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## **QUALITATIVE EVALUATION OF ACTORS OF REGIONAL DEVELOPMENT ON THE EXAMPLE OF A REGIONAL LABOUR MARKET**

### **1. Introduction**

An analysis of actors of regional development is one of the key topics of practical research that is based on various methodological approaches and theoretical concepts of regional development. If we take into consideration time of origin of the concepts dealing with actor evaluation, the youngest category is institutionally orientated theories of regional development, especially the theory of industrial districts and the theory of learning districts. Both approaches are similar in a way. Among their common features that influence regional development from the point of view of the given theoretical approaches is the phenomenon of networking and co-operation between actors of regional development which is the main topic of this text together with evaluation of actors of regional development.

The topic of networking and co-operation of the actors is part of further researches as well, for example it belongs to the basic indicators of successful regional development according to the concept of “institutional thickness” [Amin, Thrift 1995] defining following criteria: a) presence of classic institutions (firms, business associations/chambers, public administration, regional development agencies and so on), b) high level interaction between institutions in place<sup>1</sup>, c) exact definition of

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<sup>1</sup> In connection with description of interactions Amin and Thrift talk about the necessity of specific social atmosphere of the region and existence of multilateral isomorphism resulting in minimisation of expenses on information transfer (see [Amin, Thrift 1995, p. 14]).

competencies and tasks of these institutions, d) actors have to be aware of the responsibility for realization of common priorities on the basis of common goals. Nevertheless it has to be admitted that the phenomenon of institutional thickness is not the main criterion of the quality of regional development, it is rather one of the primary preconditions, allowing reacting more flexibly on development impulses or dangers [Malinovský, Sucháček 2006].

## 2. Networking significance

Significance of the actors of regional development does not lie only in their potential and individuality that is not connected with local atmosphere. Similar approach to evaluation of firms is predominant within the regional development theories, or more precisely firms are evaluated in that way. This point of view is based on the neoclassical concept of a firm as a production element evaluated according to marginal income and expense and maximization of the profit. Newer approaches in regional development treat a firm as a actor that is functioning in a net of relationships and in a certain atmosphere [Blažek, Uhlíř 2002]. A link of these approaches to economic theory leaves at the same time microeconomics on the basis of neoclassical economy and is based on institutional economy classifying a firm as a subject of concentration of contractual relationships in a structure that minimizes transaction expenses<sup>2</sup>. Institutionally aimed regional development theories are on the contrary directed at a relationship net among RD actors whose potential determining position and possibilities of actor's and region's<sup>3</sup> development is indicated by their quantitative and qualitative characteristics.

Networking creates a lot of positive effects on involved subjects if there is development of innovative links (not necessarily of technological nature) among actors. Within networking a contact is established among individual actors that bear already existing links to other actors with their contacts. Formal nets offer an important mediating function – they integrate businessmen and sources into net development. Connecting a new actor into a net enables easier gaining of sources as a capital, technologies, strategic information and customers. Thanks to these links in the first place it is possible to transfer information and innovations, furthermore it helps to an economic and social changes resulting in necessity of higher flexibility of formal and informal institutions. New subjects have easier access into regional atmosphere, supportive development organisations help for example with business development. Networking influences also formulation of regional development aims because coalition of regional actors has stronger influence on public politics, which is of greater significance since regional level of government in the Czech Republic has been established. As a result we can say that networking co-operates on the change of men-

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<sup>2</sup> See [Williamson 1991]. In Czech literature in particular [Mlčoch, 2005].

<sup>3</sup> An extreme example of an isolated firm is a model of a “Cathedral in a desert” representing a subject without links to a regional firms.

tal picture of a region (actors has support in nets, atmosphere of a region is considered to be creative and supporting business development) and therefore it positively influence increasing of regional competitiveness. Nets strengthen position of actors who can easier expand from a region or gain new customers (e.g. tourism).

Nevertheless similarly to the concept of institutional thickness support of networking cannot be seen as a main tool of regional development. Their primary importance is in increasing of flexibility of actors and institutions and using of lever effect from knowledge and innovation transfer in regional economics development to a maximum.

