

MANAGEMENT CHALLENGES FOR REGIONAL DEVELOPMENT – PROBLEMS AND SOLUTIONS

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Abstract: This article is dedicated to the modeling of regional development through the prism of economic growth. In the approach to regional development we focus on measures of economic growth and grouping the problems in spatial and territorial aspect. The main functional features of regional development are displayed in theoretical order as well as the structural characterization of economic growth and its interpretation in the context of regional systems modeling. Examined are the peculiarities of territory and its performance in economic terms. There is also a comparative analysis between regional development and economic growth. This raises the need to study the development of settlements in order to better illustrate the processes of development of geo-spaces through the prism of the introduction of new communication technologies.

Keywords: development, region, modeling, structure, analysis, evaluation, economics

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Introduction

The actuality of the topic is related not only to the need to establish whether there are differences in growth between different regions of the country, but also to address the causes of these differences. For this purpose there should be applied a different approach that takes into account the influence of social environment on growth as well as other factors determining the functional nature of regional development. In practice, the regional focus of economic problems in analytical order is usually associated with violations of homogeneity and the equality of the population in terms of achieving certain national goals and in the Bulgarian version- ideological and political threat, not an objective opportunity to express regulatory functions of the state. So, regarding the problems of regional development in the foreground can be inferred the principle of uniformity of rates of economic growth in different regions of the country, while in most countries in Central and Western Europe in a similar situation it relies on the principle of non-uniformity as a condition for active economic movement [1]. Putting a spotlight on the principle of convergence of territorial units in level of economic development and living standards led to a waste of resources and achievements in areas where no natural factor nor the quality and quantity of labor resources allow for their effective use. This in turn prevents the free and speedy movement of capital, goods and

resources between the main economic agents in the regions - households and businesses and their difficult connection with other major, but external to the region's economic agents - the government and the international market. In result revenues and employment in regions are not affected mainly by demand, but actual demand measures the difference solely in the urban-rural direction. In this exhibition, we will try to deduce how regional development fits in economic growth and a deliberate and purposeful activity of regional society, shaping economic development associated with patterns of growth and giving reason to believe that economic growth gives higher provision of public goods for a higher standard of living. On the other hand, the introduction of new technologies creates confidence that the future development of large cities cannot be achieved without the introduction of working information technologies[4]. The territorial component is important in the current development of cities. Due to the continuing territorial (geographical specificity) inequality, including a coordinated approach at many levels and stakeholders for sustainable urban development is needed. This new approach to the introduction of information and communication technologies increases the level of services provided and at the same time makes cities more comfortable to live. Thus, the well-being and prosperity of each city become increasingly dependent on technological innovations.

When in growth the national economy produces more output, which means correspondingly higher consumption. But the conclusion makes sense only when the production of goods is growing faster than the population. If this aspect is placed at the base of the study, resorting to GDP per capita (Y / A) and its rate of change, which can be expressed as the difference:

$$W_{Y/A} = W_Y - W_A$$

wherein:

Y is gross domestic product

A - total country population

$W_{Y/A}$, W_Y , W_A - corresponding rates of change of the ratio of GDP to total population, GDP and population separately.

In the field of regional development relevant variations of GDP in purely territorial required structural point of view to be considered and other increasing it, respectively lowering it effects. They go beyond the processes occurring in the market that monitor statistics and reported GDP. To the effects of complementary importance for welfare are related costs of repairing the damage from environmental pollution, investment, funds from European structural funds, leisure time and more. In a similar direction are the performed in recent years expert assessment GDP market readings of processes which are not demonstrated, namely creating products or rendering of services by households for own consumption. Therefore, comparing the growth rate of GDP per capita is only one important aspect of the analysis of the overall process of economic growth [1]. This suggests that indicators such as GDP are not enough to talk about the relevance between economic growth and regional development. On the other hand, the purpose of each is to achieve economy of growth and development, despite the problems and difficulties. Moreover, regional disparities have a negative impact on economic growth and the country [7]. All this determines the importance of a strong and balanced development of both the country and its regions. And it is in this aspect particularly, that topical formulation of adequate regional policy of the state acquires specific importance. As indicators of growth, other than real GDP, which is the produced aggregate output in constant prices and it therefore makes it possible to

