

## CHANGES IN THE LEVEL OF SOCIO-ECONOMIC DEVELOPMENT IN WESTERN BALKAN EU ACCESSIONIST COUNTRIES IN 2010-2018

ZMIANY POZIOMU ROZWOJU SPOŁECZNO-EKONOMICZNEGO W KRAJACH  
ZACHODNIOBAŁKAŃSKICH KANDYDUJĄCYCH DO UE W LATACH 2010-2018

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**Abstract:** The paper presents the results of research on changes in the level of socioeconomic development in Western Balkan countries, including Albania, Montenegro, North Macedonia and Serbia, for the period 2010-2018. The level of development was determined by the method TOPSIS, based on two social and six economic criteria using data from national statistical offices. The results indicate that four countries present long-term positive growth over the course of the decade. Throughout the entire analyzed period, Montenegro characterized with the highest and Albania the lowest development in the region. These countries characterized with the most and the least favorable levels of the analyzed categories, inter alia, the level of employment in agriculture, population growth, infant mortality rate, or the average wage. The levels of development of North Macedonia and Serbia were average for the region. However, the stable and rather favorable trends of the main social and economic criteria in the region allow us to expect that its development potential will continue in the future.

**Keywords:** Western Balkans, regional development, TOPSIS method

**Streszczenie:** W pracy przedstawiono wyniki badań dotyczących zmian poziomu socjoekonomicznego rozwoju w krajach Bałkanów Zachodnich, w tym w Albanii, Czarnogórze, Macedonii Północnej i Serbii, w 5v latach 2010-2018. Poziom rozwoju określono metodą – TOPSIS w oparciu o dwa kryteria społeczne i sześć kryteriów ekonomicznych z wykorzystaniem danych z krajowych urzędów statystycznych. Wyniki wskazują, że cztery kraje odnotowują długoterminowy dodatni wzrost w ciągu dekady. W całym analizowanym okresie najsilniejszym rozwojem w regionie charakteryzowała się Czarnogóra, a najniższym Albania. Kraje te charakteryzowały się najbardziej i najmniej korzystnymi poziomami analizowanych kategorii, m.in. poziomem zatrudnienia w rolnictwie, przyrostem naturalnym, wskaźnikiem umieralności niemowląt czy przeciętnego wynagrodzenia. Poziomy rozwoju Macedonii Północnej i Serbii były średnie w regionie. Jednak stabilne i dość korzystne trendy głównych kryteriów społeczno-ekonomicznych regionu pozwalają oczekiwać, że jego potencjał rozwojowy będzie kontynuowany w przyszłości.

**Słowa kluczowe:** Bałkany Zachodnie, rozwój regionalny, metoda TOPSIS

### Introduction

The globalization of an economy is an objective trend covering all countries and areas of social and economic life. It promotes international economic cooperation while stimulating competitive pressure and interdependence between the economies of individual countries. To withstand international competition, countries are forced to achieve sustainable development. A country's development covers two areas: economic growth and social life. From an economic point of view, this development

aims at business opportunities and the better performance of enterprises; and from a social point of view at better satisfaction of social needs and a raising of standards of living. The effects of the country's development are, among others, an increase in the income of the population and turnover of operating enterprises, as well as the budget revenues of local and central authorities.

International cooperation encompasses countries with a different state of their economy, with diversified cultural, educational and social

capacities. Multilateral relations among such countries promote co-operation and provide opportunities for the enhancement of economic performance, extensive cultural and educational progress, protection of the environment and the management of natural disasters and epidemics. In these contexts, the assessment of a level of the socioeconomic development of a country is of special importance.

### **The aim, materials and research methods**

The aim of the study is to assess the level of socioeconomic development of four Western Balkan (WB) countries (Albania, Montenegro, North Macedonia and Serbia) in 2010-2018 and identify the most important reasons for these changes. The choice of the geographic area of the research resulted from the fact that all four countries have the status of a candidate for EU membership. The level of the country's economic and social development is an important factor taken into account in the EU accession process. The results of the assessment could be used by academics as well as international socioeconomic analysts.

