Regional Development – Basic Theoretical Approaches
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REGIONAL DEVELOPMENT – BASIC THEORETICAL APPROACHES

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ABSTRACT
Growing influence of the systems theory opened new possibilities of the study of regional development. It has led to complex understanding of regional development. Today it is very important to identify tendencies of the process of regional development in order to eliminate regional disparities. Elimination of regional disparities is a very difficult process consisting of various stages and requiring different measures. Strategic approach plays an important role in this process. It started to dominate in regional development in the 1980s and became one of the most influential approaches.

Key words: regional development, systems theory, complex systems, multidimensional approach

Complexity of the process of regional development leads to theoretical thinking about regional development in terms of the systems approach. Some theoreticians, i.e. F. E. Emery, agree that the category “development”, as well as global thinking about “development”, are being put forward and represent a new dimension of thinking about development, growth and regulation of processes and variety of complex system etc. (Emery, 1971). This shift is closely connected with the rise of a systems theory. Growing influence of the systems theory opened new possibilities of the study of individual spatial units, factors and processes, which determine their own development, functions and further growth. Considering the application of basic theoretical approaches of the systems theory on regional development we can point out its assets (Ivanička, Ivaničková, 2007):

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• systems theory leads to understanding of complexity of surveyed systems and emphasizes the existence of individual hierarchic levels;
• thinking about the growth and evolution of complex systems, the systems theory and its theoretical and methodological apparatus try to uncover various processes and mechanisms which determine functioning of individual complex systems;
• systems theory leads to understanding of the roles of information, innovation, invention, creativity as well as entropy, negative entropy and deflection from structures, which were lagged behind by development;
• systems theory clears up difficult relations between the structure, development and growth of complex formation.

The above-mentioned approaches lead us to deeper understanding that regional development in its everyday practice within real regional contexts represents a really difficult, complex and time-consuming process. We can emphasize activities of several mutually influencing factors of regional development (Blažek, Uhlíř, 2002):

1. Multidimensional determination of subjects, mechanisms and factors of regional development. Although integral feature of development can be seen as one of the positive elements that can solve situations in selected areas on the one hand, on the other this feature is being considered very often to be an element that causes difficulties of that process as well as very low success of society in its effort to influence and manage it.

2. Activities of individual subjects and their action in this area are determined by existence of rational factors; but taking radical qualitative changes into consideration may cause the rise of irrational ones.

3. There is a mutual interaction between subjects and mechanisms on all hierarchic levels in the process of regional development.

4. Action of relatively strong cumulative mechanisms. This action is closely connected with some degree of uncertainty, represented by the so-called butterfly effect; a situation in which a small change in starting conditions may have different and sometimes hardly predictable impacts.
5. Current theories of regional development emphasize the role and importance of spontaneous processes in regional development as well as difficulties with management of these processes through existing regulation mechanisms. Today there are many questions of how and to what extent spontaneous processes may act as a tool of change of existing regulation framework and given “rules” within the survey of regional development (Blažek, Uhlíř, 2002), according to what has been previously mentioned. These processes, initiated by individual actors on regional and local levels, are considered to be of great importance, particularly their potential to support the development of the region.

The most frequent theoretical issue surveyed in regional development is the analysis of regional development tendencies. The question is as follows: do the applied regional development approaches lead to balance (convergence) or imbalance (divergence)? Problem of prevailing tendency in regional development is being dealt by many theoreticians who wrote tons of papers in their effort to sum up results of various surveys in this area. But it is necessary to point out that mutual comparison of results of different partial studies aimed at the survey and the search for prevailing tendency in regional development did not give us the correct answer. Some studies conclude that convergence is the prevailing tendency of regional development. Other studies revealed different outcomes and emphasized divergence as the prevailing one. There are also studies that show up periodical change and alternation of both tendencies. Analysis of regional development tendencies has led many theoreticians to one conclusion: there is no possibility to identify and prioritise one of the tendencies in the regional development process. It is because the process itself oscillates between both tendencies due to the dynamic evolution of internal and external environment. Previously mentioned idea points out to one logical conclusion, which is the need for changeable dominant position and scope of the first or the second tendency within time-periods and regional contexts. According to results of the survey it is precisely the permanent changeable scope of both tendencies that plays the role of an initiating point of the further progress of the system in regional development. On the other hand, long-term one-side-oriented dominance of the first or the second tendency can bring about negative impacts, degradation, and eventually stop the further progress of the system (Morgan, Nauwelaers, 1999).
Considering the preparatory phase as well as the phase of data collection and evaluation, the survey focused on tracking the regional development tendencies is a very difficult and complex process. Results of the survey depend on the correct definition and the use of individual indicators, time period, level of homogeneity or heterogeneity of surveyed regions, regional structures, number of surveyed units etc. Correct selection of indicators for analysis represents a crucial point. Selection of indicators is closely connected with the theoretical view pointing out various types of variability and representativeness, in terms of tracking and identification of prevailing tendency in regional development. Selection of indicators must follow one basic rule: in terms of the surveyed tasks indicators should have been comparable and relevant (Cooke, 1995).

