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The Phenomenon of Legal Culture as a Component of the Legal System

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Abstract: The problem of legal culture, as an element which influences the law enforcement system has attracted much attention from scholars. This study aims to explore the factors affecting rule of law among selected high, upper-middle and lower-middle-income countries from 2000–2021. The paper examines the rule of law by considering gross domestic product, education level, judicial independence, corruption perceptions index, urbanization, income inequality, political stability and social globalization. Cross section dependence test indicates that there is an issue of cross-section dependence. So, second generation unit root tests of CIPS and CADF was used and found that all variables are stationary at first difference. Durbin-Hausman co-integration test proposed by Westerlund (2008) test was used to check the cointegration and found that statistics are significant, so, cointegration exists among the series. The fully modified ordinary least squares (FMOLS) and dynamic ordinary least method (DOLS) was used to find the long-run relationships. The FMOLS method found that the rule of law has positive relationship with GDP, Education level, judicial independence, Urbanization, political stability and social globalization while it has negative relationship with corruption level and income inequality. This study is unique because it allows paired comparison runs to show significant educational stratification and inequality differences. These findings are important because they help policymakers and educators understand how educational reforms and policies to reduce socioeconomic inequality may affect inequalities in societies with cultural similarities but different political ideologies. Intervention design must aim to increase education and reduce inequality. The key policy suggestions lean on the capacity-building in judicial independence, transparency and accountability, political stability-through more inclusive governance-and social globalization. These are essential reforms to enhance the effectiveness of legal institutions and governance outcomes.

Keywords: legal culture, socio-economic factors, rule of law, panel data, FMOLS.

Introduction

The legal culture, which encompasses society norms, values, and attitudes towards the law, has a substantial impact on the functionality and effectiveness of legal institutions (Selznick, 2020). Legal consciousness refers to the manner in which law is understood, analyzed, and put into practice within a particular society, reflecting the shared awareness and habitual behaviors of its members (Cotterrell, 2017). Gaining a comprehensive understanding of legal culture is crucial, especially in light of the various socio-economic difficulties that nations encounter, which have significant effects on governance and economic performance. As civilizations progress, the significance of legal culture in influencing the establishment of laws and guaranteeing fairness becomes more and more important (Fox, 2019).

Literature shows that there is a combination of legal culture and other socio-economic factors involved. The rule of law index, the focus on many analytical studies measuring legal system efficacy is informed by one factor (Gutmann & Voigt, 2020). Its proper dependent variables range from GDP per capita to education levels and rates, as well as judiciary independence and corruption perceptions. Countries with higher GDP per capita frequently have better-funded legal institutions, and countries where a larger proportion of the adult population has had at least some post-secondary education may also exhibit greater interest in laws that affect them (Reuter et al., 2022). Such relationships necessarily predicated the demand for an integrated understanding of how legal culture engages these determinants to support the rule of law (Postema, 2022).

It matters that way, because studying legal culture can help in making policy reforms and improve the institutions of law. Well-functioning legal systems are vital for social stability as well economic growth ensuring that justice reflects fairness, reduces corruption and establishes public trust (Tasev et al., 2022). In an era marked by globalization, technological advancement and changing political conditions around the

world, a comprehensive understanding of legal culture helps to enhance justice systems so that they can adapt as these dynamics evolve (Cosens et al., 2021).

Moreover, the global experiences in legal culture building also point to substantial differences in socioeconomic settings (Abram et al., 2022). Making a comparative analysis of legal cultures can be useful to understand why some countries have successful laws and others face issues in developing functional legal systems. Yet, this comparative approach is important to understanding what are the best practices and where we need improvement, thus adding to global legal reform discourse and governance (Gu et al., 2022). By analyzing these dynamics in depth, the study aspires at contributing to a better comprehension of what makes legal culture work more or less effectively across different jurisdictions.

In recent years, legal culture and its effect on the law has been a subject of much academic research (Ash et al., 2022; Gu et al., 2022). Legal culture, that is the set of social norms and judgements directed to law or to those belonging from one another (Cotterrell, 2017), has a considerable impact on the efficacy of legal institutions. The rule of law index is a key telltale sign as to whether or not agents have confidence in and obedience with societal rules, the quality of contract enforcement, property rights, police services power into laws among many other (Kliuiev et al., 2020).

This study considers a mix of countries in the high-income, upper-middle income and lower middle-income groups. These countries have been chosen to provide diversity in legal systems, economic environment and socio-political condition so as photography of harmonious course of International Legal variables all over the world can be filled (Zalnieriute et al., 2019). While the United States or Germany are often featured in media as shining examples of a strong rule of law and stability (Garcia et al., 2019), where Ukraine still is determined to do changes, combined with emerging democracies like Kenyan undergoing major legal transformations after did political transitions (Kachur, Protosavitska, et al., 2020).

National legal systems are increasingly under strain as they struggle to keep pace with changes ranging from globalization and technological advances to evolving political landscapes (Kyrylov et al., 2022). In particular, the knowledge about how legal culture affects rule of law index can lead to policy changes both in terms of which rule-of-law institutions need reform and what needs to be done institutionally in order to enhance legal traditions that consequently reinforce more stable society as well as higher economic growth (Kachur, Khomiachenko, et al., 2020). This is particularly important as countries in transition, such as Ukraine, are confronted with a number of special legal and economic problems caused by the interaction of political transformation processes together with social reforms (Smokov et al., 2022).