### 3. Qualitative evaluation of actors

Evaluation of actors' significance is a very complex topic because regional development actors are de facto all subjects working in a region or outside. On the contrary in an analysis which goes into more details it is essential to come out methodically from certain specification of regional development area because significance of individual actors will change in dependence on evaluated area. Research of regional development, for example in area of progressive service sector [Blažek 2002], will work with different criteria than evaluation of regional development area aimed at inhabitants' quality of live. Level of understanding of subject and networking function is connected to a level of specification of a particular analysed regional development area.

For evaluation of actors a cross-section topic of labour power market was chosen, aimed at the analysis of chosen actor groups and evaluation of their influence on development of regional labour power market. This topic enables on a specific phenomenon to analyze the significance of individual subjects from different sectors, SME and big firms, retraining and consulting organisations, and public administration institution.

Qualitative research of regional development actors was carried out on the sample of 107 employing subjects in the Czech Republic from which 36 subjects work in Ústí nad Labem region. From the point of view of the number of employees – the first group was formed by subjects with up to 20 employees with 16% from entire number of subjects, subjects in interval 21-100 (29%), category 101-500 (28%) and category 500 or more employees created by 27% from entire number of 106 organisations.

Preference of chosen actors by business subjects is enlarged by statistic observation of business subjects' ability to evaluate qualitatively (in a defined range 1-3) the significance of individual actors for regional labour market development<sup>4</sup>. I find this piece of information important because among observed actors there are

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<sup>4</sup> 1 means a very important actor, 2 – an important actor, 3 – an unimportant actor. The final value is made by an average of these marks.

relatively great differences. The research has also shown that individual actors are “eligible” from the point of view of their importance in socioeconomic development to business subjects to a different degree.

Table 1. Significance ranking of regional development actors according to employing subjects in Ústí nad Labem region

Ranking	Actor (Czech Republic)	Average evaluation	Ranking	Actor (Ústí nad Labem region)	Average evaluation
1	Labour offices – A	1.46	1	Labour offices – A	1.33
2	Territorial self-governments – B	1.96	2	Business subjects – C	1.78
3	Business subjects – C	2.01	3	Nongovernmental organizations E	1.88
4	Consulting and educational organizations – D	2.06	4	Consulting and educational organizations – D	1.92
5	Nongovernmental organizations – E	2.21	5	Territorial self-governments – B	2.04
6	Central organs of state administration – F	2,24	6	Professional unions/economic chambers – H	2.,2
7	Universities and research organisations – G	2.25	7	Universities and research organisations – G	2.25
8	Professional unions/economic chambers – H	2,32	8	Central organs of state administration – F	2.26
9	Microregions / Euroregions –I	2.36	9	Foreign partners – J	2.29
10	Foreign partners – J	2.38	10	Microregions / Euroregions - J	2.33