Elimination of regional disparities is a very difficult process. It contains various stages and each individual previous stage forms and creates conditions for the next one. First stage of regional development is aimed at the stabilisation of existing stage. Consequently, the second stage of regional development initiates various activities and measures in order to eliminate negative influence of previous development and to start up measures focused on further development of the region. Of course, conditions of the region and changing internal and external environment are being taken into consideration.

1 Strategic approach and its use in regional development

Economic growth and development of certain territory as well as national economy are results of action of large number of various mutually interdependent, crossing, complementing and supporting activities. In accordance with the previously mentioned, economic activity is considered to be a phenomenon of extreme complexity. Growth and development, surveyed on the regional or national levels, are based on action of various different factors and coincidences, which may slow down the regional development, speed it up, or cause breaches of developmental trajectories.

There is no possibility to predict each individual coincidence or phenomenon. This fact supports the idea that we are not able to plan all details of future development. There is a necessity to identify basic tendency for a longer period of time and apply it within real conditions and regional contexts. Inevitability of strategic approach arises from the complexity of growth and development, which determines the processes where there are many players,
partial activities and interests. This argument is based on the following: the more differences and variability of economic growth and development with their difficult combinations we have, the more uncertainty and stochasticity of future development we have to face (Vincúr, Fifeková, 2004).

J. Ferianc claims that links between present and future (e.g. connecting lines as driving forces of perspective) are the most important features of strategic thinking and action. Places where mutual interconnections of all lines of economic growth and development take place may be defined as goals of development. Strategy identifies the following: ways how to meet the goals, measures that influence robustness and speed of economic movement, sources of movement and, finally, players of economic movement motivated by goals and stimulated by interests (Ferianc, 1997).

We have to point out that strategic approach started to dominate the area of achieving goals of regional development since 1980s. Genesis of development tending to implement the strategic approach in regional development and regional policy is more complex and is very closely interlinked with regional planning as a measure to manage processes of regional development. Utilisation of regional planning, considered as one of the most important measures of regional development management, started in the 1950s and 1960s. The entire process was closely connected with resolution of regional disparities. Several older works present an idea that model of development management of the territory through planning was typical for states of the Eastern bloc. But contrary to this idea, regional planning was also used in several states of Western Europe, for example in France. Utilisation of this model did not meet the goals very often, but it has, however, supported the effort to identify the core problem and eliminate it. Optimal solution of identified negative aspects of regional planning has led to implementation of new knowledge and approaches used in the fields of economy and management, and to the usage of management and marketing in regional development. It enriched regional development both theoretically and practically, and brought to attention new knowledge, effective methods and approaches, which were later used in regional policy in order to influence practical implementation of regional policy. Connection between management and marketing on the one hand, and regional development on the other, has also introduced new terms reflecting strategic dimension of regional development, such as regional development strategies, or strategic regional planning.
Today strategic planning is used in many other areas and in individual economic sectors as well. There is a difference between the implementation of strategic planning in public sector and the private one. The difference is in the sphere of prevailing concepts and methods of its realisation.

The process of strategic planning in private sector is being influenced by the growing competitiveness in order to gain better position on the market; aspect of competitiveness is getting ahead. On the other hand, there is an effort to reach harmony between players in the public sector. Main attention is paid to cooperation and synergy of regional strategies. Considering the effectiveness in the process of creation of strategic planning there are several important aspects to mark down: mutual participation of players, need for consent in crucial issues related to development of the territory, need for integration between key players of developmental process. Assets of strategic planning in regional development can be summarised as follows (Čapková, 2004):

- strategic planning leads to identification of weaknesses and strong points of a given territory, identifies spheres of strategic interests;
- strategic planning leads to definition of possible alternatives how to achieve goals;
- strategic planning leads to effective realisation of individual goals of development;
- strategic planning leads to creation of space and mechanisms of evaluation of selected strategy and goals, it creates certain space for corrections and modifications related to changing conditions of internal and external environment of the region.