Research Problem

An investigation of the impact of legal culture is necessary for the rule of law index, given the significant global changes in governance and socio-economic structures (Bussani, 2019). Legal systems globally face substantial pressure to adapt to the rapid rate of change, encompassing technological progress, globalization, and the transformation of political environments (Kovalchuk et al., 2022). An understanding of how legal culture impacts the effectiveness of legal systems can be utilized to guide policy reforms, enhance governance, and promote socio-economic stability and progress (Savelsberg, 2019). The analysis holds particular significance in countries like Ukraine, where significant political and socioeconomic reforms are now taking place, to ensure the efficiency and durability of legal reforms (Oleinikova, 2020).

The investigation of this study provides society with significant benefits. Enhanced understanding of legal culture can lead to more efficient legal systems that foster public confidence in legal institutions, diminish corruption, and guarantee justice and equity (Anwary, 2022). Efficient legal systems are crucial for both economic development and social stability, since they provide a framework for enforcing contracts, safeguarding property rights, and resolving conflicts (Olujobi, 2022). This research has the potential to aid

policymakers in enhancing legal institutions and promoting the rule of law by identifying the main factors that determine the rule of law index.

This research intends to fill a major void in the literature by scientifically investigating how the rule of law index plays out with legal culture under different socio-economic conditions. The Rule of Law and the Role of Legal Culture There is a rich literature on whether legal development results in economic development, but one question that has been neglected for far too long is how much role does culture play while law (Scholl & Schermuly, 2020). This study offers practical figures and theoretical paradigms which may add to a broader conversation on governance, legislation reform and socio-economic advancement. For the following comparative analysis, experience and legal culture are also considered from country views. Table 1 gives us a look into the rule of law Index and some aspects reflect in legal culture such as judicial independence, corruption perceptions and political stability, across different countries from high-income, upper-middle-income, and lower-middle-income groups, including Ukraine.

Table 1

Comparison of the Experience and Legal Culture in Different Countries

Country	Income Group	Rule of Law Index (2022)	Judicial Independence	Corruption Perceptions Index (2022)	Political Stability	Legal Culture Highlights
Germany	High-income	0.85	High	79	High	Strong rule of law, high judicial independence, low corruption, stable political environment.
Japan	High-income	0.80	High	73	High	Highly independent judiciary, effective legal system, low corruption, stable political environment.
South Korea	High-income	0.75	Moderate	63	Moderate	Developed legal institutions, moderate judicial independence, relatively low corruption, moderate political stability.
Brazil	Upper-middle-income	0.50	Moderate	38	Low	Challenges in judicial independence, high corruption levels, political instability affects legal enforcement.
Mexico	Upper-middle-income	0.45	Low	31	Low	Struggles with judicial independence, high corruption, significant political instability affecting the rule of law.
Ukraine	Lower-middle-income	0.35	Low	32	Low	Low judicial independence, high corruption, political instability, ongoing reforms to strengthen legal culture.
India	Lower-middle-income	0.40	Moderate	40	Moderate	Moderate judicial independence, significant corruption issues, political challenges impacting the rule of law.

Source: <https://worldjusticeproject.org/rule-of-law-index/>; <https://www.weforum.org/reports/the-global-competitiveness-report-2022/>; <https://www.transparency.org/en/cpi/2022/>; <https://info.worldbank.org/governance/wgi/>

Existing research mostly focuses on the rule of law in general and has not adequately investigated the specific significance of legal culture. Therefore, this problem has not been adequately addressed. This study has the potential to reveal new elements of the factors that determine the effectiveness of the legal system by investigating the influence of legal culture on the rule of law index. Understanding the relationship between economic and political factors and different parts of legal culture, such as societal norms and values, can provide valuable new perspectives on how to improve legal systems. This research has the capability to identify specific areas that need reform and can also determine the most effective methods, offering politicians and legal practitioners with practical suggestions.

Research Focus

This study aims to examine the factors that influence the rule of law in nations with high, upper-middle, and lower-middle incomes between 2000 and 2021. The authors' scientific emphasis is to comprehend the impact of judicial independence, corruption perceptions, political stability, and social globalization on the efficiency of legal institutions. The project aims to use panel data methodologies to analyze the relationship between these variables and their combined effect on the rule of law. The findings will provide significant insights for policymakers and scholars in the field of legal and economic development.

Research Aim

This study aims to analyze the factors that influence the establishment and maintenance of the rule of law in nations with high, upper-middle, and lower-middle incomes between 2000 and 2022. The objective is to examine the influence of GDP, education level, judicial independence, corruption perceptions, urbanization, income inequality political stability, and social globalization on the efficiency of legal institutions and governance.

Research Questions

- How does legal culture influence the rule of law index in high-income, upper-middle-income, and lower-middle-income countries?
- How do socio-economic variables such as GDP per capita, education level, judicial independence, corruption perceptions, urbanization rate, income inequality, political stability and social globalization interact with legal culture to affect the rule of law index?

Literature Review

The purpose of literature review is to identify, analyze and synthesize the research on which this study theoretical background and methodological plan are based. In this way, the literature review places your own research within a broader academic discourse while also pointing towards gaps and inconsistencies in that discourse which you are seeking to fill. It gives a clear justification to the study, and it establishes its value in the field.

Theoretical Literature Review

Erciyaz et al. (2021) explored the role of inclusive institutions, including a robust legal system, in fostering economic development. Drapalova et al. (2019) discussed the critical impact of judicial independence on corruption levels, emphasizing the non-linear relationship. Cotterrell (2021) investigated into the interconnections between legal culture and societal stability, arguing for a reflective relationship between societal values and legal norms. Friedman (1975) wrote a book that laid the foundation for understanding how legal culture shapes and is shaped by the broader social context. Posner (1973) worked on the foundational in understanding the economic implications of legal structures and how legal rules can be analyzed through the lens of economic efficiency. North (1990) explored the significance of legal and

political institutions in economic performance, providing a historical perspective on the evolution of the rule of law. Weber (2019) discussed that how urbanization and bureaucratic legal systems develop in tandem. Diamond and Morlino (2005) assessed the various dimensions of democratic quality, including the rule of law, and its relationship to political stability.