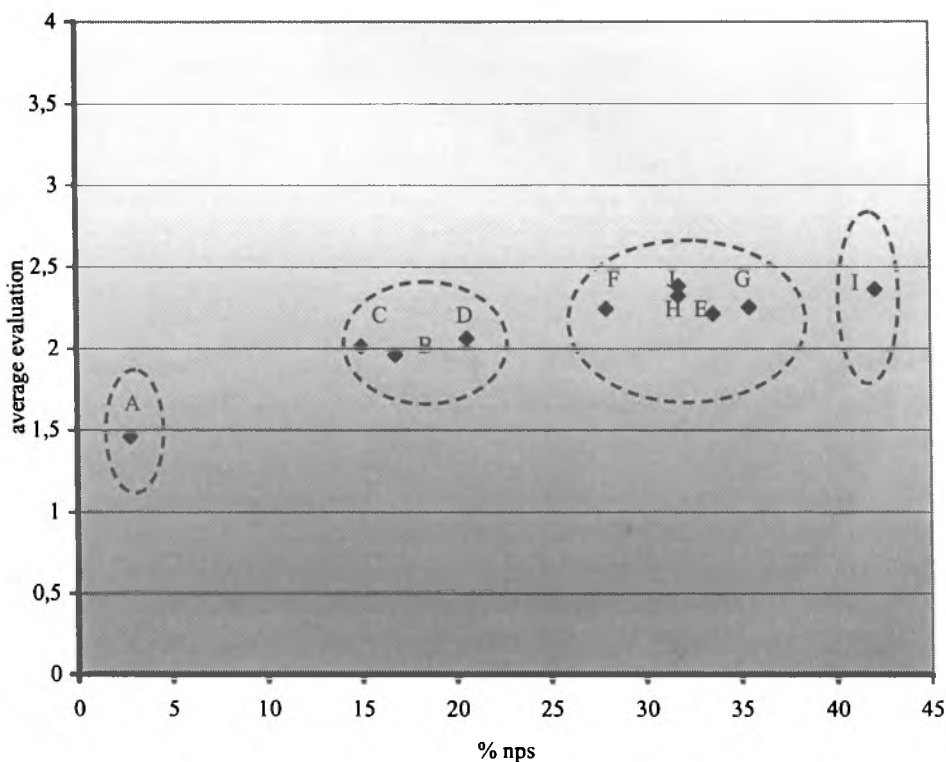
Source: self-made.

The graph above presents qualitative evaluation of following subjects: local and regional government (observed together in a territorial self-government category), business subjects, nongovernmental organizations, foreign partners, micro regions/euro regions, consulting/educational organisations, universities and research organizations.

In the graph there could be seen four groups of organizations whereas the first and the last group that represent the best and the worst evaluation are formed by only one actor. From the evaluated spectrum of actors Labour office is qualitatively best evaluated as he was also referred to by the most subjects.

In the second group there are following actors – business subjects, territorial self-governments and consulting/educational organisations. The third group is created by central organs of state administration, foreign partners, professional unions/business chambers, nongovernmental organizations, and universities.

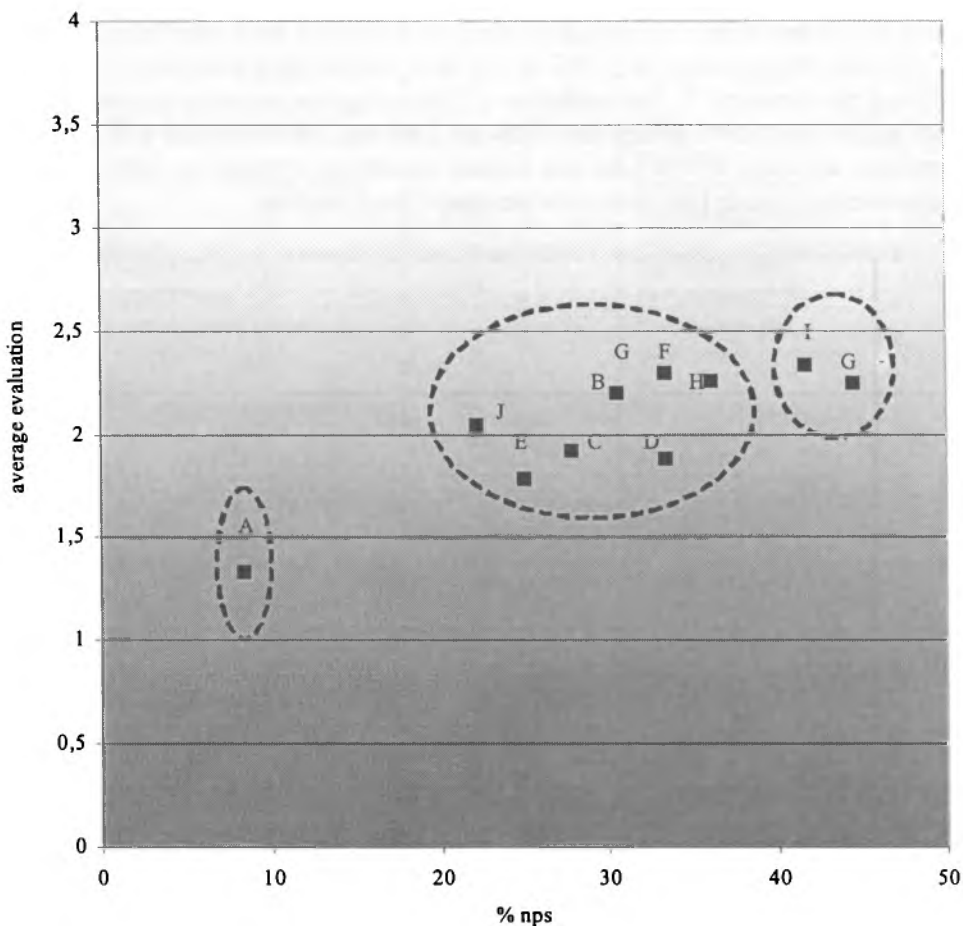
On the basis of the research micro regions and euro regions belong to the fourth group. Micro and euro regions were simultaneously assessed by the least number of subjects, which is 42%. Euro regions and micro regions are very lowly rated, because this model of co-operation of municipalities is not very eligible to actors, which is proved by a great number of subjects that were not able to assess them in the research, and also the fact that 43% of subjects consider them as unimportant. In the evaluation of their importance they also considerably fall behind territorial self-government, although it is a new qualitative model of networking in which cities, towns and other municipalities are joined together with other possible actors of regional development, and this connection should generate new impulses for regional development. In the evaluation of micro regions and euro regions there are now bigger qualitative differences between Ústí nad Labem region and the Czech Republic, although in the Ústí nad Labem region the number of euro regions is above average taking into consideration other Czech regions.