The time range of the research resulted from the availability of statistical data obtained from EUROSTAT and national statistical offices: INSTAT (Albania), MAKSTAT (North Macedonia), MONSTAT (Montenegro), and OP3C (Serbia). The TOPSIS method was applied for the assessment of countries' development. This method is recognized as a precise tool in the assessment of the degree of economic or social development. It belongs to the group of the multi-criteria decision making methods (MCDA) and is particularly beneficial in the case of a limited set of data (Roszkowska, Brzostowski, 2014).

### **Literature review**

The development of a region or a country mentioned in the economic literature refers to the set of all socioeconomic changes that are taking place there. Frequently these changes are the results of the application of development programs, as well as the long-term impact of endogenous and exogenous factors. Standard development processes include changing profiles and internal and external relationships between elements of the country's or regional socioeconomic system, including enterprises, infrastructure, education and social life (Chojnicki, Czyż, 2000).

Regional development is most commonly viewed as an economic process. However,

changes in a society are also important features of this process. Therefore the implementation of development programs should ensure not only the competitiveness of operating enterprises, but also enhancement of the living standards of the residents of a region or a country (Szlachta, 1996). In most cases, the development of a region or a country is considered as a positive process, which results in favorable economic changes, i.e. the construction of new roads and infrastructural buildings, or creation of new jobs (Łaźniewska, Gorynia, 2012, p. 177-178).

In a similar way, regional development is defined by Kudłacz (1999, p. 15-16) and Brol (1998). Kudłacz believes that this process reflects the lasting growth of the region's economic potential and standards of living of its residents. Brol however, as the region's development considers sustainable improvement of its economic potential and raising its competitiveness as well as residents' standards of living. In the EU, the concept of sustainable development is the basic strategy for regional development. Such a policy assumes a balance between economic, social and environmental objectives (EU, 2019). The basic goal of supporting EU cohesion policy is to level out interregional differences. This is accomplished by accelerating the development of the poorest regions and reducing their economic and social impediments in relation to other EU areas. To limit economic and civilization contrasts, this strategy aims to create new development opportunities in delayed and peripheral regions. It involves, among others, the construction of transportation, telecommunication and energy networks and environmental protection facilities of supra-regional importance. This is to facilitate the integration of these regions with highly developed economic centers (Adamowicz, 2011).

The WB countries are facing similar attitudes and challenges related to their economic growth and regional development. Their major problems are linked with the low impact of local and regional players, lack of cooperation among the various stakeholders, and sectors, insufficient institutional and human capacities (Farkas 2017) and weak spatial planning (Broadhurst, 2018; Böhme et al., 2019). The development of the WB economies was considered of special importance as they are less competitive than other European countries (Sanfey et al., 2016). So, the regional development is considered crucial since it reflects the increase of their economic potential and standards of living of its inhabitants (Scott, 1988).

Regional development is associated with administrative boundaries as it encompasses a high degree of interregional variation in terms of

economic expansion, both between and within countries (Gennaioli et al., 2013; Beugelsdijk et al., 2018; Myck, 2019). Due to this fact, all countries tend to be developed separately without taking into consideration the strategy for the entire region. However, the WB countries needs to be a part of the EU support programs with the main goal to improve their regional and local networks of basic infrastructure (transportation, energy and environmental), social infrastructure, as well as the support to the private sector, with more investment in health and education sectors (Stevanović, Ristanović, 2016). Local or regional efforts cannot solve all the development problems facing a nation, but it may accelerate industrialization by providing new incentives to save and investments (Laird, Rinehart, 2007). Specific indicators of regional development may influence countries towards economic growth or the welfare level (Stanners et al., 2007). On the other hand, it is important to understand that the regional development paradigm in many countries and

regions may be “partial and be temporary” (Charles, 1994; Kozak, Muća, 2020).