2 Developmental strategy – process of creation

Scientific literature emphasizes possibilities of utilisation of various approaches: for example comparative approach, where strategies are aimed at elimination of the risks, use of external opportunities, reinforcement of internal strengths and elimination of weaknesses, or combination of hierarchic approach and comparative approach where strategies are understood as a sum of approaches focused on developmental visions and goals. Comparison of strengths and weaknesses of internal environment with opportunities of external environment leads to definition of individual approaches oriented towards developmental goals.
Process of creation of territorial development strategy is mainly considered a planning process. Strategy represents declared, negotiated and by all parties agreed way how to reach long-term goals and priorities of regional development. Strategy seen as a collectively agreed way how to realise and implement identified goals and priorities should be organic part of other documents focusing their attention on territorial development. Strategy should be interconnected with territorial planning and respect all territorial and technical conditions, as other territorial development documents do (Čapková, 2004).

Process of creation of territorial strategy represents a really difficult process, particularly the need for synchronisation of activities influencing creation of the strategy and its practical implementation. One of the problem issues is the conflict of players’ interests, arising from various interests and different value orientation. Basic approach of creation and realisation of objectives defined in the territorial development strategy is realisation of all approaches and activities in order to meet interests of regional community as a whole.

On the basis of previous analyses of various approaches related to formulation of territorial development strategy the most utilised methodological approach consists of the following steps (Čapková, 2004):

- analysis of internal and external environment,
- SWOT analysis,
- identification of vision,
- definition of strategic aims and goals,
- implementation of strategy,
- monitoring and evaluation of strategy.

Analysis of internal and external environment represents quite comprehensive part of creation of regional development strategy. Analysis of external environment consists of analysis of surrounding environment, its current state and future developmental tendencies of the region. Important segments of external environment are the following: legal, political and economic sphere, social environment and other factors such demographic development, technologies, changes in consumers’ preferences etc. In terms of the analysis of internal environment the main attention is focused at creation of total territorial profile. Territorial profile usually consists of the following elements: demographical characteristics, structure of local economy and perspectives of its future development, enterprises and their structure (defined by their size, sectors, number and structure of employers, main business
activities, connection to cooperation chains, partners, competes etc.), labour force (educational structure, types of professions, structure of wages etc.), level of technical infrastructure, level of social infrastructure, possibilities of housing, buildings and properties, level of traffic infrastructure and public administration (Čapková, 2004).

SWOT analysis of the region is based on results of analyses of internal and external environment. Regional SWOT analyses are usually structured into four basic areas: strengths, weaknesses, opportunities and threats. Data related to definition of strengths and weaknesses of selected territory emphasize basic features of the internal environment of the region, while the sphere of opportunities and threats is related to the external environment. Summary and evaluation of information are of great importance, particularly from the point of identification of dominant and determining factors of internal and external environment, which can deeply influence the vision as a whole. The vision creation phase represents a stage in which we create basic perception of the future of the region. Vision itself shows desirable stage of the further development of the region.

Strategic aims help us identify results we want to meet in individual spheres and timeline to reach them. From theoretical point of view, there are no limits in the number of aims. From the practical point of view, however, real possibility to meet set aims is the most important factor. It is not the quantity, but the quality which represents the crucial point of the strategy; quality evaluated not only from the point of correct evaluation of the data, but also from the point of capacity to meet them. Large number of defined aims can cause problems, for example in the area of allocation of resources on the process of their realisation. In such cases, if there is no possibility to reduce defined aims, then it is necessary to line up aims according to their level and priority within the strategy. Right after reaching the agreement on content of individual strategic aims, these are transformed into strategic goals; and strategic goals form specific interventions and activities of local and regional institutions and individual players in order to fulfil strategic aims.

Final phase of the creation of the strategy means elaboration of strategic plan with all elements of the strategy, such as: vision, aims, goals, strategic programs, action plans and projects. Well formulated implementation plan is of strategic importance because it defines real and relevant goals and expected results, projects and activities that have to be done, clear identification of tasks
and responsibilities, timelines of individual aims, budgets, and financial resources.

Monitoring and evaluation represent sphere of everyday tracking and evaluation of fulfilment of strategic aims and goals, as well as evaluation of effectiveness of the utilisation of resources allocated to the strategy. Implementation of every development strategy represents realisation of agreed strategic aims and goals within dynamic and changing environment. In this sense monitoring and evaluation is aimed not only at the sphere of realisation, but also at tracking the changes in the external environment and conditions, which very often leads to redefinition of the strategy or, eventually, to its radical change.