Note: nps – means a number of subjects that were not able to assess the significance of a particular actor,

Fig. 1. Preference of chosen participant groups by employing subjects in Czech Republic  
Source: self-made.

In more detailed evaluation of Ústí nad Labem region a certain level of regional differences becomes evident in comparison with values in the Czech Republic. Within the qualitative evaluation three groups of actors have arisen. The most important actor on the state and regional level is a Labour Office that is evaluated in this way by all responded subject categories. Its position is justifiable by its role of a specialized institution of public administration representing a state in solving unemployment problems and public politics that is aimed at unemployment and other problems of regional labour market.



Note: nps – means a number of subjects that were not able to asses the significance of a particular actor

Fig. 2. Preference of chosen groups by employing subjects in Ustecky region.

Source: self- made.

On the second place in the Ústí nad Labem region a group of actors with minimal differences (evaluation in an interval 1.78-2.04) was gathered and contains

business subjects, nongovernmental organizations, consulting and educational organizations and territorial self-governments. However territorial self-governments do not primarily deal with labour power market in the Czech Republic they are rather considered to be an important local actor of socioeconomic development that is interested in creating new working places, increasing employment and purchasing power of inhabitants and their contentment with functioning of local administration. The third group of actors is formed by nongovernmental organizations, central organs of state administration, universities and research organizations. According to business subjects the least important actors, from the point of view of significance, are professional unions and economic chambers, micro regions and euro regions and foreign partners – they were rated at an interval 2.32-2.38, the least important actors are municipality unions and euro regions.

