

LOCAL ECONOMIC DEVELOPMENT. SOME THEORETICAL PREMISES

PhD Mihail DIMITRIU,
"Victor Slăvescu" Center for Financial and Monetary Research,
Romanian Academy

PhD (c) Otilia MANTA,
Athenaeum University of Bucharest
otilia.manta@rgic.ro

The role of regions in national economies has changed significantly over the last period as a result of globalization and structural adjustments, understanding this process being crucial to understanding regional economic analyzes and regional development planning.

The regional impact of recent economic and social changes has placed the development of national economies in a complex, uncertain and competitive world, which has led to fundamental changes in the structure of their economies, the development being profoundly differentiated, producing acute differences between winners and losers, rural areas suffer from a marked decline, with the specialization of the economy requiring protection to make products and services.

Regional analysis methods and tools are vital for both research and support for local policy makers in improving performance and to develop a strategic planning framework to position the region in a position to create and maintain competitive advantages.

The specificity of the subject of study of the regional economy differs significantly from the national economy, macroeconomic, differentiation which is found in highlighting the more interdependencies of the economic, social, ecological, cultural, i.e. elements, in regional spaces, than in the national or international spaces.

The degree of interdependence highlights two dimensions of research and configuration of regional relations, mainly:

- ✓ interregional relations between distinct regions;
- ✓ intra-regional relations within the region.

The second category of relations highlights interdependencies between local areas and local economies, distinguishing between the

regional economy and the local economy (rural or urban), the latter addressing the specific problems of local development but also of the specific rural areas and specific urban areas.

The set of relationships, interdependencies and interactions that take place in the local, regional, urban and rural spaces between the participants in the production, commercial, consumer, financial, social, ecological, cultural, i.e. activities, forms the network within which the network is delineated economic, within this network, the dominant role of the communities in terms of network rationality.

In the demarcation of the strategies and policies of economic development, the region is a fundamental component, the spatial complements of the region being the area and the area, but between these terms there is a methodological delimitation.

The delimitation of the areas within the regions is done according to various criteria (economic, administrative, geographical, i.e.), there are no fully satisfactory methodologies, and compromise is necessary. One of the classic delimits highlights the following types of areas:

1. homogeneous areas, which are similar according to key criteria (income / inhabitant, degree of industrialization), in which case cohesion is assured by the similarities, the internal differentiations and the interregional interactions are not considered;
2. nodal (polarizing) zones, in which case the cohesion is ensured by the internal fluxes, the polarizing interdependencies around a dominant center of a node, forming a network of interdependencies;
3. institutionalized areas, in which case cohesion derives from an administrative framework and the implementation of specific local development policies and programs.

Taking into account the economic and social problems they face, three categories of problematic areas were delimited in Romania, mainly:

- ✓ traditional underdeveloped areas (mainly geared to agriculture);
- ✓ areas in industrial decline (job cuts);
- ✓ fragile structural areas (one branch dependence).

Within the regions, the rural area, which, according to the definition of the European charter, is defined as the inner and coastal area, comprising the villages and small towns where most of the land is used for agriculture, forestry, mountain areas leisure, nature reserves, housing, crafts, services or industrial activities. The

definition highlights that rural space is more extensive than agricultural space, but their significance is different.

Sustainable local development implies the completion of a complex of legislative, organizational, economic, financial, social, cultural, i.e. activities. This will ensure the improvement of the material and spiritual situation of the population (now and in the future!) through the non-destructive capitalization of the resources of the spatial space.

Local development strategies, policies, programs and projects aim at objectives such as: reorganization of the territory; carrying out land improvement works, building and expanding the network of communication routes; conservation and regeneration of resources and preservation of ecological balance; landscaping and creating conditions for agro tourism; lifting the living and comfort of the population.

