

The Role of Self-government in the Process of Endogenous Regional Development

KATARÍNA ŠOFRANCOVÁ
Matej Bel University, Faculty of Economics,
Tajovského 10, 976 90 Banská Bystrica,
Slovakia
katarina.sofrancova@umb.sk

Abstract

The role and position of self-government in the process of regional development has been examined by many authors. The theory of endogenous development points out, that self-government has more detailed and more accurate informations, which are necessary to adopt decisions related to regional development than the central government. It also accentuates the active role of self-government as the main floater and coordinator of the regional development process. The paper is aimed to define endogenous regional development and to specify the role of self-government in the process of endogenous regional development. We conclude that self-government plays an important role in the process of regional development. Its activities can not be put in the practice isolated, but they should respect conceptual approach. What means that measures realized by self-government should follow aims and activities defined by the central government and that self-government should by their implementation cooperate with central government, state institutions and other subjects located in the region.

Key words: self-government; regional development; endogenous regional development.

1. Introduction

Transformation process from the socialist system to a market economy in Slovak Republic and in others Central and Eastern European countries is connected with deepening of existing regional inequalities and creating new regional inequalities. The theory of endogenous regional development is one of concepts currently used by remission of regional disparities and fostering regional development not only in backward regions but also in developed regions.

In terms of decentralization tendencies, which are aimed to bring decision making closer to citizens either through administrative reforms or devolution to lower levels of government, has been in many countries accentuated the role of self-government in the process of regional development.

The aim of the paper is to define endogenous regional development and to specify the basic roles of self-government in the process of endogenous regional development.

Research methodology included the study of related legislation and scientific studies dealing with the problematic of regional development. In the first part we pay attention to the term self-government, briefly describe self-government in Slovak Republic and introduce its

chosen competencies related to endogenous regional development. The second part is aimed to define the term endogenous regional development and the basic roles of self-government.

2. Self-government

Regional development is no longer matter only of the central government, but following the changes in regional policy has been the solving of regional disparities moved from central government to lower levels (regional level and local level of self-government) of public administration. Self-government is no longer only a passive acceptor of decision made at the central level by central government, but it wants to act actively and to foster development of own territory.

Self-government is generally accepted like a right of a specific sociable organism to attend a specific by the law defined sphere of concerns absolutely, relatively independently of wide sociable organism, whose part it is [1].

Striking feature of self-government is the execution of power of citizens in the political decision process and consecutive change of position of citizens from the object to the subject of social regulation. Self-government afterwards presents the power of a self-governing subject (municipality or self-governing region) to decide independently and to pursue by the law defined sphere of concerns that are directly connected with the interests of inhabitants living in the region. In the political level it means the execution of self-government directly by citizens or indirectly by voted representatives. Legal aspect of self-government means activity of a public-legal subject, which disposes of relevant (according to the law defined) scope of public authority.

Self-government in the Slovak Republic

Public administration in Slovak Republic is of a dual nature and consists of two independent parts: self-government (local and regional) and state administration (district and regional general administration, specialized state administration).

The position of self-government is defined in the Constitution and it is created by local self-government (municipalities - towns and villages) and regional self-government (self-governing regions/higher territorial units). Local self-government and regional self-government are two independent self-governing and administrative units and legal entities of self-government. There are not any relations of subordination among them. Duties can be imposed on them only through laws, they have their own elected bodies and the performance of state duties can be transferred to them under conditions set down by the Constitution and law

Within the processes of public administration reform have been made changes in the territorial division of Slovak Republic and regional level of self-government was created (self-governing region). In the process of decentralization have been more than 400 competencies transferred to municipalities and self-governing regions also the method of financing of self-government has been changed. Implementation of this changes created assumption for a greater participation of citizens in public affairs, reducing the role of state administration and strengthening the status and responsibility of self-government for delivering public services and development of own territory.

Local Self-government

Position of local self-government is specified in the Constitution of Slovak Republic and in The Act No. 369/1990 Coll. on Municipalities [2]. Municipalities are legal entities. They own property and personnel and financial independence, can conduct business and collect local taxes and fees. They can engage in international, cross-border and domestic cooperation. To the basic regulatory tools used by the local self-government according to [2] belong: generally

binding regulations, decisions on economic activities on its territory and adoption of planning documents.