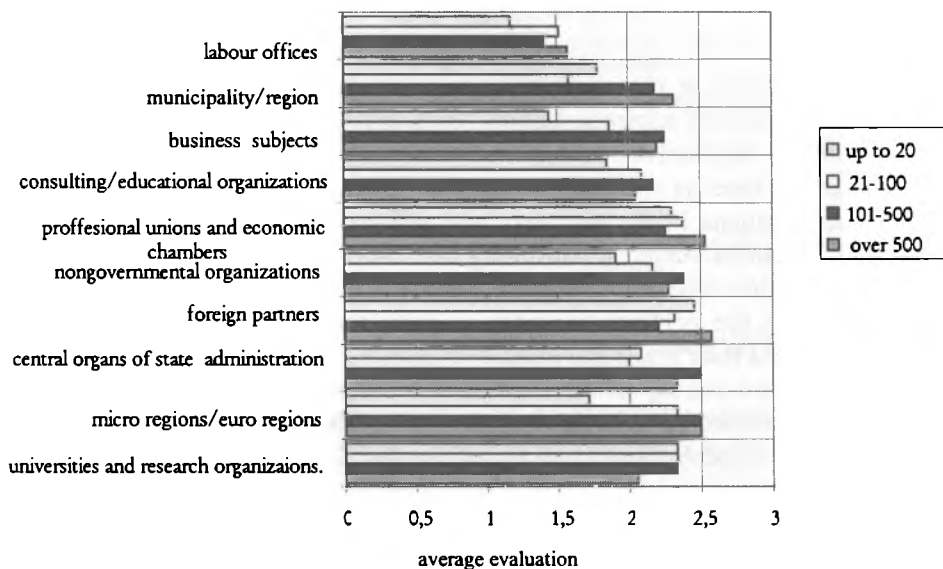


Fig. 3. Evaluation of chosen actor groups according to the number of employees (Czech Republic)

Source: self-made.

Against republic average it was found in the Ústí nad Labem region that responding subjects were not able to assess importance of individual categories of actors to a larger extent and this fact influenced most of the categories. Subjects from Ústí nad Labem region find also public administration less important than subjects from other regions – territorial self-government and central organs were assessed as less important than they were assessed in the Czech Republic. On the contrary considerably better position in the Ústí nad Labem region have nongovernmental organizations that have average evaluation 1.88 while in the republic

level they are rated at 2.21 on average. This difference can be caused by worse image of the region that is influenced by higher ecological burden on environment and lower efficiency of sector politics and lastly also regional politics of Ústí nad Labem region. Higher evaluation of nongovernmental organisations could be interpreted by development of this sector for example in community planning that is relatively spread in the Ústí nad Labem region and that is an example of relatively successful networking in social sphere even within the Czech Republic.

To the contrary the responding subjects were able to assess the category of universities and research organizations, micro regions and euro regions to the smallest extent.

#### **4. Evaluation of actors according to the number of employees carried out by subjects**

Further differences in evaluation of actors could be seen in different size of categories of responding subjects. Labour Offices are considered to be the most important actor in regional labour market development from this point of view. Higher evaluation level is assigned to them by small organizations up to 20 employees, which evaluate better also territorial self-governments, nongovernmental organizations, business subjects, consulting and educational organizations, central organs of public administration and micro regions and euro regions. Big firms over 500 employees on the contrary consider as more important universities and research organizations than small and middle enterprises do.

On the whole we can say that evaluation of actor significance done by individual categories is connected to their size, the biggest differences are between subjects with up to 20 employees and subjects with over 500 employees.

#### **5. Evaluation of actors by subjects according to the law**

Qualitative research of regional development actors carried out by legal entities that carry on business within their major or minor activity show different evaluation according to legal subjectivity of the responding actors.

Certain level of similarity in evaluation can be seen by commercial subjects – joint-stock companies, public limited companies and cooperatives in comparison with evaluation done by non-profit companies taking part in the research. On average non-profit sector assigned bigger importance to regional development actors than profitable sector, and Labour Office was rated as the most important actor. Evaluation that stood above average was ascribed by non-profit sector also to the category of territorial self-government and consulting and educational organizations.

Furthermore joint-stock companies consider central organs of public administration to be the most important actors while public limited companies see the



most important actors in the category of micro regions/euro regions and territorial self-government, which proves greater rootedness of these subjects in the regions and local atmosphere. Cooperatives on the contrary assign the biggest importance after labour offices to central organs of public administration and foreign partners.

