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The Culture of Sustainable Governance for Green Economic Development

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ABSTRACT

This paper aims to analyse the causal relationship between the culture of sustainable governance and green economic development (GD) across EU countries for the period 2013-2023. The study hypothesizes that a strong culture of sustainable governance significantly enhances green economic outcomes, and vice versa. To test this hypothesis, the Panel Vector Autoregression method was applied to examine the impacts and interconnections between the culture of sustainable governance, measured by the World Governance Indicators, and green economic development, quantified via the Malmquist–Luenberger Index. The analysis reveals that past GD significantly predicts future growth, with improvements in governance culture playing a critical role, explaining up to 33.44% of GD variance over time. The study also found that research and development positively contribute to GD, although to a lesser extent than governance does. Countries such as Austria and Germany demonstrate high GD scores due to strong technological adoption and efficient resource management, whereas countries such as Lithuania and Malta face challenges in these areas. The findings underscore the importance of integrating governance culture with technological innovation and resource efficiency strategies to promote sustainable economic growth in the EU.

KEY WORDS

Green economic development, technological advancement, resource efficiency, governance, research and development

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