Municipality, as the lowest level of regional policy, coordinates in own territory all-society, regional and also local interests. Basic task of municipality is taking care on the development of its territory and needs of its citizens. Main powers and functions of local self-government important to endogenous regional development include: administration of municipal property, preparation and adoption of municipal budget and final account, local fees and taxes administration, supervising of economic activities (including adoption of binding decisions on investment activities and starting of entrepreneurial activities), constructing and maintenance of local roads, public spaces, municipal cemetery, cultural, sport and other municipal facilities, providing a wide volume of public services connected to citizen's every day life (waste disposal, public lightening, water supply, public transport, etc.), own investment and entrepreneurial activities, adoption of territorial planning documents and other development documents concerning particular spheres of municipal life and establishment and control of own budgetary and contributory and other legal entities [2]. All these competencies are performed as self-government duties so called "original powers".

Regional Self-government

Regional self-government (self-governing regions) was created in the process of public administration reform in the Slovak Republic on 1st January 2002 as the second level of self-government. Self-governing regions are legal entities. They own property and personnel and financial independence, can conduct business and collect fees. They can engage in international, cross-border and domestic cooperation

The position of self-governing regions is specified in the Act No. 302/2001 Coll. on The Self-Government of Higher Territorial Units [3]. Basic task of self-governing region is taking care on the broad development of its territory and needs of its citizens.

Main powers and functions of regional self-government important to endogenous regional development include: preparation, adoption and fulfillment of The Program of Social Development and Cultural Development of The Self-Governing Region; territorial planning activities concerning the self-governing regions territory; creating conditions on development of health services, social services, training and education facilities (mostly at secondary schools and development of life long education), cultural activities and cultural monuments and tourism; cooperation with municipalities located on its territory by preparation of Municipal Programs of Social and Economic Development; taking part at solving of problems concerning more municipalities on its territory; own investment and entrepreneurial activities; creation and protection of environment; development of cooperation with other self-governing regions and state administration offices; establishment and control of own budgetary and contributory and other legal entities, etc.

Other important competences for both level of self-government are specified in the Act No. 503/2001 Coll. on Support of Regional Development [4]. According to [4] municipalities work out, adopted and regularly evaluate The Municipal Economic and Social Development Program. It is a mid-term document containing specific analyses of social and economic development, outlining needs in the area of technical, social infrastructure, human resources, education, etc. It must also include a proposal that details financial and administrative measures. This document should be the main development document prepared by the local self-government. Local self-government also participates on the preparation of The Program of Economic and Social Development of Self-Governing Region on which territory it is located, it also offers interactivity by preparing regional operating programs and other regional development planning documents specified in this act.

According to [4] regional self-government has broader competencies in the area of regional development than local self-government. Besides preparation, adoption and evaluation of The Program of Economic Development and Social Development of Self-Governing Region regional self-government also regularly monitors and evaluates development of own territory and regularly works out reports on economic and social development of the self-governing region, assures resources in extend of own competencies for abolishment of unfavorable inequalities on own territory, assures cooperation with other self-governing regions, presents interactivity by preparing regional operating programs and other regional development planning documents defined in this act and can establish legal entities on support of regional development of the territory of self-governing region (regional development agencies).

Since 2002 self-government execute in selected areas (where it is more advantageous for the state) transferred state administration duties. To this duties belong e. g.: registry office, the construction order, selected duties in the educational sector etc. (local self-government); health care sector, social service sector, road transport, education sector etc (self-governing region).

Table 1 contains chosen powers of self-government in the Slovak Republic important in the relation to the endogenous regional development.