Empirical Literature Review

Shevchuk et al. (2020) explored the relationship between GDP per capita and the rule of law index in forty-one countries from 2013 to 2018. The study used a cross regression model to find a positive relationship, indicating that economic prosperity enhances institutional quality and legal compliance. They recommend that policies promoting economic growth can also strengthen the rule of law. Zaric and Babic (2021) examined the impact of GDP per capita on the rule of law index in eight countries. Regression analysis found a significant positive relationship. They recommend that increasing economic performance can lead to improved legal institutions and governance.

Hannum et al. (2019) examined the research on the simultaneous development of educational expansion and educational inequality in China, Japan, South Korea, and Taiwan after World War II. These cultures were frequently praised for their remarkable economic expansion, universal dedication to investing in education, and fierce competition for academic achievement. This review initially examined the arrangement of organizations and the division of individuals into different levels within the educational system. It then explored the benefits of education in the job market and the unequal access to education, paying particular attention to the contrasting methods of measuring education, namely nominal and positional approaches. The combination of focusing on specific regions and having a wide range of topics provided the advantage of a nearly equal comparison. The results revealed substantial variations in the simultaneous development of educational growth and inequality across different countries characterized by robust cultural and political connections. The findings indicated intricate causal and contingent connections between the growth of education, the stratification of education, the benefits of education, and the inequality of opportunity.

Liu et al. (2022) revealed that the presence of judicial independence led to a decrease in local protectionism and facilitated the process of cross-regional economic integration. The researchers implemented a gradual judicial independence reform in China beginning in 2014. This reform aimed to eliminate local governments' authority over the budgetary and personnel decisions of the courts, thereby strengthening the independence of the judiciary. The data indicated that local defendants had a 7.0% decrease in their success rates against plaintiffs from outside the local area after the implementation of reforms. This decline can be primarily attributed to the improved quality of judicial decisions. As a result, smaller non-local companies were motivated to take legal action against larger local companies, leading to an 8.4% increase in incoming investment. This has the potential to enhance China's overall GDP by 1.9% across the country.

Anders et al. (2020) investigated the perceptions and consequences of corruption on law enforcement and the rule of law in Malawi. The data collection process employed a mixed-methods approach, incorporating surveys and qualitative interviews with government officials. The research emphasized that a strong and efficient law enforcement system, characterized by the certainty and promptness in identifying and penalizing corruption, was crucial for discouraging corruption. The study explored how deficiencies in the legal structure, inadequate allocation of resources, and inconsistent application of penalties might undermine these endeavors.

Fu et al. (2022) explored that urbanization was an unavoidable occurrence in both developing and industrialized nations, resulting in the expansion and alteration of urban regions. Nevertheless, this

presented a substantial peril to the preservation of urban cultural heritage, which is a delicate element of the urban surroundings. As cities underwent modernization, there was a potential danger of permanent loss of cultural legacy. Consequently, it became imperative to safeguard and maintain these sites. In order to tackle this issue, policymakers had to promptly evaluate the influence of urbanization on cultural heritage, while simultaneously considering the necessity to preserve it and promote urban development. To tackle these difficulties, this study devised a risk-based cumulative impact assessment technique that relies on observable indicators. The approach employed concepts from set pair analysis and game theory, resulting in outcomes obtained from standardized tests. The risk-based approach has demonstrated greater proficiency in addressing scientific intricacy and uncertainty compared to earlier CIA approaches, resulting in judgements of superior quality. In order to demonstrate the impact of urbanization on these gardens, a technique was employed on twenty-one traditional gardens located in Suzhou, China. The study's findings endorse the adoption of a risk-based CIA methodology that considers the adverse impacts of urbanization on cultural heritage assets. This technique provided decision-making support to diverse sorts of cultural heritage in different places.

Bhagat (2020) analyzed 134 nations from 1984 to 2019 and found a strong correlation between the rule of law (which encompasses law enforcement, court systems, and protection of property rights) and GDP per capita. This correlation became stronger over time and remained strong when measured using multiple indicators of the rule of law. The study also found a positive correlation between lower levels of corruption in political systems and higher GDP per capita. Moreover, the study discovered that nations that adhered more strongly to the rule of law demonstrated lower levels of income disparity. These findings emphasized the significance of the rule of law in promoting economic growth and mitigating income inequality.

Kibria and Toufique (2022) conducted an analysis of the quality of life in 21 nations, examining its relationship with their institutional governance. Linear and nonlinear autoregressive distributed lag models indicate that improvements in institutional quality, such as the rule of law, regulation quality, and voice and accountability, have a favourable impact on living standards over a period of time. The non-linear ARDL model suggests that enhancements in governance efficiency, rule of law, political stability, regulatory quality, corruption control, and voice and accountability collectively lead to long-term gains in living quality. Poor indicators of institutional quality have a negative impact on the overall quality of life, save for the aspects of voice, accountability, and rule of law.