Theoretically, conceptually, local economic development has several characteristics, mainly:

- a) spatiality, that is, it is oriented "around man", encompassing it as an ever-expanding sphere, interwoven totally between man and nature, between man and his free spirit;
- b) multidimensionality, that is, the variety of products, artifacts (goods, institutions, knowledge, i.e.) differentiated in a network, from interests and institutions to goods (economic) and behaviors;
- c) temporality, the evolutionary evolution of local time development, both of the subject, of the attributes and of the phenomena and processes included;
- d) the relativity, the existence of a diversity of relations between goods, between generators and consumers, suppliers or beneficiaries of these goods, relativity resulting in interdependencies of different natures, from causality to transitivity, often taking the form of univocal, biunivocal or multivocal flows; recite is the defining feature of a sustainable economy, the network of relationships having certain determinants that give it that status.

Operationally, pragmatic, the network is a composite assembly between different types of requirements, component objectives, network partners, compromises between different action logic within the network, often generating innovations.

The phenomenon of reintegration was determined by the amplification of the tertiary phenomena of the economy, especially at the local level, and by the emergence of information technology, in the new type of economy the added value having a predominantly intangible, non-material character, being created by economic actors

who have specialized expertise. The expression of these phenomena is the equalization of the influence potential of the involved subjects, which led to the democratization of the relations between them, triggering a rapprochement for the purpose of cooperation within symbiotic structures which, and favoring collaboration, do not exclude competition and conflicts.

There is a variety of links that go beyond mere vertical integration of technological systems, integration based especially on the existence of internal synergies, the new links relying mainly on external synergies resulting from the association of the competences and resources of economic and non-economic entities in order to Achieving objectives that cannot be achieved through the activity of individual economic subjects.

In the context of local economic development, the network is primarily a conceptual space and a configuration of connections of different natures, resulting from coagulation and interconnection of channels of communication and circulation of knowledge and information that generate well-profiled action structures.

The efficiency of the network, particularly decentralization, is strongly conditioned by the intrinsic capacity of network elements to behave and act autonomously through self-organization.

The degree of decentralization within the configuration networks depends on several conditions:

1. diminishing the need for unitary, hierarchical coordination through command decisions;
2. orientation of the planning of activities at the local level, by focusing on more specialized functions and activities,
3. adaptation of objectives and results to non-standardized, locally formulated norms;
4. developing skills and capabilities of self-organization, self-control and accountability.

Increasingly, networks become part of the strategic infrastructure, not only for business, but also for regions and communities, allowing them to operate successfully in the new economy.

The interaction of economic entities, organizations or firms with the environment is conditioned by the existence of differentiated proximity degrees that characterize relations between entities in a given space (area, locality, commune, city, county, and region). Proximity grades determine the benefits, whether higher or lower, resulting from the establishment of close links between the occupants of a particular space, the possible situations depending on the market

position of the tenants, their number, the share of each competitor, the existence of leading company's i.e.

There are different levels of proximity between economic actors, namely: local space proximity, social proximity, technological proximity, productive and commercial proximity, and national proximity.

Proximity relationships outline two ways of acting for entities, businesses the first is dominated by market and competition relations, having as main sanctions and rewards the choices of the clients;

- the second, dominated by partner relations, the ability to establish and develop relationships with the closest, closer partners, to manage externality, being an essential element of local and regional development strategies.

In this context, the phenomenon known as "agglomeration economies", also called external economies, which implies the competitive advantages of entities, resulting from the neighboring state and, implicitly, the interaction between them, is imposed.

In practice, foreign economies are materializing in a significant reduction in production costs, as they allow an efficient organization of the distribution of efforts between in-house and market-driven activities.

Elements that can influence the location of activities, various entrepreneurial entities are specific to the structure of the area: the proximity of urban agglomerations, the existence of vocational training structures, the development of services and infrastructure, i.e.

In the local space, partners can usually be defined in public, private and social, all of which contribute to the development of the area's competences heritage, but an essential link between them is the associative entities, being within the area, an associative network, an organizational - economic reality with a specific significance for the local development, with a specific significance for the dynamics of the area.

Established on a partnership basis, these associations aggregate organizations or firms of different or similar sizes, through association agreements, forming alliances in order to achieve common, complementary, according with the objectives for the development of development programs and projects.

Several different forms of networks support the economic development of the area, manly:

- ✓ the community, which creates the network for common, common, basic knowledge, and distributes information.