Table 1 Chosen powers of self-government in the Slovak Republic

Local self-government (municipality)	Regional self-government (Self-governing region)
Preparation and adoption of budget and final account	Preparation and adoption of budget and final account
Construction and maintenance of local roads Operating of public transport service	Transport and communication infrastructure planning construction and maintenance of 2 nd and 3 rd class roads Granting licenses to national regular bus transport Striking of contracts of actions of public interest with transport operators Discussion of draft road regulation and draft amendments
Local fees and tax collection and administration	Fees administration
Own investment and entrepreneurial activities	Own investment and entrepreneurial activities
Public areas, green areas, nature and environmental protection Waste disposal, public lightening, water supply, sewer system	
Housing	
Certain social, cultural and health care facilities Pre-school, elementary schools and school establishments	Certain social service facilities (retirement home, social services for children, crises centers, children's home), cultural facilities (regional galleries, museums, theatres, certain libraries etc.) health care facilities (policlinics and hospitals with policlinics of II. Category) Secondary schools, school and sport facilities Licensing of pharmacies and issuing of allowances for providing of health care service in selected areas
Municipal police	Participation in civil defence
Building order	
Territorial planning	Territorial planning
Local development – The Municipal Economic and Social Development Program	Local development – assistance for local self-government
Regional development - interactivity by regional development planning documents	Regional development – The Program of Economic Development and Social Development of the Self-Governing Region

Source: Self-processing according to [2], [3], [4], [5]

3. Endogenous regional development

When we try to define the term endogenous regional development, we meet several difficulties. The first problem is connected with understanding the term “development”. Different authors understand development in a different way. As an example we present the opinion of Nohlen and Nuscheler [6], who understand development as a process oriented on aim that depends on specific variable ideas in place and time.

We tend to the opinion that development is a process of sequential changes, caused by effective exploitation of resources with the aim to move along from initial position into desirable (target) position. As components of development we regard growth, labour, equity, participation and independence [6].

Another problem is linked with understanding the term regional development. Regional development is based on economic development that is understood as a long-term increase of the ability to provide various goods and services to the citizens. This ability goes out from the development of technologies (technological development and innovations) and from institutional and systemic changes [7]. Afterwards we understand regional development as economic and social processes overshooting in native-social environment of a region that is using and respecting opportunities and specific features of a region and assures growth of economic and social resources of a region. Regional development also means social development such as quality of public health and wealth and welfare, quality of environmental and creativity respecting the principles of sustainable development.

When defining endogenous regional development we come out from approach of chosen authors [6], [8], [9], [10] who speak about exogenous and endogenous factors of regional development and distinguish exogenous and endogenous approaches to regional development. Exogenous oriented approaches to regional development (also called from bellow development) emphasize external development impulses in form of interregional mobility of productive factors or business relations.

The concept of endogenous regional development started to appear in the 70. and 80. of the 20. century. In consequence of raising unemployment, decreasing social situation and poverty growth several authors criticized in their studies the limited efficiency and short durability of meantime used regional policy tools.

While exogenous approaches to regional development accentuate the mobility of productive factors and mainly effects of enterprises localization in the region, endogenous oriented approaches try to answer the questions how to use existing endogenous resources in the best way in a region and what is the competitive ability of enterprises located in the region. What means that regional problems are being solved using regional resources respecting its specific features.

Table 2 contains basic differences between endogenous regional development and exogenous oriented approach.

Table 2 Endogenous regional development versus exogenous oriented approaches

Endogenous regional development	Exogenous oriented approaches
Modernization of existing enterprises	Localization support (export activities)
Development of regional resources (science, business activities, qualification of labour, etc.)	Acquisition exogenous resources (capital, technologies)
Cross sectional development strategy	Concentration on industry
Involvement of energetic and ecologic projects	
Developed regional transport system	Inter-regional transport system
Competitive ability through innovations and quality of production	Competitive ability through capital-intensive technologies and low labour costs
Extensive participation of regional interests groups	

Source: Self-processing according to [6]

According to [11] endogenous development can be simply specified as a development which is conditional using resources, that are found within the region, i. e. generated by the region itself.

A. Vazquez-Barquero [12] understands endogenous regional development as a “process of economic growth and structural changes, which is led by the local community and employs its potential for development to improve the local population’s standard of living”.

