
Relation of Municipalities and Regional Competitiveness

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Abstract

Today a phenomenon of competitiveness is more and more related to economy of municipalities and cities. The competitiveness of regions can be followed through partial determinants e. g. economic performance, innovation performance, quality of life etc. The determinant quality of life takes effect as one of cross-over bridge between competitiveness of municipalities and regions. The quality of life includes itself such attributes that can ensure economic growth and development by means of attraction of economic activities, especially prevention of their efflux.

Key words: competitiveness, factors of competitiveness, municipality, quality of life, region

JEL Classification: R11, R15, R58, O18

1 Introduction

The attention of the major part of scientists is set upon the subjects of private sector duty the research of regional competitiveness. The smaller attention is paid to such subjects like municipalities. Despite the municipalities can become of important subjects which can influence the region and its competitiveness. Naturally the municipalities can only effect on certain chosen determinants of competitiveness. The quality of life is than the main determinant.

The characteristic of the phenomenon of quality of life is described in this article. The further attention is paid to linkages between the competitiveness and quality of life. If we consider that the quality of life influences the economical performance and other factors of economical nature than the municipalities can influence the competitiveness of region. Moreover we can notice that the municipalities can influence the regional competitiveness by indirectly way.

2 Municipality

Municipalities are the basic building block of self-government. The status of municipalities in the public sector is increasingly important, due to the view that the self-governing principle of operation is the outer manifestation of democratization and decentralization law; the belief that municipalities have the responsibility to secure various types of public goods for the population from the state and local authorities. The right to self-governance is enshrined in the European Charter of Local Self-Government¹.

¹ The Charter was adopted by the Council of Europe's member states on 15th October 1985 in Strasbourg. It came into a force on 1st September 1988. The Charter was ratified by more than 38 states which respect it in their legislation.

Toth (1998) characterizes a municipality by the set of features which distinguish it from other forms of settlement. Municipalities are complex urban and economical systems formed, and subsequently created, throughout a period of time. Hrabalová (2004) states that the municipality is the basic living space for citizens and performs multiple functions, which include residential, business, and service.

Functioning and prosperous municipalities can however influence the region and the running processes as well. Activities of municipalities can support the competitiveness of region. It is necessary to determine the notion “competitiveness” and factors which support the competitiveness to establish the linkages among activities of municipalities and regional competitiveness.

3 Regional competitiveness

Many authors which are dealt with regional competitiveness coincide with the claim that this notion is hard to understand and debatable. Nevertheless the vagueness of this notion does not decrease its popularity. For example the European Commission perceives the policy for improvement of competitiveness of European regions as is the reach the economical and social cohesion which reinforce the Union like whole.

Martin (2003) describes the region's competitiveness as the region's ability to produce goods and services that will stand up in international markets, while ensuring the maintenance of high and stable income for its inhabitants.

Viturka (2007) states one of many other possible definitions of regional competitiveness. According of his opinion competitiveness is a result of joint effort in a way of most productive usage of internal and external sources and development opportunities, aimed at sustainable increasing production potential of regions.

It is necessary to efficient connect suitable factors of competitiveness for an increasing of regional competitiveness. These factors can be situated in the region or outside. The survey of factors is not anywhere exactly define. For example according to the research company Ecorys Nei we can set seven basic factors affecting the competitiveness: clusters, demography, migration and place, business environment and network, government and institutional performance, industrial structure, innovation/regional innovation systems, and property.

Regional competitiveness is, according research company BermanGroup (2006), multi-conditional. The company identifies five main factors:

- human resources,
- research and development, innovation,
- economic structure,
- foreign direct investment,
- transport and telecommunication infrastructure.

If we summarize the factors that are described in literature, we can claim that is possible to divide the factors of regional competitiveness into three following fundamental groups (cf. e.g. Kadeřábková, 2007):

- economical performance,
- innovation performance,
- quality of life.

The first two groups of factors are often analyzed in the scientific literature. Less is already talking about the quality of life. Moreover, the quality of life may also affect the previous two groups of factors.

4 Quality of life

At this point it should be noted that the use of the phenomenon of quality of life for development assessment or various public policies is increasing. There are basically two reasons for the recent growing interest in the concept of quality of life. The first main reason is the connection between the activities undertaken by municipalities and institutions interested in improving the quality of life of citizens in the municipality and in region. Biagi, Lambiri, and Roznela (2006, p. 2) point out that politicians, the executive authorities, are constantly faced with decisions affecting the environmental, social, or economic issues which are closely linked to quality of life. The possibility to measure quality of life and make comparisons between local, national, and international levels has become increasingly important because of its potential use as a political tool. At the European Union, lever for instance, the comparison of both economic and social performances of Member States is considered fundamental in the identification of lagging regions; consequently socioeconomic convergence can be achieved and inequality can be targeted. Improving quality of life is included among the fundamental objectives of the EU in the general context of sustainable development².

The second reason for the growing interest in quality of life is that it acts as a factor that promotes the localization of firms and households. Improving quality of life, thus becoming one of the elements in the strategy used when attracting people and investments to specific locations.

But how is it possible to characterize the quality of life? Massam (2002) distinguishes between individual and spatial quality of life. This resolution provides for the active components of quality of life. These components relate to internal psychological mechanism to bring about a sense of satisfaction with life. External conditions turn more to do with the spatial definition of quality of life. Based on the concept of quality of life can be defined two dimensions:

- objective,
- subjective.