### The macroeconomic situation of Western Balkan countries

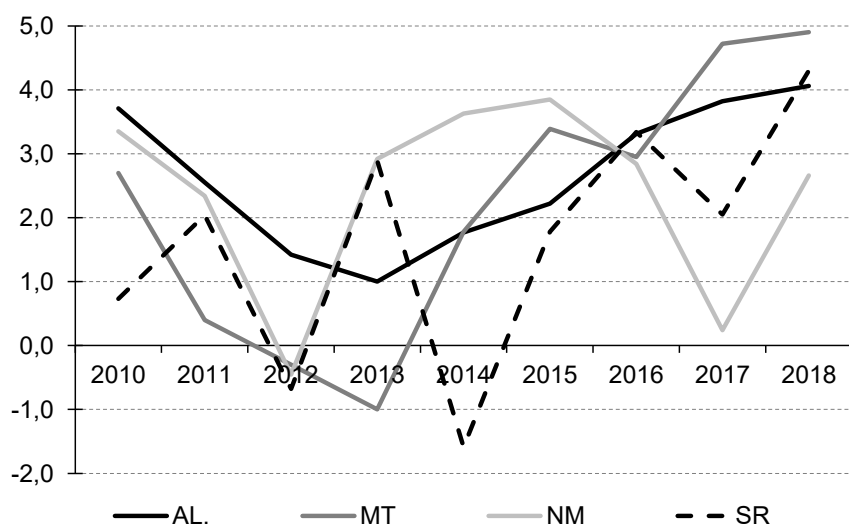
In recent times, a number of the WB countries have looked to align their policies with those of the European Union, since they are looking to join the EU. Over the past 10 years, the region has demonstrated both a macroeconomic stability and a positive, although volatile, growth (Table 1). The WB Countries have experienced higher growth rates but slower convergence in comparison with some new EU Member States (Meksi, Xhaja, 2017). In 2018, the GDP of these four countries reached 70.7 billion euro, where the largest share was held by Serbia with 61%, followed by Albania (18%), North Macedonia (13%) and Montenegro (6%). In the years 2010-2018, the GDP growth rates of these countries were somewhat positively correlated, indicating their close economic links (Fig.1).

**Table 1.** Macroeconomic indicators for West Balkan countries

Years	Change in population (% <sub>y/y</sub> )				GDP growth (y/y, %)				Infant death per 1000 live births				Monthly average wage (euro)			
	AL	MT	NM	SR	AL	MT	NM	SR	AL	MT	NM	SR	AL	MT	NM	SR
2010	-0.5	2.9	2.5	-4.8	3.7	2.7	3.4	0.7	13.0	6.7	9.3	6.6	298	728	493	462
2011	-0.3	2.2	1.6	-5.2	2.6	0.4	2.3	2.0	13.0	4.4	9.5	6.4	302	727	492	434
2012	-0.2	2.5	1.7	-4.9	1.4	-0.3	-0.5	-0.7	8.8	4.4	9.8	6.2	315	727	491	488
2013	-0.2	2.5	1.9	-4.8	1.0	-1.0	2.9	2.9	7.9	4.4	9.3	6.0	322	726	517	487
2014	-0.2	2.4	1.9	-4.9	1.8	1.8	3.6	-1.6	7.9	4.9	9.5	5.7	333	723	539	467
2015	-0.3	1.7	1.3	-5.3	2.2	3.4	3.9	1.8	7.1	2.2	9.9	5.5	343	725	555	467
2016	-0.2	1.8	1.2	-5.1	3.3	3.0	2.8	3.3	8.7	3.4	9.9	5.2	360	751	567	443
2017	-0.1	1.4	0.7	-5.5	3.8	4.7	0.2	2.1	8.0	1.3	9.8	5.0	377	765	590	436
2018	-0.2	-1.3	0.8	-5.4	4.1	4.9	2.7	4.3	8.9	1.5	9.5	4.8	410	766	599	604
Years	Number of acting firms per 10 000 residents				Employment in agriculture (%)				Permanent unemployment (%)				Unemployment rate (% <sub>y/y</sub> )			
	AL	MT	NM	SR	AL	MT	NM	SR	AL	MT	NM	SR	AL	MT	NM	SR
2010	368	398	367	468	54.9	6.2	19.3	22.4	10.5	15.5	26.7	13.3	14.0	19.7	32.0	19.2
2011	384	397	355	487	55.5	5.5	18.7	21.2	10.3	15.7	25.9	16.9	14.0	19.7	31.4	23.0
2012	389	396	361	518	54.9	5.7	17.3	21.0	10.3	15.6	25.5	18.7	13.4	19.7	31.0	23.9
2013	528	383	345	531	50.4	4.5	18.7	21.4	11.5	16.0	23.9	16.9	15.9	19.5	29.0	22.1
2014	559	392	342	575	47.9	5.7	18.5	19.8	11.2	13.9	23.4	12.8	17.5	18.0	28.0	19.2
2015	565	411	339	595	46.1	7.7	17.9	19.5	11.3	13.5	21.3	11.3	17.1	17.6	26.1	17.7
2016	567	398	345	628	44.7	7.7	16.6	18.8	10.1	13.4	19.2	9.9	15.2	17.7	23.7	15.3
2017	572	397	344	655	41.7	7.9	16.2	17.1	8.9	14.0	17.4	8.8	13.7	16.1	22.4	13.5
2018	576	376	348	666	40.4	8.0	16.1	17.0	8.4	13.8	15.5	9.1	12.3	15.2	20.7	12.7