When defining the term endogenous regional development we agree with E. J. Blakely [13]. Despite the fact that he speaks about local economic development, we think that his approach expresses the essence of endogenous development. Endogenous development is a process by which all levels of public administration and/or others community based groups (public institutions together with private sector) manage their existing resources and enter into new partnership arrangements to create new jobs and stimulate economic activity in a well-defined economic zone. This orientation leads to a focus on taking local initiatives in the development process to create new employment and stimulate increased economic activity.

This process is characterized by:

- Emphasizing the importance of local factors in creating and maintaining sustainable development (starting point for development of a region are its human, economic, cultural, institutional resources);
- Pursuing the satisfaction of local needs and demands through active participation of local community in development process.

We can identify at least three dimensions in processes of endogenous regional development. One is an economic dimension characterized by a specific production system of a region that allows entrepreneurs to use efficiently the productive factors and reach productivity levels which make them competitive in the market. Another is an institutional dimension where economic and social actors are integrated into regional institutions thus forming a complex system of relations, which incorporated social and cultural values into the development process. The third is a political dimension expressed in local initiatives, which leads to the creation of a local environment that stimulates production and brings sustainable development.

That means the endogenous regional development demands active participation and cooperation of all institutions of public and private sector located in the region led by the initiatives of local and regional self-government. Intense interconnection of economic and social partners in the region enables to integrate all aspect of life within a region defined by its culture, resources, landscape, climate, etc. into development documents and strategies and helps to formulate, to choose and to implement suitable development strategy of a region.

Endogenous regional development accentuates the principle of integration that assumes more intensive involvement of agriculture, energetics and small trades, what should cause a synergy effect; activation and ecological support of utilization of endogenous resources and growing role of small and medium sized enterprises. These should increase their innovation and competitive ability e. g. through cooperation and networking what considers being an advantage for further development. It is no longer important to attract firms and create jobs – it also matters whether those jobs are associated with high skills and high pay in a high performance businesses, whether those enterprises operate productively and competitively, whether economic vitality contributes to improving of living and quality of life and whether the region has the capacity so sustainable economic development.

4. The Role of Self-government

According to this self-government cannot “do” alone the endogenous regional development.

But the activities it takes or fail to taken have some influence and can affect the process of development in the private sector in the region. Self government has at least four important roles to play in the process of endogenous regional development [14]. It can act as strategist, leader, ambassador and manager of key government functions.

As a strategists self-government diagnoses (together with other public institutions and private sector) the forces that affect the regional economy, conceives a vision of what the region can or should become, translates the vision into practical actions, monitor and/or modify those actions to ensure the desired results. In the Slovak Republic present this activity preparation and adoption of The Municipal Economic and Social Development Program at local level and The Program of Economic Development and Social Development of Self-Governing Region.

As a leader self-government concentrates on building the consensus and support required to develop and implement strategy. Many actions and activities are partially or totally beyond the direct control of self-government. They depend on the effectiveness of nongovernmental institutions, enterprises, labour and other organizations working individually and in cooperation with one another. It is important to work these groups toward common economic goals.

The third economic role is the role of ambassador. Many of the most important policies that affect regional development lie beyond the immediate control of self-government. This includes the policies of neighboring regions, central government and also of foreign institutions. That means that self-government should represent interests of own territory.

Another economic role is manager of key functions or competencies with economic impact (e. g. business activities support, technical assistance, technology transfer, marketing information), but also other competencies that may be equally or more important (e.g. public education and other human resources programs, research and science development etc.).

5. Conclusion

The concept of endogenous regional development comes out form a basic assumption of decentralization namely, that self-government and other institution of public and private sector located in the region have more detailed and more accurate information to adopt actions and decisions supporting regional development than the central government.

We understand endogenous regional development as a process of economic growth and structural changes, which is led by the local community and employs its potential for development to improve the local population's standard of living.

Successful and effective fulfillment of defined development goals depends on the quality of relationships between self-government and others public institutions and their interconnection with activities of private sector in the region.

Self government has at least four important roles to play in the process of endogenous regional development. It can act as strategist, leader, ambassador and manager of key government functions.

But we cannot forget the fact that endogenous regional development is influenced and depends besides activities of self-government, the quality and structure of endogenous resources on national and international factors, which has different impact on development of individual region.

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