Common knowledge allows people to be better informed, better educated, and become more accountable in making decisions about private and public investment, production and trade;

- ✓ basic knowledge leads to the development of the second form of the network, which is important in economic development, the associative network involving learning and the ability to improve knowledge, production and development of industries.
- ✓ historically, the associative network linked to economic development has been formally structured where members have asked to participate in the network (professional organizations, chambers of commerce, service clubs, etc.), which play a significant role in supporting economic development, becoming Gradually more specialized, many of the associates being localized chainsaws or hierarchy.
- ✓ the globalization and revolution of information technology has fundamentally changed the meaning and role of associations, the networks of the new economy becoming more open, aspal and informal, information flows within networks becoming faster, circulating through complex radial structures. The new associative networks have both local and global features, and can be spatial and a-spatial.

Alliances are closely linked to networks, but constitute the tactical aspect of the network and involve relationships between two or more entities that have compatible business roles, the alliances becoming strategic when planning processes between the parties of the alliance are made to secure the most advantageous position.

Different types of alliance structures and networks play a key role in the local development process, delimiting strategic alliances that have also emerged in a zonal context, requiring a well-established network and enhanced organizational structures in the economy of the area, acting as a catalyst for growth, facilitating business development, an example of such alliances being twin cities, these alliances can help the economic development of the area.

A key element of the alliance is the catalyst, made up of people and organizations acting as information exchange agents, in the form of information packages, products, resources, etc. For alliances, these being the brains of the alliances, in the future, this role of catalyst within the areas will have the organizations centered on the economic development of the area.

Depending on the configuration of the alliance, strategic alliances are delineated into three types:

1. alliances based on complementarity between participants performing different activities, aiming at ensuring the complementarity of some operations in order to optimize them. These alliances are based on product sharing between partners, allowing partners to benefit from the potential complementarity.

2. integrative alliances when activities and assets are of the same nature, aiming to achieve economies of scale; the alliance usually consists of links upstream and downstream of the economic process, in particular, of production or investment. The engine of strategic integrative alliances is an activity, an objective that is the reason, object of the alliance, the partners remaining competitors upstream and downstream.

3. additive alliances, aiming at the joint realization of a final product, representing an alternative for merger, the consortium being substituted for the market partners. The Alliance carries out all the phases of the flow of activities and operations, being structured around a new society, in which some activities are jointly done, the other being distributed among partners.

In conclusion, there is a great interest in regional theories, which analyze and support the importance of institutions and different bodies in promoting territorial development. Together with the institutions, regional policies also have an important role, which, through the established objectives and the tools used, can affect both localization and regional development. In the study, predominantly are the theoretical and methodological aspects of local development, starting from some known economic and / or financial concepts.

The importance of such development models is both of a theoretical and practical nature, respectively an appropriate set of development models, which can be a basis for building a new development project, starting from the particularities of the environment in which it will be implemented.

The choice by local authorities of the models on which to base their medium and long-term development strategies must be a permanent concern in achieving performance.

A viable solution for generating community development and conducting a large-scale community-based process could be given by the implementation of several models within the same community; models that are being planned at the implementation stage become complementary and complement the process of community development at each community level.

Territorial development cannot be achieved without the direct contribution of SMEs. Small and medium-sized enterprises, by their nature, appear locally and carry out small-scale activities, being especially connected to local and regional markets. Only a small part of them are active at national level or manage to find a niche in the international market.

Between Romania's regions, there are persistent overall gaps in development that are reflected in business and entrepreneurship. The evaluation of indicators for SMEs reveals the existence of marked disparities between the eight development regions, the Bucharest-Ilfov region being detached with a superior level of performance.

As for the density of SMEs in Romania, compared to the average value in Romania (23 SMEs / 1000 inhabitants), there are large disparities in the eight development regions. The Bucharest-Ilfov region is at a long distance from the other regions with the highest density of SMEs, respectively 50.23 SMEs / 1000 inhabitants. Densities in the other regions are at half the value for Bucharest-Ilfov in the Northwest and Center regions or even one third for the North-East region (15.2 SMEs / 1000 inhabitants).

