<b>6 585</b>	<b>3 705</b>	<b>985</b>	<b>7 870</b>	<b>2 750</b>	<b>730</b>

### Data analysis

Analysis of the data was carried out by computer-based quantitative data analysis techniques, using the SPSS package. The results reveal that there is indeed a correlation between social and economic variables, leading to a lack of socio-economic cohesion in the region.

The results show that 69.34% of the population believed that poverty was at its peak, while 23.88% thought poverty was evenly distributed with only 6.78% certain that poverty was low.

At the same time, 72.69% believed there was high levels of corruption, while 18.94% thought, in contrast, that corruption was not that strong and only 8.37% that corruption was low in the region.

In addition, 58.02% thought that the level of literacy was high, while 33.08% believed that the number of illiterate citizens in south-east Europe equalled that of literate ones, and only 8.9% believed there was a low level of literacy in the region.

Finally, 69.34% thought that there was a high level of income inequality in south-east Europe, while 24.23% believed there was an equal share in income and 6.43% that there was a low level of income inequality.

The trend is clear, even as regards corruption and the level of literacy, as well as regards the level of inequality, which shows that there is a perfect relationship between these variables. That is, the higher the level of corruption, the higher the level of income inequality, which translates to a higher level of poverty and, hence, augmented illiteracy levels. These results show that, if the south-east European region is to achieve its future development strategies, there is a need to address the inequalities in education, cor-



ruption, poverty and income. This will ensure a level of socio-economic cohesion which will act as a spur to the region's future development plan.

## Conclusion

The region of south-eastern Europe is falling short of an optimal level of socio-economic cohesion, which has adversely affected its economic, social and political development. Certain factors that are usually neglected continue to retard the region's development strategies, unlike other neighbouring regions. Specifically, the region is falling short of the level of socio-economic cohesion necessary to catapult its economic, social and even political progress in the future to locate it where it desires to be.

The region must, instead, vigorously pursue economic and democratic governance reforms, strengthen its institutional setting, fight corruption, enhance its competitiveness and deepen the level of regional socio-economic cohesion. A functioning single economic space, along with a sustained effort towards EU integration and a striving for the reform of the financial sector, is a path along which the weakened economies may be revived and stable parameters set for their strategic social and economic betterment in the longer-term. This will entail a number of regional reforms and adjustments in various sectors to position south-east Europe in a more promising place as regards further improvements, as well as encourage an augmented level of performance in terms of its full economic achievements and political stability.

In this direction, this article has addressed the relevant issues at which south-east Europe needs to look critically in the bid to develop better and more reliable strategies for workable socio-economic cohesion. The article has articulated the issues which are of greater concern in the region, such as poverty, inequality, education and corruption as the primary socio-economic factors affecting its economic and political stability. Consequently, the article identifies the need for more advanced strategies better to tackle these problems and enhance the region's future progress. Such strategies might include the development of a more integrated approach as a means of mitigating socio-economic problems, in which the countries make rules and regulations that seek to control the various activities that constitute these problems.

In addition, through the findings from several previous research studies, the paper advocates that the region develops and upholds policies tackling the level of corruption directed at public officials as well as instituting policies of education that address the issue of cross-border poverty.

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