Note: AL – Albania, MT – Montenegro, NM – North Macedonia, SR – Serbia, Employment in agriculture – share of employed in agriculture in total employment, Permanent unemployment - share of unemployed for 12+ months in total unemployed.

Source: INSTAT, MAKSTAT, MONSTAT and OP3C.



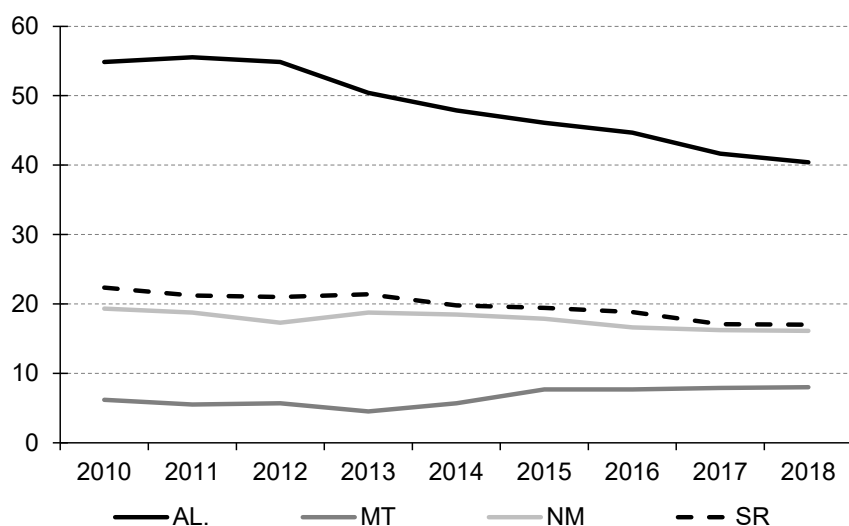
**Figure 1.** GDP growth in Western Balkan countries in 2010-2018 (in %) Source: INSTAT, MAKSTAT, MONSTAT and OP C.

Similarities in GDP growth rates also result from the fact that in all the WB countries the main contribution to the national economy came from the service sector (Serbia 67.9%, Albania 60%, North Macedonia 54.2% and Montenegro 54.5%). Although during the entire analyzed period the economy of these countries was expanding, GDP growth rates fluctuated and even became negative in 2012-2014. The slowdown in economic growth resulted from the financial crisis in southern euro area countries. In 2018, all four WB countries achieved a positive GDP growth, with the highest rates in Montenegro (4.9%) and Serbia (4.3%). Serbia showed a positive trend in the GDP growth, however with the highest volatility in the region. This instability was linked to the macroeconomic policy adopted by the Serbian government, considered more flexible and adaptive to the market trends (Petrović et al., 2019).