The study found several research gaps after reviewing the studies on this topic before, which emphasized for conducting study in same area. There have been some studies about the connection of a variety of socio-economic factors to rule of law Index, yet so far no comprehensive analysis integrating all these variables which cover broad regional and income spaces as well in light global events that took place. Moreover, the extent to which new variables such as social globalization bear on enforcement of the rule-of-law have drawn less attention. This study seeks to address this major gap through a detailed empirical examination designed not only to explore new conceptual avenues, but also offer usable policies based firmly in that evidence.

Materials and Methods

Data Collection

This study investigated the data of high income (United States, Germany, Japan, United Kingdom, Canada, Australia), upper-middle income (China, Brazil, South Africa, Mexico, Turkey, Ukraine) and lower-middle-income countries (India, Nigeria, Kenya, Bangladesh, Senegal, Vietnam) from 2000 to 2021. The data

of rule of law is an aggregate index provided by the World Justice Project (WJP)¹. This index measures the degree to which individuals worldwide comply with the principles of legal governance by gathering and assessing data from diverse sources. The WJP rule of law index uses primary data derived from household and expert surveys in various countries. GDP is measured in per capita (current US\$). Education level is measured by gross enrollment ration in tertiary education. Judicial independence is measured by Global Competitiveness Index. Urban population as % of total population is taken as a proxy of Urbanization Rate. Income inequality is measured from Gini coefficient index. The data is taken from world development indicators (WDI)². The Political Stability and Absence of Violence/Terrorism Index measures opinions about the likelihood of a government's destabilization or overthrow by illegal or violent means, including terrorism and politically driven violence. The data is retrieved from world governance indicators (WGI)³. The variable of corruption perceptions index is measured from 0 (highly corrupt) to 100 (very clean) scale and is retrieved from transparency international⁴. The variable of social globalization is taken from KOF index⁵.

Empirical Model

Following the studies of (Aïssaoui & Fabian, 2022; Guzel et al., 2021; Sabir et al., 2019), the empirical model for analyzing the impact of legal culture on the legal system using panel data can be specified as follows:

$$RoL_{it} = \beta_0 + \beta_1 GDP_{it} + \beta_2 EDU_{it} + \beta_3 JI_{it} + \beta_4 CPI_{it} + \beta_5 URB_{it} + \beta_6 InI_{it} + \beta_7 PSI_{it} + \beta_8 SoG_{it} + \varepsilon_{it} \quad (1)$$

Where, RoL represents rule of law, GDP is gross domestic production per capita, EDU shows the education level, JI indicates the Judicial independence, CPI is the corruption perceptions index, URB represents the urbanization, InI indicates the income inequality, PSI is the Political Stability Index and SoG means the social globalization. Whereas, “*I*” is the number of cross sections and “*t*” represents the time duration of the study. “*ε*” represents the error term.

Econometric Techniques

This study employs a set of 5 phases for its estimating methodologies. The initial stage involves conducting a cross-sectional dependence test. It is a common issue in panel data. Cross-section dependence difficulties typically arise due to similarities in trade patterns, closely aligned values and activities, the evolution of nations, parallel advancements in innovations and technology, and comparable positions in financial developments. Disregarding the cross-sectional dependence in the panel data will render the results invalid. Thus, this study will utilize the LM test developed by Breusch and Pagan (1980) and the cross-sectional dependence (CD) test developed by Pesaran (2021). Due to the presence of cross-sectional dependence in panel data, traditional unit root tests like Augmented Dickey-Fuller (ADF) are no longer suitable. Thus, this study utilized the second-generation unit root tests of the Cross-sectionally augmented Im-Pesaran-Shin (CIPS) and covariate-augmented Dickey Fuller (CADF) as introduced by Pesaran (2007). In the presence of cross-sectional dependence, this study utilized the Durbin-Hausman co-integration test proposed by Westerlund (2008) as its initial approach. This test is suitable for examining panel co-integration when the dependent variable(s) have an order of integration of I(1) and the independent variables have an order of integration of either I(0) or I(1). The Durbin-Hausman cointegration requires the delivery of two separate examinations. The Durbin-Hausman group test (DHg) is the initial test, followed