As for the regional specialization of SMEs, these (enterprises) are present in all sectors of the economy in most regions. However, some regions are distinguished by the preponderance of certain sectors, as in the case of the Bucharest-Ilfov region, which has a significant share of SMEs in services and of the North-West and Center regions with the best-defined industrial specialization profile.

In terms of regional labor force, the Bucharest-Ilfov region also has the largest share of SMEs (23%), which correlates with the number of firms or SME density.

In the other regions the number of employees in the SME ranges from a minimum of 7% for the South-West region to a maximum of 14% in the North-West region.

The territorial distribution of the new registrations made for the period January 1 - October 31, 2014, at the level of Romania, shows a significant posting of Bucharest to the rest of the counties, which registered a number of 15,629 registrations.

Small and Medium Enterprises in Romania face four major problems:

- ✓ a critical mass problem - is directly observable statistically, as the SME density per 1000 inhabitants in Romania is well below the European average. More specifically, if there are not enough companies, their contribution to the VAB / GDP cannot be significant either.

- ✓ problem of size - this emerges from the radiography of the sector, as there is a higher share than the regional level of small and very small firms, mostly in survival, with no major growth plans or managerial sophistication.
- ✓ problem of sectorial structure - comes from the small firms' appetite to trade and commercial intermediation. Romania, in addition to trade, needs well-established productive chains, with services to boost industrial potential.
- ✓ problem of resilience - it can be seen from the magnitude of the SME reaction to the crisis, as well as from the low survival rate of the newly created firms. Romanian companies appear rather opportunistically and by copying existing models rather than by robust planning that takes into account rigorous risk management and contingency plans.

By their characteristics, SMEs offer advantages in the economy that large firms do not offer (spin-off, start-up, share capital, lower entry and exit costs, lower risk of failure, i.e.), but employment or growth necessarily, but by the possibilities of enhancing the competitive advantages for a region or a country.

Future actions should therefore focus on a mix of complementary measures aimed at improving the business environment, financing needs and facilitating access to appropriate tools for SMEs, with a stronger emphasis on business innovation and the development of high qualifications and professional skills specialized.

Support for improving the business environment, by simplifying procedures and reducing administrative costs, must follow all the key moments of the entrepreneurial lifecycle (start-up, development, business transfer, bankruptcy or second chance) through legislative initiatives and tax, reducing the bureaucracy and the number of taxes and duties.

Education and training are key factors in acquiring the knowledge and attitudes necessary for business success, but we must not neglect the shortage of qualified human resources in the areas of specialized skills that companies in Romania are currently facing. Thus, the development of dual vocational education and the intensification of employee training programs in SMEs are mandatory requirements, given that only 24% of Romanian enterprises provide training for employees.

In our opinion, firms operating locally should be the engine of both balanced territorial development and sustainable development. In this respect, our researches focused on finding the mechanisms,

means, techniques and methods by which the asymmetry of the financial side of the economic development at the territorial level can be reduced, in accordance with the objectives of sustainable development at national.

Starting from a wealth of information from the literature, from the world experience in development at the territorial level and from the real economy of Romania, I came to the conclusion that at the local level, together with the public services, there are a series of activities that are provided directly for the benefit of the community and are not in the charge of local public administration, such as local trade, transport of people, local tourism, etc. And which should be the core of activities to ensure the needs of communities at the local level. We have identified the economic areas in which businesses work for local communities and have analyzed their viability in terms of potential, results and performance over a 10-year period (2005-2014), in order to capture the main trends in their evolution and to respond to the question whether the services provided or the private assets offered are carried out in accordance with demand and performance conditions.

Paradoxically, it is precisely in our country that the administrative doctrine is the biggest obstacle to the territorial development of these types of firms. Although there is a favorable legislative framework that allows the provision of public services in private form, there are many cases when they are carried out by the local public administration but at a level predominantly determined by sources and financial resources below the appropriate level.

An alternative to the present state is the local economic development, a concept proposed by us and which attempts to solve the problems related to the interconnection of different localities (entities of size and with different economic and social structures) but which share a certain purpose. The public-private partnership thus acquires another dimension in the territorial context, the ultimate goal being to meet the needs of the population in that area. And, of course, within this partnership, it should be a central place for companies working in local communities to meet certain needs of the population (goods and services).

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