The level of public debt in the WB was moderate. Although in 2015–2016 it increased significantly to 70, 73 and 64% of GDP, but it fell in 2018 to 54, 68 and 62% of GDP in Serbia, Albania and Montenegro respectively. North Macedonia was the country with the lowest level of public debt of 41% of GDP in 2018 (Trading Economics, 2020). The long transitional phase has harmed, in the long term, the economic development of all WB countries, damaging their prosperity and stability. Key long-term structural problems, such as: limited competitiveness in global markets, rising unemployment, growing social problems, extreme de-industrialization have not been solved, and growth based on excessive credit expansion has come to an end (Uvalić & Cvijanović, 2018).

According to Reiser (2019), the WB countries continued to maintain steady economic growth despite the cooling international economic environment, which may slow down growth in some countries of the region. Albania's positive performance is reflected by GDP growth of 4% and GDP per capita of 4,462 euro in 2018 (INSTAT, 2019). The agricultural sector is still using outdated methods and employs around 40% of the country's workforce. This ratio is the highest in the region.

Although North Macedonia is traditionally recognized as an agriculture-oriented country, it only generates 7.2% of GDP and employs 16% of the active population (SSO 2019). The service sector remains the dominant contributor to GDP (54.2%). The other main sources of income come from transportation, telecommunications and energy production. Montenegro is the smallest country in the WB and has a relatively volatile economy. Agriculture and industry contribute 6.7% and 15.9% to the country's GDP. The main source of income is tourism, which employs the largest share of the labor force in the country. The high share of employment in agriculture in the total number of employees is one of the biggest problems in Albania's development. Although this indicator is systematically falling, still more than 40% of economically active people derive income from work in agriculture. This indicator is the highest in the region, and even five times higher than in Montenegro (Fig. 2).



**Figure 2.** Share of employment in agriculture in the total number of employees (in %) Source: INSTAT, MAKSTAT, MONSTAT and OP3C.

The entire region is characterized by relatively high unemployment, but with a downward trend. In the years 2010-2018, the unemployment rate dropped from 19%, 14%, 20% and 32% to 13%, 12%, 15% and 21% in Serbia, Albania, Montenegro and North Macedonia respectively (Table 1). The European Commission (2019) estimated that Serbia has the highest economic growth rate in the region. At the same time, it predicts that North Macedonia may achieve the largest GDP growth in the near future, as the improvement of its political outlook has increased investor confidence and stimulated capital expenditure. In addition, it estimates that for Albania, fiscal consolidation and the reduction of public debt remain key areas for reducing macroeconomic risk and stimulating economic growth and macroeconomic stability.

## Materials and methods

The group of Multi-criteria Decision Analysis Methods (MCDA) provides analytical support in the decision-making process when it comes to choosing the right solution from a finite number of alternatives. These methods have found frequent application in conducting research in the fields of management, economics, medicine or technology (Dedania, Shah, Sanghvi, 2015).

The most recognized versions of the MCDA methods are:

- Simple Additive Weight (SAW);
- Technique for Order Preference by Similarity to Ideal Solution (TOPSIS);
- Compromise Ranking (or VIKOR – Vlsekriterijumsko KOMpromisno Rangiranje).

One of the most recognizable and widely used methods of MCDA is SAW. The procedure of this method assumes that for each parameter (criterion) adopted for the assessment of the group of entities, the appropriate value of weight is assigned. The weight reflects the scale of the parameter impact on the overall assessment of the entity. The final score of the attractiveness of a given entity is defined as the sum of the products of normalized values of parameters characterizing this entity and their weights. The TOPSIS method was developed by Hwang and Yoon (1981), and then was improved by Lai, Liu and Hwang (1984) and Yoon (1987). Its procedure assumes that each solution is characterized with a finite number of parameters (criteria) that have a positive or a negative impact on the final assessment. The most optimal solution to a given problem has such values of the parameters that make the shortest distance to the perfect solution and the longest one to the worst solution. In the VIKOR method as developed by Opricovic (1998) and Opricovic and Tzeng (2004), the best solution is selected using a number of disproportionate (measured in different units) criteria. In the first stage, a ranking list of compromise solutions is created with the weights assigned to each of them. The most optimal solution comprises the parameters (criteria) that ensure the greatest multi-criteria "proximity" to the "ideal" solution.