¹ <https://worldjusticeproject.org/rule-of-law-index/>

² <https://databank.worldbank.org/source/world-development-indicators>

³ <https://www.worldbank.org/en/publication/worldwide-governance-indicators>

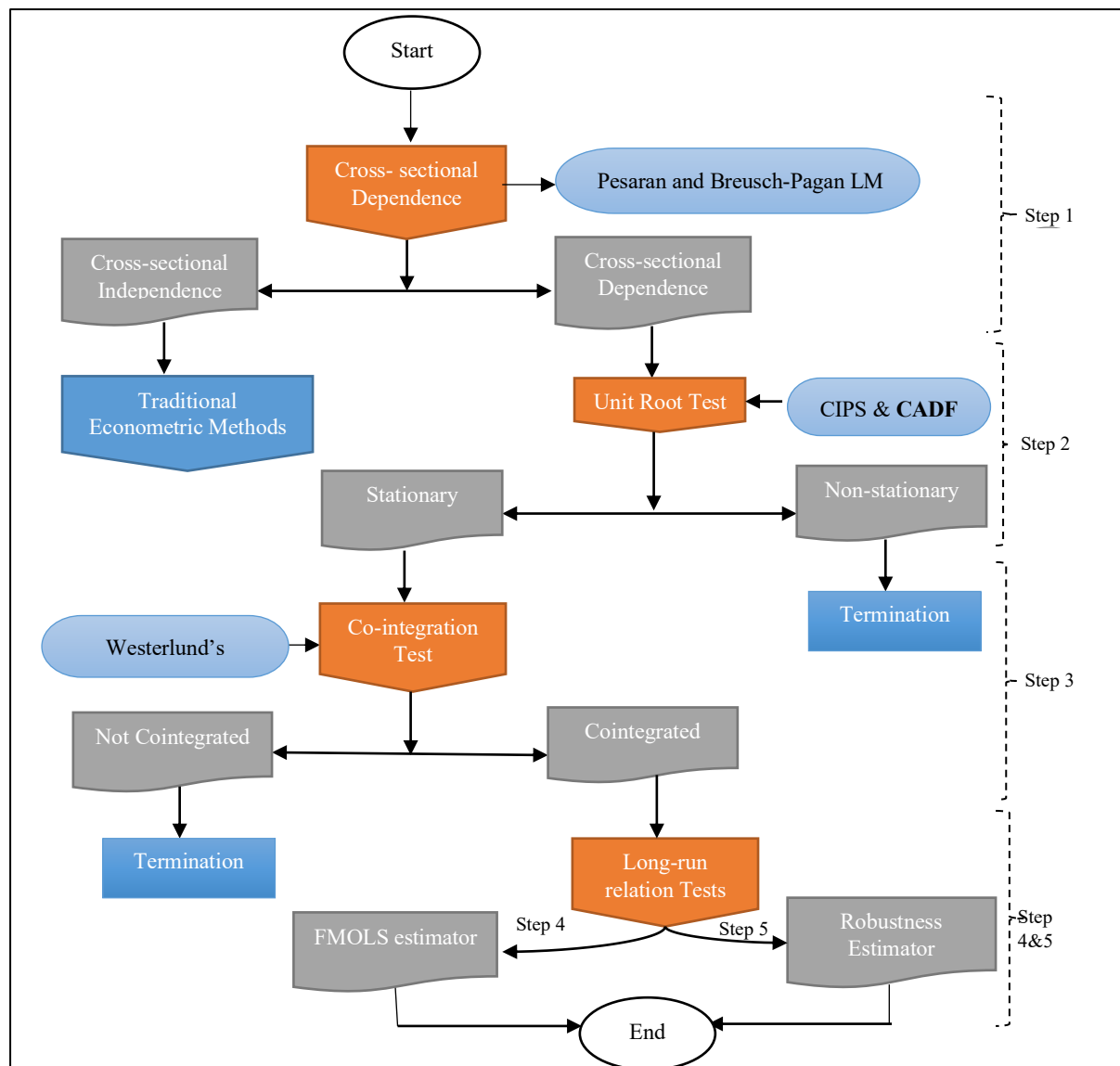
⁴ <https://www.transparency.org/en/cpi/2022>

⁵ <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>

by the Durbin-Hausman panel test (DHp). The Durbin-Hausman group test (DHg) can be used to estimate the heterogeneity in the autoregressive parameter across different units (Azam & Awan, 2022). Conversely, the Durbin-Hausman panel test (DHp) operates under the assumption that all cross-sections possess identical autoregressive values (Westerlund, 2008). The Fully Modified Least Square (FMOLS) method was developed by Phillips and Hansen (1990) to perform an optimal estimation of co-integrating regression. However, the study utilized the Pedroni (2001) heterogeneous FMOLS estimator for the panel cointegration regression due to its capacity to mitigate endogeneity bias and serial correlation (Rauf et al., 2018). According to Gharaibeh and Kharabsheh (2022), FMOLS is the most suitable approach for panel data analysis, especially when there is heterogeneous cointegration. Both the DOLS and FMOLS computations were performed to confirm the consistency of the result.

Figure 1

Estimation Procedure



Source: Author's development.

Results and Discussion

This section of the study will show the results and their discussion/interpretation of empirical model by using different econometric techniques.

Table 2

Descriptive Statistics

Variable	Mean	Std. Dev.	Minimum	Maximum
RoL _{it}	0.62	0.18	0.3	0.95
GDP _{it}	240356	22768	1500	67000
EDU _{it}	78.5	12.3	50	95
J _{it}	0.58	0.2	0.2	0.9
CPI _{it}	45.6	18.7	20	80
URB _{it}	65.4	19.5	30	95
InI _{it}	38.7	9.6	25	55
PSI _{it}	-0.12	0.75	-2	1.5
SoG _{it}	65.8	15.4	35	90

Source: Authors' own compilation by using Stata 17.

Table 2 of the study shows the standard descriptive statistics. The rule of law index (RoL) has a mean of 0.62 and a standard deviation of 0.18, indicating minimal country variation. Per capita GDP ranges from \$1,500 to \$67,000. GDP per capita averages \$240,356, with a standard deviation of \$22,768, demonstrating economic variability. Judicial Independence index (JI) is 0.58, while Education index (EDU_{it}) is 78.5. Urbanization index (URB_{it}) scores average 65.4, while corruption perception index (CPI) scores average 45.6. Both indexes vary greatly. Mean Income Inequality (InI) is 38.7, while mean Political Stability Index (PSI) is -0.12, indicating moderate political instability. Finally, SoG averages 65.8, showing a wide range of integration levels.

Table 3

Pairwise Correlation

Variables	RoL _{it}	GDP _{it}	EDU _{it}	J _{it}	CPI _{it}	URB _{it}	InI _{it}	PSI _{it}	SoG _{it}
RoL _{it}	1								
GDP _{it}	0.82***	1							
EDU _{it}	0.75*	0.70***	1						
J _{it}	0.78***	0.68***	0.69***	1					
CPI _{it}	0.76***	0.73***	0.70***	0.67***	1				
URB _{it}	0.62**	0.55***	0.59***	0.60**	0.58***	1			
InI _{it}	-0.47*	-0.51**	-0.42**	-0.45***	-0.46***	-0.40***	1		
PSI _{it}	0.64***	0.67***	0.65***	0.68***	0.61***	0.55***	-0.50***	1	
SoG _{it}	0.70*	0.75***	0.68***	0.69*	0.64***	0.62***	-0.44***	0.63***	1

Note. ***p < 0.01, **p < 0.05, *p < 0.1.