make more reliable conclusions and findings that can be used. Among them are nominal GDP (aggregate product in current prices), GNP (when the aim is to highlight the importance of economic activity outside the country from of its entities), climate, population and its natural growth, the dynamics of agricultural or industrial production, national income per capita, relative contribution of the industrial sector in total production and others. Of course between economic growth and regional economic development lies a difference, but they are dependent on each other both ways. Regional economic development is related to education, health, the environment and these factors are closely linked to growth. Economic growth is an integral part of the process of economic development so in approaches to regional development, these two concepts can be viewed by putting the quantitative and qualitative changes in the economy [9]. The problem of availability of economic growth in general can be solved by comparison, comparing the achieved levels of performance with preset base, by which to determine growth or decline in production. Growth needs to be assessed in terms of potentially set, objectively existing actually occurring conditions and factors contributing to the production of more or less quantity. In this direction, putting the indicators of economic growth spatially suggests building a model of regional development. This implies that regional modeling is associated with putting the functional nature of regional development and especially in understanding the characteristics of each territorial unit, which is characterized by complexity, variety and speed of the change in economic, social and ecological processes and phenomena. In practice, economic phenomena dominate as a prerequisite to a successfully complex development of the territory and in the economy nothing happens suddenly [2]. The more major the projects are, the more slowly and smoothly they need to be implemented. This allows economic phenomena as a whole to be successfully taught, guided and forecasted. This on the other end requires putting the strategic approach for the implementation of regional policies for the practical impact in different areas. According to Totev "the ambition of each regional policy (regional economic development strategy) is in the search of balanced regional development in which, on one hand, regional economic differences may play a positive role as far as the differences are always a stimulus for development, on the other- do not give rise to acute socio-economic problems in regional aspect[9] Accepting the offered expert approach to regional science makes it necessary to look for the relationship between the concepts of economic growth, economic development and regional development. From a methodological point of view it is necessary that regional development can be distinguished primarily by activity, in second place as processes and in third- a phenomenon. In the construction of this approach we have to look to what extent human activity has its regional laws and how it is embedded in the human hostel. So provided that regional development is a combination of a series of targeted activities in the community aimed at impact, coordination and regulation of processes in a given area in order to solve sets of problems, related to the management of the territory and create optimal working conditions , lifestyle and recovery of the population[5]. In practice, these activities are the sign of the development of the welfare of economically active persons on increasing the efficiency of social production and impose new stereotypes of economic behavior. On the other hand the perception of regional development as a process is related to the "nature-society" and especially evaluating and analyzing the interaction between the natural, geographical, economical, social and cultural resources and resources available in a given region [2]. As a result it achieves a certain complex public development based on comparative advantages, resulting from geographical characteristics and peculiarities of the region. In a

theoretical sense, status of Regional Development has its functional dimension, which we can assume as a phenomenon. This is in line with the characteristics of regional development, which is based on a targeted, coordinated and simultaneous interaction between the main factors and conditions of all subsystems of the region to overcome the differences of certain economic areas and settlements, resulting most commonly in disparities, backwardness and isolation. In purely economic terms, regional development can be defined by the vision of convergence and integration of economic areas and settlements[2]. On the other hand it implies the efficient use of natural conditions and resources by targeting the localization and concentration of productive forces on the territory of the regions in a different range (territory village, region, country). This streamlined process is connected with the promotion of (regulation of) growth and ecological balance. Just in this context we can deduce the regularity, that regional development is largely corresponding depending on the economic growth of the territorial community. In regional focus the economic growth is increasing the value of goods and services produced in a national economy for a certain period of time, usually one year. It is most commonly measured as the percentage of increase / growth of gross domestic product (GDP) and is an indicator of how well developed the corresponding economic system is. Putting focus mainly on economic growth could lead to imbalance in the other objectives of public importance. In other cases, economic growth can be generated from specific sectors and industries of the economy in which good corporate results have been achieved at the expense of low-wage, which raises social tension and doesn't lead to better working conditions and life of the population in the region. On the other hand **the concept of economic development** pay more attention to the economic aspects of the processes related to social progress and has a wider range. Often economic development is associated with improving not only economic results in the form of GDP growth, but with a better state of human capital, regional competitiveness, basic infrastructure, environmental development, health, security, social inclusion, literacy and more. It is therefore considered that economic development is a comprehensive process of improving living conditions and economic growth is only one aspect of it, expressing productivity and GDP. Indicators of economic growth do not cover other important results arising from economic development, such as increasing life expectancy, increasing literacy, reducing poverty, supporting social justice, environmental protection, personal freedom. In addition to what has been said here we should take into account another feature of regional development, which is associated with geo-demographic profile of the population. So the population and its status in purely territorial aspect appear as particular object of the impact of the ongoing regional policies. In this direction, to display them in terms of prosperity and economic development we need to systematize the most common classifications and factors to determine their status and opportunities [3]. This requires they be classified as factors of supply and demand and distribution, with special attention paid to the impact on the labor factor. This implies supply factors in purely spatial plan to be linked to production opportunities, which include the quantity and quality of natural resources, the quantity and quality of labor resources, the volume of capital, technology and organization of production in individual territorial community. As a specific, but very important factor it is present in management and public management especially in the field of regional policy. In this direction demand factors will also be part of the process of marketing. In unity with them are also considered factors for regional development in purely spatial and territorial aspect and degrees of socialization and liberalization of regional distribution relations, infrastructure, territorial accessibility and others. In practice, to continue to derive the laws of economic growth

