

CONTRIBUTION OF MUNICIPALITIES TO REGIONAL DEVELOPMENT AND ITS ASSESSMENT

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ABSTRACT

The article deals with problematic of regional development. The main focus is influence of municipalities on this development. There are described the structure of region and relationships within the region. There are also analyzed some criteria which can help us to evaluate the influence of municipalities on region.

KEY WORDS

development, indicators of regional development, municipalities, region

1. Introduction

The regional development is often linked especially with activities of entrepreneurial subjects - which in addition to production of goods and services - generate openings for population, thereby escalate its purchasing power and support the growth of aggregate demand (as one of determinant of economic development). Nevertheless we have a respect to next subjects which can influence the regional economy. One of these subjects are municipalities too - like self-governing territorial entities - for them is the regional development one of their own tasks.

2. Region

The region can be defined as the spatial system consisting of many allocated points in a space. These points represent localities, places, municipalities. On this account we can see the narrow connection between municipalities and regions.

Naturally, the notion "region" is vague. We have to take into account the things, which are explored within the frame of a region. E. g. Maier and Tödting [1] distinguish three types of regions: subnational (the parts of state or national economy), supranational (coalition of states) and transnational

(the parts of a territory of two or more states – it transcends the state frontiers).

There can be understood the notion "region" as subnational region in the next part of this article. We have in mind the regions, among which can pass over relatively unlimited exchange of goods, people, capital and knowledge within the frame of a state. Their limitation is not totally clear every time. It can be administrative territories but it is not convenient at any time.

There are many various views at the region. E. g. Skokan [2] defines regions from this point of the views:

- administrative organization,
- function and reproduction,
- infrastructure.

According to administrative organization is region consisted of municipalities (towns and villages), eventually of bigger entities of public administration.

The second point of view – function and reproduction - defines region as a part of geographical territory which is characterized with natural, social and economical units, links and processes. The regional processes mentioned by author are divided for example into:

- natural (climatic, hydrologic, geologic and so on.),
- economical (productive, technological, working, working migration, consumer etc.),
- social (educational, man welfare, service),
- relative global and combination (urban, localization, agglomeration, demographical, ecological, information and so on).

Whereas author states that the population is main bearer of regional processes. For this reason is evident that meeting of man's needs is the main function of the region.

Infrastructure is built on theoretical starting point which has the main meaning for region and its development. Infrastructure is defined as facility of long-life character containing the technical, institutional and personal equipment. These all meanings are important for economical function (space and division of labor):

- technical infrastructure (roads, railway, energetic networks, waste management etc.),
- institutional infrastructure (network of public and private institutions),
- entrepreneurial infrastructure (entrepreneurial subjects and subjects for support of undertaking),
- social infrastructure (educational, cultural, recreation facilities etc.).

There are many subjects and relations within them that have an influence on the region, its structure and development as is stated above. There can be included the following in the main subjects:

- inhabitants,
- companies of private sector,
- local administration,
- state administration (especially its regional authority),
- institutions of public sector,
- organizations concerned etc.

The next part of this article is focused only on influence of municipalities.

3. Municipalities and region

As is stated above, municipalities are component of system called "region". Municipalities influence the structure of a region with its behavior as the other subjects do this way. Every subject tries to meet his needs; municipalities try to meet their needs as well. For example Toth [3] ranges among the main aims the following:

- meeting the needs of inhabitants and increasing their living standard,
- improving and breeding of municipal property,
- increasing of budget sources,
- more attractive municipality for potential immigrants,
- improving of demographic structure in consequence of prevention of emigration,
- supporting of local, especially small and medium entrepreneurship,
- attracting of new investment,
- increasing of municipal innovative atmosphere,

- reallocation of productive and nonproductive activities,
- influence of urban appearance,
- improving of architectonical impression of locality,
- improving of living environment,
- improving of social situation,
- increasing of a number of job opportunities.

There is necessary to find interfaces here. The municipality influences a region according to its chosen aims and according to its fulfillment. The instruments, which municipality can use, are:

- municipal budget,
- municipal property (own, external),
- instruments with administrative character (e. g. regulations),
- instruments which facilitate the cooperation and participation. (e. g. transfer of information, lending of financial or technical sources, price differentiation, takeover of some activity, making of innovative atmosphere – scientific technical parks, support of clustering etc.).

Every municipal activity - heading for matching of specific aim - influences regional economy in a way. That is why is required to choose the proper indicators for measurement of these influences.