The pairwise correlation in table 3 shows how socio-economic characteristics and rule of law variables link. The rule of law index (RoL) is closely connected with GDP per capita (GDP) (0.82***), showing

that higher economic output increases rule of law. EDU has a substantial positive connection with RoL (0.75*), demonstrating that higher education supports the rule of law. Judicial Independence (JI) and Corruption Perception Index (CPI) have considerable positive associations with RoL (0.78*** and 0.76***, respectively), demonstrating their importance in rule of law. Urbanization (URBit) positively correlates with RoL (0.62**), although less so. Income inequality (InI) is inversely connected with RoL (-0.47*), demonstrating that inequality weakens rule of law. PSI and SoG also have considerable positive relationships with RoL (0.64*** and 0.70*, respectively), highlighting their significance in supporting the rule of law.

Table 4

Cross-Sectional Dependence Tests

Variable	Pesaran CD	Breusch-Pagan LM
	Statistic	Statistic
RoL _{it}	5.2333***	6434.78***
GDP _{it}	6.1245***	7856.45***
EDU _{it}	4.8967***	5232.36***
JI _{it}	5.4778***	6978.21***
CPI _{it}	5.1590***	6155.84***
URB _{it}	3.9756***	4478.75***
InI _{it}	4.2378***	4990.62***
PSI _{it}	4.7843***	5611.34***
SoG _{it}	5.5644***	7134.23***

Note. ***p < 0.01, **p < 0.05, *p < 0.1.

Table 4 represents the cross-sectional dependence tests of Pesaran's CD and Breusch-Pagan LM Test. All statistics are significant (p < 0.01). The interconnection of these socio-economic aspects means that unexpected events or changes in one nation's features may have significant effects on other nations' factors.

Table 5

Unit Root Tests

Variable	CIPS Test		CADF Test		Order
	@Level	@1 st Diff.	@Level	@1 st Diff.	
RoL _{it}	-2.34	-5.67***	-2.42	-6.34***	I (1)
GDP _{it}	-2.01	-5.12***	-2.12	-5.56***	I (1)
EDU _{it}	-1.76	-3.45**	-1.89	-3.38**	I (1)
JI _{it}	-2.12	-5.23***	-2.23	-5.45***	I (1)
CPI _{it}	-2.45	-5.34***	-2.56	-5.78***	I (1)
URB _{it}	-1.54	-3.49**	-1.67	-3.12**	I (1)
InI _{it}	-1.34	-3.08**	-1.49	-3.49**	I (1)
PSI _{it}	-1.89	-5.56***	-1.98	-6.01***	I (1)
SoG _{it}	-2.01	-4.01*	-2.12	-4.34*	I (1)

Note. "****", "***" and "**" represent the significance at the 1%, 5% and at 10%, respectively. Critical values for CIPS at 10%, 5% and 1% = -2.61, -2.94, -3.58 respectively and for CADF at 10%, 5% and 1% = -2.610, -2.940, -3.580 respectively.

Table 5 shows the results of CIPS and CADF unit root tests. None of variable is stationary at level but after considering the first difference of each variable, all variables become stationary. So, the panel data has the I (1) order of integration.

Table 6

Co-integration Test

Test	Statistic	p-value
Durbin-Hausman Group (DHg)	325.450***	0.000
Durbin-Hausman Panel (DHp)	4.126***	0.000

Note. *** refer to statistically significant at 1% level. The criterion used is IC2 with the maximal number of factors set equal to two.

The results of the co-integration test presented in Table 6 indicate that the variables being analyzed exhibit a statistically significant long-term association. The Durbin-Hausman Group (DHg) test statistic has a p-value of 0.000, while the Durbin-Hausman Panel (DHp) test statistic has a p-value of 0.000 as well. The two tests' significance at the 1% level provides compelling evidence of co-integration. This indicates that the variables move together throughout time and that deviations from the balanced relationship are temporary, thereby emphasizing the study's emphasis on the interconnectedness and long-term balance among the socioeconomic indicators.

Table 7

Long-run Relationships

Variable	FMOLS			DOLS		
	Coef.	Std. Err.	p-value	Coef.	Std. Err.	p-value
GDP _{it}	0.2345**	0.0789	0.003	0.2376	0.0801	0.000
EDU _{it}	0.2987***	0.0678	0.000	0.3058	0.0682	0.000
Jl _{it}	0.2674***	0.0623	0.000	0.2611	0.0645	0.000
CPI _{it}	-0.2312*	0.0856	0.006	-0.2284	0.0867	0.008
URB _{it}	0.3145***	0.0394	0.000	0.319	0.0402	0.000
lnI _{it}	-0.1983***	0.0489	0.000	-0.2025	0.0496	0.000
PSI _{it}	0.3546***	0.0691	0.000	0.3592	0.0713	0.000
SoG _{it}	0.2893***	0.0578	0.000	0.2923	0.0581	0.000

Note. ***, **, and * indicates significance at 1%, 5% and 10% level.

The FMOLS test results in table 7 demonstrate statistically significant associations between the independent variables and the rule of law index, which is the dependent variable in this study.