in terms of regional development it is necessary to define the state of the labor market. This is necessary, because the cost of labor and its productivity are important to regional economic growth. The amount of work is determined by the number of staff employed and total hours worked. Labour productivity depends on many factors, including: technological progress, investments, available financial resources, quality of workforce, management such as performance management solutions and the functioning of institutions, regulatory framework and others. The complexity of the problems of regional economic growth and diversity of possible approaches to solve them show that ensuring growth is a too complicated task. Its topicality makes it favorable for field research. Largely according to a core group of scientists regional development and economic growth are directly dependent on the influence of factors of demand, the development of markets and regional links between the line of the output and living standards. They defend supportive fiscal policy and credit and monetary policy of "cheap money"[3]. On the other hand, other analysts agree that regional development is possible only when we have the necessary investments that provide opportunities for regional economy that focuses on increasing the production potential of the regions, districts and individual territorial systems. In practice, there is a third view, which is based on practical results of specific regional analysis. Often this view is realized in specific regional programs focusing on restructuring the territorial industrial complex and changing profile of the region. Such programs, which unfortunately in Bulgaria are still missing, are a necessary component of any structural reform. Among the most effective measures are investment projects and promoting the realization of new productions in the regional plan, but they have little potential and do not reflect fundamentally on different regions in Bulgaria. So in recent years, investments are fundamental to regional economic growth, which stems from their role in the development of productive sectors and activities and the development of infrastructure, and in particular the technical infrastructure.

Innovative development and functioning of urban systems

Urbanization is defined as a new central force in the overall development of civilization in the new urban program adopted by Habitat III in 2016. It is a landmark document that sets a global vision for urban development over the next two decades. In developing a New Urban Development Agenda for a number of important directions, including through the main recommendations for sustainable housing and urban development [4]. At the heart of cities' enormous potential for sustainable development are people as communities and as individuals living today and those who will live tomorrow. Society is certainly responsible for many of the problems facing our planet. However, the innovation and transformation potential of cities should not be taken for granted. This function of cities needs to be clearly recognized and promoted at all levels of government and that the necessary powers are given at these different levels. The creation of favorable conditions for innovation is associated with a number of factors, all of which must be present in order to create a living ecosystem and a reliable information environment. Cities that strive to create a better and more sustainable environment provide an integrated combination of housing, urban and social infrastructure. These sectors are part of the functioning of the 'urban economy', which is becoming an increasingly distinct advantage in urban life, which is crucial for the creation of a new urban consumer culture and business in cities. This aspect of the development of urban systems in the XXI century sets a new fragmentation of the models of regional development. The prism of innovation is increasingly intertwined with spatial development, but on the other hand, these processes also have their