In this study, the assessment of the level of socioeconomic development of the WB countries is carried out using the TOPSIS method in accordance with the following procedure.

▪ **Selection of criteria**

An analysis of the economic literature and the set data available in the national statistical offices in four WB countries enabled to select 8 common for every country criteria  $C_j$  characterizing the socio-economic development of the country  $R_j$ . Six of them characterize economic and two social situations (Table 2). The selected criteria were divided into two groups:

- Stimulants – having a positive impact on the assessment of a country: Change in population, GDP growth, Monthly average wage, Number of acting firms per 10000 people;
- Destimulants – having a negative impact on the assessment of a country: Infant death per 1000 live births, Share of employed in agriculture in total employed, Share of unemployed for 12+ months in total unemployed, Unemployment rate.

**Table 2.** Set of criteria for assessing the level of socioeconomic development

Symbols	Description	Impact on development
$C_1$	Change in population y/y	Stimulant
$C_2$	GDP growth y/y	Stimulant
$C_3$	Infant death per 1000 live births	Destimulant
$C_4$	Monthly average wage in euro	Stimulant
$C_5$	Number of acting firms per 10000 people	Stimulant
$C_6$	Share of employed in agriculture in total employed	Destimulant
$C_7$	Share of unemployed for 12+ months in total unemployed	Destimulant
$C_8$	Unemployment rate	Destimulant

Source: own deliberation.

▪ **Assessment of weights for individual criteria**

The weight for individual criterion  $C_j$  is calculated based on the following formula:

$$w_j = \frac{|Cv_j|}{\sum_{j=1}^n |Cv_j|} \quad (1)$$

where:  $Cv_j$  – the coefficient of variation of the criterion  $C_j$ . The weights must meet the following condition to equal 1.

▪ **Normalization of parameters**

To allow a comparison of parameters  $x_{ij}$  measured in different units, a normalization procedure is required (Hwang, Yoon 1981; Wysocki, 2010). Two types of normalization were applied in the study:

a. Vector

$$z_{ij} = \frac{x_{ij}}{\sqrt{\sum_{i=1}^m (x_{ij})^2}} \quad (2)$$

b. Linear

$$z_{ij} = \frac{x_{ij}}{x_{ij}} \quad (3)$$

▪ **Calculation of the  $S_i$  score for regions**

Based on the data on  $w_j$  and  $z_{ij}$  three matrices are calculated: the normalized decision ( $V$ ), the positive ideal solutions ( $A^+$ ) and the negative ideal solutions ( $A^-$ ):

$$\begin{aligned} V &= [v_j] = [w_j \cdot z_{ij}] \\ A^+ &= [v_1^+, v_2^+, \dots, v_n^+] \\ A^- &= [v_1^-, v_2^-, \dots, v_n^-] \end{aligned} \quad (4)$$

where:  $v_j^+$ - maximum values for stimulants and minimum for destimulants,  $v_j^-$  - minimum values for stimulants and maximum for destimulants.

The Euclidean distances between the region  $R_i$  and the ideal positive ideal solution and the negative ideal solutions are determined according to the following formulas:

$$d_i^+ = \sqrt{\sum_{j=1}^n (v_{ij} - v_j^+)^2} \quad (2)$$

and

$$d_i^- = \sqrt{\sum_{j=1}^n (v_{ij} - v_j^-)^2} \quad (5)$$

where:  $d_i^+$  – Euclidean distance between the region  $R_i$  and the positive ideal solution,  $d_i^-$  – Euclidean distance between the region  $R_i$  and the negative ideal solution.

