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THE ROLE OF SOFT FACTORS ON ECONOMIC GROWTH

Abstract:

Former growth theories did not give a satisfactory answer to stimuli of economic growth and possibilities of sustainable growth. An important contribution to the economic growth theories was given by research in institutional economics. Today formal and informal institutions such as rule of law, habits, religion or corruption, are considered by many authors very significant for economic growth.

This paper is based on findings of The Heritage Foundation and on Economic freedom index, which identifies four groups of institutional factors Rule of law (Property rights, Freedom from corruption), Limited government (Government spending, Fiscal freedom), Regulatory efficiency (Business freedom, Labor freedom, Monetary freedom), Open markets(Ttrade freedom, Financial freedom, Investment freedom). This study is focused on the relationship between religion and economic growth. The impact of different religions is measured by regression and correlation analysis within each of the four groups.

Keywords:

economic growth, institutions, formal and informal factors of economic growth

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