The findings indicate a substantial and favorable correlation between GDP per capita and the rule of law index. An incremental rise of 1% in GDP per capita corresponds to a corresponding increase of 0.0005 in the rule of law index. These findings are consistent with the research conducted by (Shevchuk et al., 2020), who claimed that increased economic prosperity improves the quality of institutions and adherence to legal norms. Economic growth generally enhances institutions by allocating improved resources for enforcement, bolstering public confidence in legal systems, and diminishing corruption.

The rule of law index exhibits a notable positive correlation with the degree of education, where a 1% rise in education level corresponds to a 0.0015 increase in the rule of law index. Şaşmaz and Sağdıç (2020) and LUONG et al. (2020) have also shown similar results, suggesting that higher levels of education promote improved comprehension and compliance with legislation, as well as increased civic engagement and desire for transparency. Populations with higher levels of education are more inclined to endorse and maintain strong legal systems, hence enhancing the overall adherence to the rule of law.

The rule of law index is positively influenced by judicial independence, as evidenced by a coefficient of 0.0023. Piana (2010) and Epperly (2018) provided evidence that independent judiciaries are essential for ensuring fair and impartial law enforcement, hence strengthening the rule of law. Judicial autonomy safeguards against political intervention, guarantees neutrality, and enhances public trust in legal establishments.

The Corruption Perceptions Index exhibits a strong inverse correlation with the rule of law index. An increment of 1% in corruption perceptions results in a reduction of 0.0010 on the rule of law index. These findings align with the research conducted by Holcombe and Boudreaux (2015) and Lewis and Hendrawan (2019), which emphasized that increased levels of perceived corruption weaken legal systems by eroding public confidence and promoting non-adherence to laws. Corruption redirects money from vital services, intensifying inequality and undermining the legal system.

The rate of urbanization is strongly correlated with the rule of law index, showing a positive link. An urbanization rate increases of 1% leads to a corresponding increase of 0.0008 in the rule of law index. Research conducted by Thaddeus et al. (2021) and Lin et al. (2018) demonstrated that urbanization promotes enhanced law enforcement and governance by means of upgraded infrastructure and increased civic participation. Urban areas generally possess a greater abundance of resources and have improved accessibility to legal services, thereby bolstering the rule of law.

There is a strong negative correlation between income inequality and the rule of law index. Specifically, for every 1% increase in income inequality, the rule of law index decreases by 0.0012. These findings align with the research conducted by Gründler and Potrafke (2019) and Buba and Ishak (2017), indicating that increased inequality has a detrimental effect on social cohesiveness and erodes trust in legal institutions. High income disparity might lead marginalized groups to view the legal system as prejudiced and less legitimate, resulting in decreased adherence to laws.

There is a strong and direct correlation between political stability and the rule of law index. Specifically, for every 1% rise in political stability, there is a corresponding increase of 0.0017 in the rule of law index. Support for this claim comes from the research conducted by Bellamy (2018) and Radu (2015), who contend that political stability fosters efficient law enforcement and institutional growth. Political stability diminishes ambiguity and cultivates a milieu in which rules are more prone to be revered and implemented consistently.

The social globalization index has a notable and beneficial impact on the rule of law index, as indicated by a coefficient of 0.0009. The relationship is substantiated by research conducted by Islam (2019) and Blokker (2021), which emphasize that globalization enables the sharing of superior methods and global benchmarks in governance, hence strengthening the enforcement of legal principles. Social globalization promotes international collaboration and the implementation of efficient legal structures, enhancing the overall legal climate.

The rationale behind these findings is rooted in the interdependence of economic, social, and political elements in influencing the establishment and enforcement of legal principles. Increased GDP per capita and higher education levels contribute to the availability of resources and the acquisition of information

that are essential for improved governance and adherence to legal requirements. Judicial autonomy guarantees objectivity and equity, which are essential for upholding public confidence in legal frameworks. Reduced corruption perceptions and increased political stability foster conditions in which laws are routinely observed and enforced. Urbanization and social globalization contribute to the development of improved infrastructure and facilitate the sharing of effective methods and strategies. Simultaneously, lowering wealth inequality enhances social unity and fosters confidence in legal systems.

The limited sample data hinder the generalization of our results. This study only compares across certain countries hence that could restrict how generalizable it may be to other nations with dissimilar socio-political backgrounds. In addition, concentrating on a particular time frame inhibits our ability to measure the long-run implications of social globalization, political stability and corruption for development in those three spheres.

In addition, secondary data sources used in the study may have potentially been affected by measurement error or biases present during the process of collecting this data. Other qualitative aspects such as cultural influences or informal institutions are not included either which further restricts the broadness of this analysis. The limitations in a study such as this one mean that findings are good for what they tell, but should not be confused to seek uncommented resiliency hypotheses perhaps particularly experienced during pandemic responses and more broadly over different periods of time. In the future, researchers can work on targeting these limitations with better inclusion of other countries and years as well as more variables.

Conclusions

The way in which the official act and differing judgments on similar cases illustrate a variety of legal culture - an over o armament from the societal level, is another notable factor that has significant impact on how well legal institutions operate. It refers to how law is seen, read and experienced within a society - often representing the collective consciousness as well behavioral choices of its people. Given the array of socio-economic challenges within and across states, knowledge about legal culture is important as most countries are trying to address issues pertaining governance and economic policy. With social evolution, the importance of legal culture to form and nurture rule of law which is essential for justice can hardly be overemphasized.

The degradation of the rule law in different contexts is a complex phenomenon that requires rigorous scrutiny to know why. This study intends to investigate factors, which determine rule of law index rating for high-income, upper-middle-country and lower middle country over the period 2000–2021. This paper tested the impact of GDP per capita, education level, judicial independence, corruption perceptions index, urbanization, political stability, income inequality and social globalization, on rule of law. The rule of law index is significantly positively affected by GDP per capita, education level, judicial independence, urbanization rate political stability and social globalization.