The regional development score  $S_i$  for the region  $R_i$  is calculated based on the following formula:

$$S_i = \frac{d_k^-}{d_i^- - d_i^+} \quad (6)$$

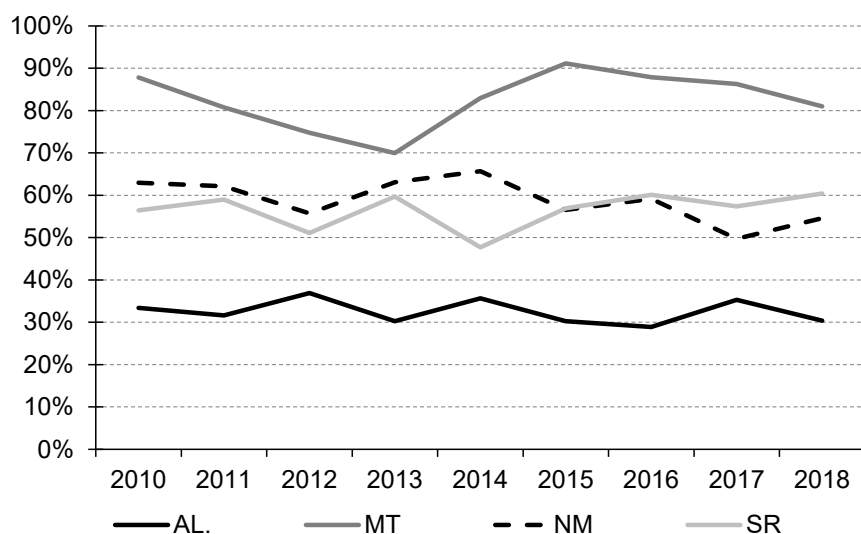
The measure  $S_i$  takes values from 0 to 1, with higher values indicating a higher level of regional development.

### Results and discussion

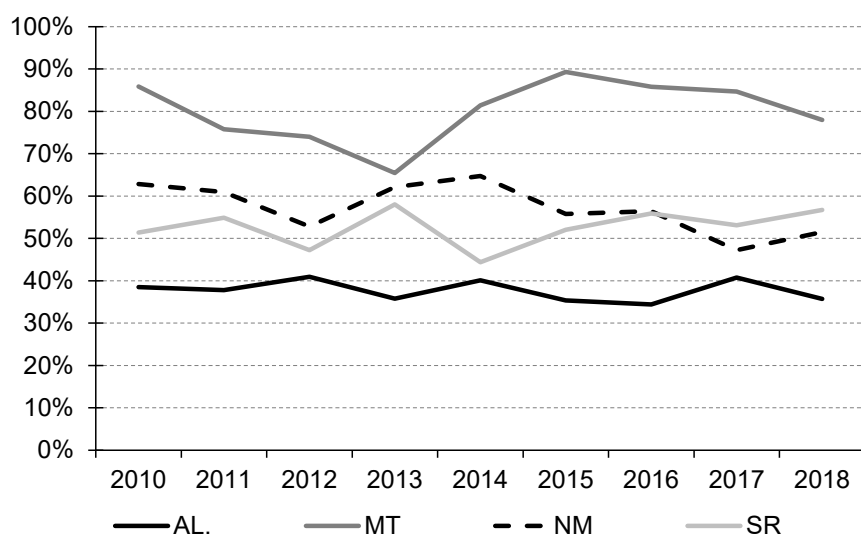
Eight criteria characterizing the economic and social situations in analyzed countries were adopted for the assessment. Firstly, the weights of all criteria were calculated according to the

equation 1 (Table 3). Due to high variability of criteria:  $C_6$  – share of employed in agriculture in total employed,  $C_1$  – change in population,  $C_3$  – infant death per 1000 live births and  $C_2$  – GDP growth, the values of weights associated to them are the highest. It means their impact on the assessment of the level of development within the group of countries is high.

The study compares the economic and social situation in four WB countries in the years 2010-2018. To ensure the correctness of the results, the values of score  $S$  were determined using two methods of normalizing socioeconomic criteria, i.e. vector verification (Fig. 3) and linear normalization (Fig. 4).