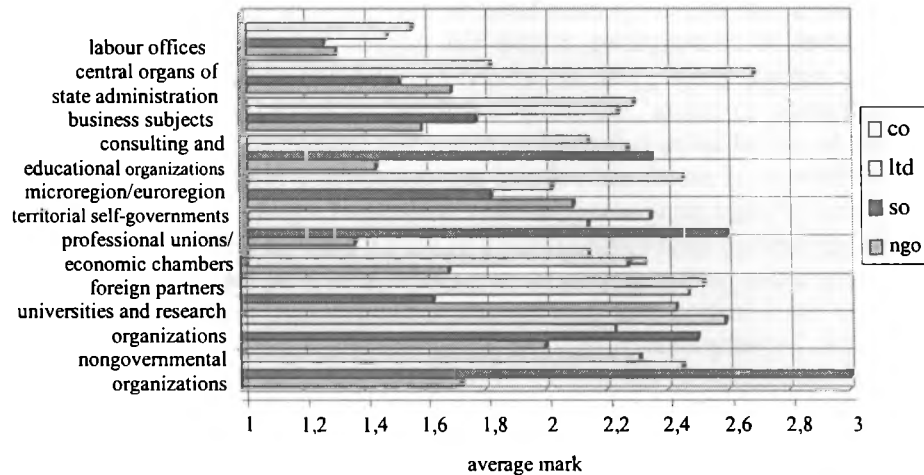


Fig. 4. Significance evaluation of regional development actors according to legal personality  
Source: self-made.

## 6. The importance of networking (regional partnership)

The important topic was the question of significance evaluation of networking as a model of regional partnership. A half of responding subjects find this link important, eventually very important. From the point of view of the size of an organization networking is rated at the highest place by small organizations up to 20 employees where it is regarded as important or very important by almost three quarters of actors. It gains better evaluation also by actors from non-profit sector rather than by profitable sector what could be interpreted as an expression of greater experience with project management and network co-operation. Non-profit sector is not perceived as so competing in comparison with profitable sector and therefore there exist lower fears from other competition actors that could endanger the responding subject. Smaller organizations see networking as more significant as well, which is the proof of greater flexibility of smaller and middle enterprises that are able to react flexibly to new opportunities. Bigger firms struggle against greater scope of duties in management and similar strategic decisions go through longer internal evaluation process.

## 7. Conclusion

As a conclusion it could be said that interest in establishment of supporting nets that could increase flexibility of regional labour markets is relatively high. Evaluation of actors is influenced by their level of concentration that could result in – increasing level of concentration means also higher agglomeration and location savings of a region, quicker transfer of codified and non-codified knowledge has positive influence on actors' flexibility and dynamics of regional atmosphere development. An added value is formed by direct and indirect regional advantages in qualitative changes of social and cultural atmosphere of a region. If there is a potential for networking among actors, the key subjects of regional development have the role of initiators of establishing these nets on the basis of sector and intersector links<sup>5</sup>. In connection with new programming term structural funds represent great impulse also for initiation and development of networking as an important soft location factor. Development of regional economics and social atmosphere is therefore in close connection to the sources of public support that should be the source of institutional changes in regions as well.

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<sup>5</sup> Similar models exist in case of profitable sector on the basis of business incubators, clusters; in non-profit sector community coalitions and community planning is important.

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## **OCENA JAKOŚCIOWA CZYNNIKÓW ROZWOJU REGIONALNEGO NA PRZYKŁADZIE REGIONALNEGO RYNKU PRACY**

### **Streszczenie**

Artykuł niniejszy przedstawia analizę jakości struktur instytucjonalnych oraz ich elastyczność w odniesieniu do rozwoju regionalnego rynku pracy. W ramach przeprowadzonych prac badawczych przeanalizowano sieci instytucji oraz osoby bezrobotne w regionie Ústí nad Łabą. Uporanie się z problemem bezrobocia związane jest z zakresem istniejących możliwości oraz elastycznością instytucji w reagowaniu na nowe wymogi regionalnych rynków pracy. Elastyczność natomiast uzależniona jest od gęstości instytucjonalnej oraz powiązań sieciowych pomiędzy podmiotami regionu i definiuje miękkie czynniki lokalizacyjne regionu.