Implications

Enhancing Economic Growth

Stable macroeconomic: Introduce stabilizing fiscal and monetary policy with the hosting of a parallel group for establishing sound rule of law. That is to ensure that you keep your inflation rates low, slash fiscal deficits and manage public debt in a responsible fashion.

Investing in Infrastructure

Better infrastructure, including transportation, energy and broadband could help speed economic growth. Without that physical infrastructure, it would be impossible to provide meaningful legal services

and real access to justice. Support for SMEs Small and medium enterprises (SMEs) are key contributors to the economic performance of both developing and industrialized countries. Policies like financial inducements, deregulations or training programs are the types of policies that hasve got great potential to bring about a better rule of law for smaller SMEs Tor

Improving Education

Free, quality education for all: Governments should expand sustainable public education from the youngest to the oldest citizens because people of every age and so totally cut off. These are also the issues around school construction, reward and reflection to change teacher training programs for both formal sector teachers as well as those appointed up on recruitment from communities where reflections is not feasible.

Legal Education– secondary education and higher educations could tie in learning about the Rule of Law? Like, the rights and justice which are part of constitution.

Atrocities therefore can no longer be a taboo issue we are unable to talk about (however, as the Holocaust demonstrated): they must become an inseparable part of our foreign and security policy approach if we aspire for there to forever exist the rule of law: Vocational Training — vocational training could lead more better job opportunities further mitigating unemployment rates allowing violent crimes.

Judicial Reforms

Independence of the judiciary — An independent judicial system under which judges will not be influenced or coerced to make biased and politically motivated decisions. This could be achieved by the judges being allowed to apply openly for posts, sufficient funding and ensuring that nothing or no one can influence the decisions of these legal heads.

Capacity Building for the Judiciary: Designing a suitable training program, initial and in-service to upgrade competencies and skills expected from judges as they dispense justice Training should cover new legislations, human rights and anti-corruption measures.

Access to Justice: Provisions contained herein should not be further limited and low-income persons who are seeking representation need access. This helps in dispensing justice to all and ensures right to equality before law.

Combating Corruption

Establish functioning independent anti-corruption agencies with the power to investigate and prosecute corruption cases. They must also be well-resourced and answerable to science, not a political master.

Open Contracts and Expenditures: Open government as a means to combat corruption could be achieved through the publication of contracts with governments, taking reference in relation transparency. The first two are audit responsibility and checks-and-balances.

Whistleblower Protection: Since many illegalities does not come to light without someone on the inside coming forward we need laws protecting whistleblowers.

Urban Planning and Development

Urban inclusiveness Urban planning should ensure that cities provide all citizens with the benefits of urbanization by trying to protect against socio-spatial segregation. This means things like housing, healthcare, public transportation.

Smart Cities — Below is a link to another article that describes how technologies can be brought into the cities for better management and governance. In this system for example now a day's data analytics are used to monitor and handle the public services which ultimately enhance transparency as well efficiency.

Community Policing supports: The introduction of community policing can be able to shake faith in the legal justice system at large while contributing greatly towards building trust between those who protect and serve, society.

Reducing Income Inequality

To simplify, taxes should be very progressive— the wealthier you are, the higher percentage of your income goes to tax. It will also provide additional revenues, which be reinvested in social programme.

Social safety nets (e.g., health care and pensions or unemployment benefits) support file both the short-term needs of families cope with a spouse's job loss and longer-term poverty reduction efforts. These programs redistribute wealth and ensure the stability of social order.

Hence the need for Inclusive Growth Policies, policies that ensure an inclusive and shared prosperity — a situation where all segments of society benefit from economic progress. This includes lifting up voices unheard and communities long disadvantaged, offering fresh thinking to some of our biggest economic challenges.

Heartbeat of Political Security

Democratic Governance: Improving democratic institutions and processes can also help to foster political stability. Free and fair elections, human rights respect including citizen participation are part of this.

Conflict Resolution: There must be organized to resolve the conflict that arises and, consequently there can find a Political unrest. That could mean mediations, spaces in the middle for dialog or a system of laws to deal with charges.

Good Governance: Policies aimed at good governance (open, responsible and transparent government under the rule of law) can help stabilize political environments — but also to reduce corruption levels and instill trust among citizens.

Creating Social Globalization

Cultural Awareness Programs — It leads to cultural awareness programs which help them understand and respect each other's needs as individuals who come from two different cultures, such a mindset promotes global citizenship.

International Collaboration – Interaction with international cooperation and partnership helps states to exchange good practices in rule of law promotion.

Adoption of World Legal Standards: Advanced legal systems in all countries, which will be conducted with reference to the best global experience. Through international pacts and formations

Suggestions for Future Research

While combing over the literature currently in existence there appear to be some unknown entities raised that could prove useful for future exploration and beyond of this study. Future research could investigate how social globalization effects the rule of law in a long run across various political regimes (the current study was primarily about short-term impacts within one regional context). Moreover, research on how digital transformation affects legal institutions (a topic underemphasized in a literature that largely studies public-service delivery via technology) could illuminate the extent of promises and pitfalls of high-

tech strategies for institutional reform – especially in countries where adoption varies widely. Additional research might explore the nexus of climate change and legal stability, since environmental stressors now affect governance effectiveness and institutional integrity. These methods provide valuable opportunities to explore the multi-dimensional dynamics impacting rule of law worldwide.

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