workload and oversaturation. This defines innovation as an introduction to the use of any new or significantly improved product (product or service) or process, a new marketing method or a new organizational method in business practice, the organization of workers places or external relations[5]. Innovation encompasses the creation and application of new knowledge that redefines the path to a more sustainable future. In addition to new technologies or new products, innovations may include new management methods and organizational methods, new ways of structuring partnership relationships, or new ways of managing social relationships. **In other words, the concept of innovation goes far beyond research, high-tech start-ups and even business-oriented to profit from private sector activities. It's about trying and defining better ways to improve communication and well-being.** This process is part of creating a more attractive urban environment for all social groups and ages. For example, in the context of aging, cities support the environment for a healthy lifestyle and well-being and create the conditions for older people to "grow old on the spot" in a pleasant environment. In such cities housing, social transport infrastructure meets the needs of the elderly and people with disabilities[9]. Another important issue is energy efficiency, which can also find better management through information technology. Almost everywhere there is a tendency to tighten energy efficiency standards for new buildings and residential buildings and to ensure energy recovery in existing buildings, as well as the exchange of experience between cities. Cities are shifting energy supplies to cleaner energy sources and modernizing energy infrastructure. It is very possible to achieve by focusing on transport, which is still used mainly by fossil fuels. It is very possible for the local economy and public administration to focus municipal procurement on clean energy and green technologies for public services. Such an important priority is to reduce pollution from transport, which is an effective lever for a green transition along with urban planning and to stimulate the transition from mobility to greener regimes. In order to find new and innovative solutions, experimentation and the search for new things are important. Smart policy measures are an ongoing search process, not a prescribed set of strategies with expected results. To make full use of their innovation potential, cities are developing an open culture of flexible governance that promotes reflective learning, adaptation, creativity, innovation, co-creation and the maintenance of innovative business models [6]. This includes experimental multi-level governance mechanisms to facilitate collaboration between different sectors to gain experience and knowledge of what works, gain confidence and develop, test, adjust and scale ideas.

Geo-economics as a focus and scope of spatial development

An important part of the conceptual apparatus of geo-economics in a local context are the characteristics and form of the structuring of economic space, which is treated as an area containing many objects and connections between them. Each region has its own internal space and communications with the external space. The most important characteristics of the space are: density (population, gross regional product, natural resources, fixed assets, etc. per unit area), accommodation (percentages of uniformity, differentiation, concentration, distribution of population and economic activities), connectivity (intensity of economic). In the analysis it is important to distinguish the relations between the parts and the space, in the conditions of the mobility of goods, services, capital and people, driven by the development of communication networks. The place of geoeconomics in modern science is considered in two dimensions. On the one hand, the regional economy is part of the science of the regions. On the other hand, geoeconomics is a system of meso and macroeconomics.

The conceptual system in the regional area is formed by three key terms: territory, region (region) and space and their respective adjectives - territorial, regional and spatial. In most cases, they are used as a synonym with the same content. For example, the term regional is accepted as an introduced foreign term, which corresponds to the Bulgarian term "region". In fact, there is an evolution from territorial to regional, and more recently to spatial development [7]. The question of the exact place of geoeconomics in economics is complicated by the fact that in addition to the subject and its own object of study expands its scope by illustrating the individual regional dimensions of economic life, so "geoeconomics has an interdisciplinary nature and its scope penetrates the soil of other areas of economics. In fact, in the 21st century, geoeconomics is changing its internal content, beginning to manifest itself not only as a means of managing economic activity, but also as a dominant system of public governance - ie. as a policy and even as an ideology of the coming new era. A direct consequence of which is the gradual replacement of the existing geopolitical imperatives with new ones - geoeconomic ones. World hegemony is no longer associated with the conquest of new territories, or even with the direct subordination of the economic space of the enemy. Today it is more concerned with imposing one's own political will and vision for the future, with establishing and maintaining the desired typology of world economic relations, with reaching the strategic limits determined by geoeconomic competition and, finally, with the possibility of strengthening or erosion of one or another system of socio-economic orientations in building a democratic and effectively functioning state system [8]. In geo-economics terms, the state must have ample opportunities to manage the process of integration into the global economy, strengthen social and economic potential and ensure the protection of the population. Within the new global (but not universal) economy, the contours of its "specialized segments" are becoming clearer - the so-called "large economic spaces", united by their common cultural and historical traditions, common type of economic practice, common social -economic interests and strategic goals. These spaces often go beyond geographical boundaries, as a result of which the world is in a period of restructuring of until recently "bipolar world", emerging a world with more than two regional poles of a "new regionalism", which is likely to form the regional skeleton of the world in the Third Millennium. At the heart of the "large economic spaces" will be the organic interaction between the new regional power centers and the nation-states entering the respective "large space". The big question on a global scale is which of these centers will fill with content "the achievement of sustainable development"[9].

Conclusion

The presented structure of the regional development expresses an argumentative point of view. It does not and cannot have claims to be exhaustive.. It is necessary to gather many more opinions from foreign and Bulgarian authors working on the problems of regional development, meaningful from logical and lexical positions. Such opinions would lead to significantly more precise conceptual essences and affirmation of the most correct terms in terms of their content and transcription. At the same time, I hope that this approach and scientific alternative will open the beginning of a series of articles that will ultimately contribute to the rise of regional development as a modern and scientifically based science.

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