4. Indicators of regional development

Together with the notion "regional development" we can meet with the notion "competitiveness of regions". This competitiveness leads to (according to e. g. Skokan [2]) increasing of prosperity in regions. Indicators, which make possible to assess the regional development (eventually the competitiveness), are built and understood in a variety of ways. It may be the conception accordance the European Union, the conception accordance Swiss Institute for Management Development (IMD), or conception of M. E. Porter. It is possible to encapsulate that the competitive region shows the good results through productivity, employment etc. Kern [4] presents that good competitive results are caused by good competitive companies. These companies need to their activity both internal conditions and external conditions (especially relating to the infrastructure, technical conditions, level of local government etc.).

The European Union measures the competitiveness of region with indicator "gross domestic product" (GDP) per capita. This indicator is decomposed on rate of productivity, level of employment a structure of population. Nevertheless this indicator (GDP per capita) seems to be less suitable. The GDP is the

most influenced by the entrepreneurial sector. While municipalities especially participate in generate of GDP indirect (e. g. with creation of suitable conditions in area of technical and social infrastructure for activity of private companies). Some problems can be occurred further for example in case of residence municipalities, when native inhabitants commute to work, thereby “create” GDP in other municipality (or region) and the level of GDP decline in their municipality.

The indicator of GDP can be served as a value to comparison of other indicators.

The IMD evaluates the competitiveness according to 312 chosen criteria. These criteria are possible to divide into four groups into criteria assessing:

- economical performance,
- government efficiency,
- business efficiency,
- infrastructure.

Beside this is possible to divide these criteria into criteria exploiting “hard” or criteria exploiting “soft” data. The hard data are often easy to quantify (e.g. costs, incomes, GDP, geographical situation, presence of services, position in relation to transport and communication networks etc.). The soft data are harder to quantify. These data try to describe the actions of cooperation, creating of rules, quality of life, diversity and quality of cultural and leisure services, status of a given location etc.

It is not possible to use all forenamed criteria for assessing of municipal influence on regional development. Despite of this we can inspire there. There are presented some chosen criteria in the next part of this article, where are pointed out some difficulties that can be occurred with their using.

We can use the criterion of direct investment which we can belong among the criteria of economical performance. This criterion we can use in cases when a municipality, in an effort to increase local employment, attracts potential investors. Increasing investment can push up the demand after labour forces, thereby is next increasing the income. With the criterion of investment is important to observe criterion of trend in prices in region as well, because together with growth of production are growing prices of energy, prices of lands etc. too.

The indicator of income tax collection is the most appropriate from the group of criteria assessing the government efficiency. We can assume that with increasing income will grow tax income as well. The condition is unchanging tax construction and its unchanging budget determination.

It is possible to use quite a number of criteria by exploring the stage of infrastructure. But there is necessary take into account of some connections. The range of civic amenities and technical infrastructure is dependent upon the size of municipalities. We can assume the growing expenditures for building, servicing and operating of infrastructure in larger municipalities. The costs of private sector on development of buildings and flats can have a progressive trend too, because the urban area, number of the population and the interactivity of municipality are increasing. These all can press the prices of lands. On the other hand we can expect that with growing urbanization will be lower efflux of skilled labour.

Besides the urbanization index we can use the data which describe rise in population, population structure and so on. There is necessary take into account some problems of social character (especially unemployment and crime). These social problems can growth on significancy together with growing urbanization. An accumulation of social problems in a city can have a negative, degrading effect on whole region.

Further is possible to follow the tourism in the cities, because especially cities try to make some activities which should attract tourist and visitors. “Such primary tourist products as attractions, museums, events, the climate and the landscape are the elements that draw the tourists in the first place, while the complementary products, such as hotels, restaurants, shops and convention centers, just add to the appeal.” [6] There is the risk that municipalities can make only some activities which should attract tourists. As an extreme example can serve city Venice, like presents van den Berg [6]. There mass tourism has crowded out residents and business companies.

5. Conclusion

There are a lot of subjects participating in regional development. It is particularly the entrepreneurial sphere supporting the economical growth of region. There are many other subjects of private and public sector in region that have the influence on the region as well. The municipalities represent the main component in regional development. And the municipalities should be concerned with prosperity of region, because they are retroacted with region.

The structure of region is substantially complicated and inward very interlacing. There is always important to take into account the various correlations. The assessment of municipal influence - one or few of indicators - can deface the general view. That's why are adumbrated some relations

among chosen indicators in this article – direct investment (trend in prices), income tax (unchanging tax construction and budget determination), stage of infrastructure (growing of lands prices, growing costs of private sector), urbanization (negative social problems), tourism. Whereas is always important to consider which trends dominate at the moment of the assessment.

Literature

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