**Figure 3.** Scores (S) of socioeconomic development (vector normalization of criteria)  
Source: own calculation based on the data of INSTAT, MAKSTAT, MONSTAT and OP3C.



**Figure 4.** Scores (S) of socioeconomic development (linear normalization of criteria)  
Source: own calculation based on the data of INSTAT, MAKSTAT, MONSTAT and OP3C.

Both methods of calculating the scores of development (S) showed that the vector and linear normalization of criteria showed similar results. During the entire period, the level of the socioeconomic development of Montenegro was the highest in the region. On the other hand was Albania characterized with the lowest level of development. The levels of socioeconomic development of North Macedonia and Serbia were comparable, whereas in the first part of the period North Macedonia performed better, and in the second Serbia.

The high results obtained by Montenegro are due to the good medical care functioning there, which has resulted in low infant mortality and the highest positive population growth rate. These characteristics have seen an increase in human potential, lower social costs and an avoidance of problems related to aging population. In addition, Montenegro's economy is least dependent on agriculture. This has increased the mobility of the workforce and enabled its efficient use throughout the entire economy, as evidenced by the highest average salary in the region.

On the other hand, the lowest socioeconomic development rates of Albania result from the exact opposite situation compared to Montenegro. High infant mortality rate, negative birth rate, employment of about half of the economically active in agriculture and the lowest average wages in the region are not the attributes of a potential emerging market or high quality of life of Albania's residents. The factor which can help to improve the socioeconomic situation in the future is the growing and highest in the region economic activity of residents, which is reflected in the high number of newly established enterprises.

The average development levels for the region that Montenegro and Serbia achieved in the entire analyzed period resulted from the average states of individual economic and social categories. Serbia's weakness is a strong negative population growth rate, while the opportunity for the development comes from the potential of the workforce which is manifested by the most frequent establishment of new enterprises in the region and the lowest unemployment rate. In turn, North Macedonia's weaknesses are low quality of healthcare and the highest infant mortality rate in the region. Business activity in the country is also low. The highest level of unemployment is recorded here, in which the largest share of permanent unemployment. Additionally, attractiveness for setting up enterprises is rather low, as evidenced by the lowest number of newly established enterprises in the region. Positive population growth and low employment in agriculture might be counted as positive characteristics of North Macedonia.

The correctness of the estimation of socioeconomic development levels is confirmed by a positive correlation between the values of indicators determined using two independent methods for normalization of the social and economic criteria. The Pearson correlation index for both versions of the designated indicators was 98%. Correlation ratios between the values of development assessments obtained using both methods were: 98% for Albania, Montenegro 95%, North Macedonia 98% and Serbia 99%.

## Conclusions

Socioeconomic development is an important process when it comes to improving a country's competitiveness and consists of qualitative and quantitative changes in the economy and living conditions in the country. Its effects include: an increase in the income of the population and the turnover of operating enterprises, as well as more complete satisfaction of social needs and raising the standard of living of the society.

Values of scores of the socioeconomic development, calculated with the TOPSIS method, indicate that throughout the entire analyzed period Montenegro enjoyed the highest development in the Western Balkan region, particularly considering its low level of employment in agriculture, its positive birth rate, low infant mortality rate, and high average wage. The stable and favorable trend of the main social and economic criteria allows us to expect that the country's high development potential will continue into the future.

Albania finds itself in the opposite situation. The level of the development of this country is the lowest in the region, and some factors, such as: high infant mortality, negative population growth and the dominance of agriculture in the economy, are not a solid basis for accelerating development in the near future. A chance for improving Albania's development is the high activity of its residents and enterprise activity.

The level of socioeconomic development of North Macedonia and Serbia remained at an average level for the region during the entire analyzed period. In general, positive trends can be observed in the development of these countries, which could be the result of their preparation for EU membership. However, there are negative phenomena in individual countries that significantly limit the development, including high infant mortality and high unemployment in North Macedonia, or negative population growth in Serbia. The relationship between population growth and economic growth remains controversial (Wesley, Peterson 2017).



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