Objective dimension is related to spatial concepts (e.g. quality of life of a place). The subjective dimension is linked to individual concepts.

Among the characteristics of companies which contribute either positively or negatively on the quality of life, may include various determinants. Overview of the different attributes that can be examined in the context of quality of life is displayed in table 1.

² cp. Committee of the Regions *Evaluation Quality of Life in European Regions*, Brussels: European Commission, 1999.

Table 1: Attributes of quality of life

Dimension	Authors ³						
	Smith	Liu	Boyer and Savagea	Rogerson et al.	Burnley	Hart et al.	PCC
	1973	1976	1981	1988	1988	1989	1990
Environment / Pollution		x	x	x	x		x
Atmosphere/Peace and Quiet					x	x	x
Climate			x	x	x		
Lifestyle opportunities					x		
Employment				x	x		
Retirement					x		
Housing Costs and Access	x	x	x	x		x	x
Health Care/Public Health	x	x	x	x		x	x
Crime/Public Safety	x		x	x			x
Transport/Traffic flow				x		x	x
Education Provision/Levels	x		x	x		x	x
Recreation			x	x			
Economy/Business climate	x	x				x	
Arts/Cultural diversity	x		x	x		x	
State taxes/Development Aid						x	
Commercial space						x	
Proximity to suppliers/market						x	
Food costs/Cost of living			x	x			
Political Involvement	x	x					
Wages				x		x	

Source: Rogerson (1999)

³ Smith, D (1973) *Geography of Social Wellbeing*. New York: McGraw-Hill

Liu, B.-C. (1976) *Duality of Life Indicators in US Metropolitan Areas: A Statistical Analysis*. New York: Praeger

Boyer, R. and Savageau, D. (1981) *Places Rated Almanach: Your Guide to Cindiny the Best Place to live in America*. Chicago: Rand McNally

Rogerson, R. et al. (1988) *Quality of Life in British Cities: A Summary Report*. Glasgow: University of Glasgow

Burnley, I. (1988) Population turnaround and the peopling of the countryside? Migration from Sydney to country districts of New South Wales, *Australian Geographer*, 19, s. 268 – 283

Hart, S. et al. (1989) A contingency approach to firm location: the influence of industrial sector and level of technology, *Policy Studies Journal*, 17, s. 599 – 629

Population Crisis Committee (1990) *Cities: Life in the World's 100 Largest Metropolitan Areas*. Washington, DC: PCC.

5 Quality of life and competitiveness of regions

Rogerson (1999) established a link between quality of life with competitiveness. In his concept of quality of life affects two areas of competitiveness:

- economic production,
- migration of inhabitants.

In the area of economic production studies have shown that the quality of life in itself contains such attributes that can ensure economic growth and development through attracting economic activity and preventing the outflow. Quality of life is a factor that supports localization. Rogerson (1999) is based on the fact that many new economic activities to locate in areas with high amenities and vice versa, trying to leave the declining industrial centers. According to a study by the authors Healey and Baker (by Rogerson, 1999) covers 10 % of the largest institutions within the European Union, the three most important features when deciding to locate precisely the quality of life. Myers (1988) states that higher quality of life in a particular area tends to reduce wages as part of his wage is by higher quality of life substituted. Cheaper labor can then attract to the area of new businesses.

The second area of study of quality of life focuses on individual needs. Quality of life is becoming one of the main factors that affect immigration and emigration of the population in the municipality. Rogerson (1999) states that the phenomenon of migration affects the quality of life of the population rather than economic factors.

Increased population (and hence the potential consumers and diverse composition of the workforce), and lower wage levels causes an increase in the attractive location for businesses. In the Myers concept of increasing the attractiveness of a location associated with the growth of agglomeration economies. At this point it is necessary to mention the existence of agglomeration losses (see e.g. Toth et al., 2005, Maier and Tödting, 1998). With the growth of the communities are growing demands on the construction and operation of technical and civic amenities. It is caused by the increasing area of the village, population, number of enterprises and organizations in its territory.

From the above mentioned it is clear that regional competitiveness is influenced by the quality of life in two ways. One is the quality of life becomes one of the direct factors of competitiveness, both happening is that the quality of life affects the economic performance of the region. This basically affects the competitiveness of regional intermediary.

6 Contribution of municipalities to regional competitiveness

The above introduced report shows that the quality of life includes different concept in the definition and the different factors that affect the quality of life. Even then the village can influence their instruments (especially budget and own property), the following determinants of quality of life:

- environment and pollution,
- ensuring of public safety,
- housing and costs of housing,
- traffic infrastructure,
- technical infrastructure,
- tourist infrastructure,
- health care,
- education,
- culture and components of civic amenities.

7 Conclusion

Competitiveness is currently very busy term, which is used to describe the need for ensuring the welfare and employment of regional population. In order to promote regional competitiveness, it is necessary to activate all factors located within and outside the region. Current theories of regional policy places great emphasis on internal factors and emphasize the need to engage in this process, all actors in the region. To increase the competitiveness of firms in particular are highlighted. Important role in this process may also play community. They may in fact use such tools to improve quality of life in particular. The quality of life plays a major role in influencing the well-being of local people. But its importance also in connection with the business sector, which facilitates localization companies. This article focused on identifying the main characteristics of quality of life. In addition, there were to suggest the basic correlation between quality of life and competitiveness.

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