3 Selected approaches to typology of developmental strategies

When we take into consideration analysis of content of individual types of developmental strategies it is possible to present their typology by using different criteria. On the basis of identification of key criteria for typology of individual developmental strategies we obtain overview highlighting which strategies are aimed at what economic sectors. In connection with creation of developmental strategies it is necessary to point out that we are able to create one or more model types of developmental strategies, but no model shall be applied in practice without its adjustment according to specific features of the selected territory. Another important fact is that practical implementation of developmental strategies is closely connected to individual developmental strategies and various combinations of complex content of strategies with aim at the character and specific features of the territory and effort to support development potential in certain identified economic sectors.

Considering the individual types of developmental strategies we can point out that on the basis of analysed sectors the developmental strategies are focused on following areas (Čapková, 2004):

- gaining new investments,
- supporting existing enterprises,
- supporting the establishment of new enterprises,
- supporting development of specific economic sectors.

Developmental strategies focus their supporting activities on the sphere of gaining new investments from both internal environment (already existing
investors, establishment of affiliated companies or transfer of economic activities) and from abroad. In case of implementation of gain investments-oriented developmental strategy there is one significant fact to be noted. Territory has to face competitive environment on both national and international levels. There are many factors influencing the implementation of this type of developmental strategy: existence of several comparative advantages of the territory in terms of localisation of certain investment activities, accessibility of the territory, qualified labour force, total labour costs, existing social infrastructure, suitable places for entrepreneurship activities, elimination of all administration and legal barriers in order to support the investment activities in the region, etc. Considering really huge amount of investor’s requirements, these strategies achieved less success than expected (Čajka, 2006). Analysis of positive impacts on the one side and evaluation of cost connected with supporting activities on the other reveals that this type of investment is very disadvantageous, particularly in the short-term perspective. Another disadvantage of foreign investments is its low geographic stability. It means that loss of all investment stimulus leads to transfer of the investment to another geographic locality. Developmental strategy aimed at foreign investments has to support and keep newly created job positions up. It means that transfer of enterprises is closely connected with transfer of managements, and created job positions are for less qualified employees. This situation causes that highly qualified labour force is transferred from one region to another.

Quite high level of successful investment-oriented developmental strategies is registered in cases of orientation on specific economic sectors, or investors realising their activities in some types of specific sectors. It eliminates competitiveness and mainly developed regions with suitable conditions for further development of specific economic sectors are aspiring for this type of investment. This type of developmental strategy can be based on the combination of supporting tools focusing their attention at investing to specific economic sectors and their further development.

Strategies supporting existing enterprises are aimed at further development of enterprises, which already make business in the region. Supporting activities are aimed at diversification of entrepreneurship, modernisation of technologies, technological and production processes, creation of qualified labour force according to given requirements of the specific field, etc. Positive effects of supporting activities are the following (Čapková, 2004):
• build up and develop new core specific field of economic structure of the region,
• provide continuous growth of jobs,
• build on economic profile of the region,
• create cooperation networks,
• build up regional identity between enterprises and the region.

Strategies aimed at establishment of new enterprises represent another type of developmental strategies. These strategies are oriented towards creation of suitable conditions in order to support economic activities in the region. Supporting tools help start-ups and for example give information on existing administrative, legal and other regulating mechanisms which can represent a certain barrier for entrepreneurship activities. It is possible to liberalise some regulating mechanisms for a short-time period, but only a small number is falling under the competences of regional and local self-administration.

Developmental strategies aimed at development of specific economic sectors support similar or mutually interconnected economic activities within specific sectors. This type of strategies is focused on support of mutual interconnection of similar or following economic activities within a given space. This case is about the support of creation of such internal regional environment which creates suitable conditions for linkage of factories and enterprises, building of contact networks, relations based on trust etc., which leads to stimulation of economic activities and regional development. Support of development of regional cluster initiatives and building of regional innovation systems are typical examples of such type of developmental strategy. At this point it is also necessary to point out another important fact. Cluster-oriented tendencies bring on many positive effects but only in the regions where spontaneous tendencies supporting establishment of specific spatial clusters were realised.

Current approaches to strategic regional management emphasize the importance of the so-called “strategic platform”, which is being understood as follows (Stimson, Roberts, 2002):
• represents the vision of regional development, which is being collectively negotiated between key regional players in order to support regional development,
• represents decisive leadership to make the vision come true,
• represents an architecture for economic growth.
Creation of strategic platform is one of the possible answers to the following question: which types of institutions (or players) should create so-called “top management” in the process of realisation of strategic aims and goals. Considering the previously mentioned, aspects such as regional identity of players are getting ahead of all others.

References: