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Economic assessment of uniqueness of the regions in the context of the European Union

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Abstract

This paper aims at analysing the uniqueness of the regions in the context of the European Union and providing a tool for economic assessment of uniqueness. Uniqueness of the regions can be used to increase regional economic resilience and economic advantage. Economic and social challenges in the European Union member states encourage finding new tools for regional development that would lead to implementation of the Europe 2020 goals.

Economic assessment by using the uniqueness index was developed for the assessment of the uniqueness as economic advantage of the region. The results revealed that regional uniqueness index can be used for identification of typologies of the regions within a country that can serve as a basis for creation regional support strategy. Results can be used for recommendations for the regional policy to define important insights for next programming period 2014–2020 in the EU.

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1. Introduction

Regions in the European Union is influenced by new emerging economic, social, cultural and other factors that have significant impact on the regional development of the regions. These processes brought new challenges also for the countries and citizens where all had to find new role in this environment that help to ensure successful implementation of regional development. That is why the delivery of the Europe 2020 relies heavily on the new governance structures and processes that the European Union has been putting in place since 2010. These cover

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employment, education, research and innovation, social inclusion and poverty reduction, climate and energy (Europe 2020 strategy paper, 2010). A strategy for smart, sustainable and inclusive growth should ensure possibility to increase economic advantages of the regions.

Regions can be listed as very important object influenced by these new social and economic challenges and the results of the globalization and regionalization. This impact is measured by increased significant economic, social and territorial disparities that still exist between Europe's regions. Disparities are apparent not only at the regions within one country but also between the European Union member states regions. These disparities would undermine some of the cornerstones of the European Union and the "Europe 2020" strategy which identifies the European Union to become a smart, sustainable and inclusive economy (Europe 2020 strategy, 2012; Baltic Sea region strategy, 2012; Gothenburg strategy for sustainable development, 2012). These three mutually reinforcing priorities should help the European Union and the Member states deliver high levels of employment, productivity and social cohesion (The Fifth Report on Economic, Social and Territorial Cohesion, 2010).

Regional development of the regions is usually affected by different socio-economic situation within the regions, different quality of infrastructure, remoteness of the regions, social and economic changes, social deprivation, high unemployment, the results of planned economy and other factors. These reasons explained why regional policy in the European Union played very important role from the establishment of the European Union. Regional policy paradigm had changed significantly in recent decades (Melnikiene, 2011). New paradigm is based on the concept that regional policy should assess new economic and social features of the 21st century that can have a significant influence on the further development of the region's leading to the successful development and reducing disparities of the regions (Bessaoud, 2006; Diakosavvas, 2006; Herrschel, 2005; O'Conner, 2006; OECD, 2006a and 2006b). New phase of regional policy at the European Union level have been implemented based on the principles of the post-industrial economy where knowledge is considered as the main resource (Cooke, 2001; Herrschel, 2005; Sepic, 2004). This paradigm emphasizes the importance of "learning region" concept, networking and cluster formation, innovation and the most importantly – *to support not the lagging regions but to exploit regions "basic skills" and to use "competitive advantage of the region"*. State policy should attempt to mobilize the strengths of the region rather than trying to decrease only negative elements. Regions must be differentiated by the factors that enhance the region's competitiveness, and other important social-economic development criteria: level of education, level of innovation, entrepreneurship level, living standards, etc.

Recently many scientist and experts in regional policy in various international scientific conferences and meetings are discussing about possibility to use regional uniqueness as economic advantage rather than attempts to highlight the dimensions of competitiveness (OECD, 2007; OECD, 2009; The IMD's World Competitiveness Yearbook, 2011; World Economic Forum, 2010; 2nd Annual Forum of the EU Strategy for the Baltic Sea Region, 2011; Baltic Sea Region Programme Conference, 2010).

The new regional policy paradigm will lead to the necessity to develop new assessment methods that would help regions to shift their activities for creation of economic advantages by using "basic skills" of the region instead of eliminating negative impacts that exist within the region. Various unique features of the region can be taken as a new way for developing economic activities in the region and the use of this for the economic advantage. Uniqueness becomes important element for creation of regional prosperity. Use of uniqueness of the region can lead to regional economic benefit using new success factors. Additionally to this uniqueness itself can be named as a reason that can help to get an economic advantage by using special features of the region, the strengths of the regions that exist at the moment or region basic skills which can also be unique. Secondly, these unique elements of the region used in the economic activities can make the region very specific and thus reaching its competitive advantage not in a reckless way but based on sustainable development, cooperation and responsible environment principles (Gedminaite-Raudone, 2013).

Measures used for the implementation of the regional policy within the European Union in some cases lack to reflect adequately the above mentioned elements. In most cases regional policy is used to reach a certain level of infrastructure, investments and indicators for the regions that might be not the most important to get the best results for the region and can be not important that the certain level of economic results would be reached or in order to increase the region's economic strengths. In some cases there might be needed different types of investments or indicators for the region to have economic advantage and not by reaching the indicators set up from outside.

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