

# APPROACHING REGIONAL DEVELOPMENT STRATEGIES FROM THE PERSPECTIVE OF THE SYSTEMIC VIEW ON THE LOCAL SPACE

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**Abstract:** *After the first theories of the local development (congestion and scale effects), the contemporary socio–economical sciences have refined the concept and added to the equation of the regional development a more complex variable: the local system seen as a whole. To be more precise, by this method the analysis regards not only the regional variables as factors which determine or influence a certain trajectory of the development (as in the Marshall case), but also the variable becomes the local system itself characterized by unity and its own dynamic. The economics owes this systemic approach to a more general philosophy which emerged within the social sciences. This is why, in order to understand the concept of local system from the economic point of view, we need to situate it in a wider profile of the systemic approach within the social sciences. This paper attempts to connect the arguments proposed by systemic analysis, a fashionable topic in the mainstream of the '80 years of the previous century with the contemporary strategic approach towards regional development.*

**Keywords:** systemic vision; development

## INTRODUCTION: THE LOCAL – A COMPLEX SYSTEM

First we have to clarify the use of the concept of *local system* though we refer to the idea of regional development: thus, it targets a “mezzo” level between the state and pure local (localities). For instance, if we take into consideration the territorial aspects, all the human entities slide on a dialectal, complex relation between global and local, seen as extreme levels of a single process of territorialisation. The global concept, in a systemic meaning, does not necessarily have a dimensional character. It must be seen related to the entities which interact. The global system is understood in a *relational meaning* whose extension is not prior definable, depending on the system and on the relations which emerge between the levels that make it. In other words, the global is composed of the characteristics of the systems which it connects and by their specific configurations.

In its turn, *the local*, does not have a similar meaning as that of region which is also understood as a theoretical concept, meaning an entity delimited by real or administrative borders. It is not a segment which holds the world, but it is what we can define as “whole” meaning unity. Thus, not even the term *local* has an explicit

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dimensional meaning. From the geographical point of view it is about a space which has a considerable specificity thus it does not have a meaning within a global abstract view. On short, the local is not a part of a complex system, but it is a whole in itself, which has identity and distinguishes from the environment and other local systems. It is composed of actors who are aware of this identity and, implicitly, are capable of autonomous collective behaviour. Moreover, it is a system which interacts with the exterior based on some internal rules, created by its own organization, mainly informal and sufficient in order to ensure the system's reproduction in time.

But if *the place* as "*the local*" becomes an object of analysis as a system, as a unifying whole of different areas (economical, social, political, family), which inter-relate, then its evolution also has to be seen systemically, unitary without a causal reference to its components. From this perspective, the development of a region, seen as a system is identifiable in more complex terms than in the case of the analytical methods. But the advantage is that the idea of development has a more clearly territorial dimension, seen as a set of *concrete and symbolic relations circumscribed in an area, created and recreated as reactions of the system to more general economical and social processes* (Conti and Giacaria 2001). Combining these relations we get a multitude of specific and non-repeatable organizational models as well as interdependence and complimentary schemes between the systems (regions) far more complex than the traditional ones, univocally of the type „core –periphery” or “dominance – dependence”. The fact that, explicitly, the local might take the shape or the definition of a region is a convention which we assume later on.

For example, a region can be specialized on a certain type of production, following a certain regional division of work which ensures the functionality of the whole system. Its autonomy and regional identity will be the result of its capacity of self – organization dictated by the relations' network between the actors historically built (path dependency). Time also becomes an important variable, as organizing is a temporal process. Otherwise only at mezzo-territorial level can a society (or economical system) have the advantages which result from specialization and integration: for example, by reducing trades costs, contributing to collective learning or to production innovation. At the same time, the internal structure dictates the rules of the interactions with other systems, the structure and the paths of evolution.

According to Conti and Giaccaria (2001) the main characteristic which can separate the system as territorial entity is cohesion. Additionally, *the local relations* are elements of the system which define its cohesion. This cohesion does not mean that it has a binary character as it exists or not but it may vary on an axis from *identity* (as maximum point of expression of the organizational closure and of the ability of selection of relations), to a minimum from which the system does not even exist: *destructuring*. If, on another axis, we explain the supra local relations (trans – territorial) which define the possible interactions with the outside, more precisely the dialog and interaction ability of the system, we will obtain an indicator of the degree of the “functional endowment of the system”. We also have

at this point maximum and minimum expressed by *specialization (unique) vs. multi – specialization*. In economical terms, the specialization appears when the system's functions are not that innovative and the commercial sectors are merely differentiated. This involves few local actors and a less dense network. The multi – specialization involves the simultaneous presence of several functions, often interconnected, both from the territorial and functional point of view: a great number of actors and a thick network. The two types of relations and their variation express *the dialectal nature of the system* between the cohesive forces (of endogenous origin) and the disintegrating ones (exogenous). By combining these two variables, on two axes, it results, on the theoretical level, a typology of systems with different degrees of stability and specialization (Conti and Giaccaria, 2001).

The stringent issue of the system theory, which also makes it arguable, is finding (/the lack) some rules which regulate a system. A fundamental principle of the social sciences is the conviction that the infinite variety of the economic and social phenomena is only apparent and can be explained in terms of universal laws. The dynamics of the development until now has been identified by applying some mechanical and linear categories which simplified and modified the reality (for example “centre outskirts” heuristic). The world has been represented as a jigsaw with different parts but regulated by linear rules in each part – each region, each town has been aligned, in geographic and economic language, with a general dynamic, in which specificities are seen as anomalies which have to be corrected. Or, in contrast to this, the theory of systems causes a more realistic picture, but also a more complex one, which perceives the economic system as the sum of autonomous systems related amongst them. In other words, there has been substituted the organic reality with the idea of system, based on its own rules, making an identity and uniqueness which would be deprived of its meaning if they were observed with an abstract and universal approach.

Another issue is that of *the dynamics of systems* and, mainly, of *the meaning of the dynamics of systems*. The properties and functions of a system as well as the abilities to instigate its own evolutionary processes do not directly depend on the interaction with other lower or higher levels but more on the ability to dialectically interact with them (Joye and Schuler 1990). A common example, which is valid in any industrial metropolis: confronted with the economical, technological and geopolitical dynamics which exceeds the borders of the systems, the transformation of the production follows the directions dictated by its own history (the professional and entrepreneurial cultures the strengthened structures and infrastructures etc) and will evolve receiving and assuming new meanings. In the same direction, the system itself will change because of the new meanings received from the transformations at the different composite levels.

According to Conti and Giaccaria (2001), *a local system* has to have two other minimal characteristics: *self – reflexivity and duration*. *Self – reflexivity* refers to a system's ability to self-represent. In other terms, the actors who compose a system must be aware of their membership to this whole and of the fact that they have the same characteristics. In operational terms self – reflexivity represents the principle of “anchoring” (*embeddedness*) term established by Granovetter (1985)

and the correspondence between the ideal and real scale. When actors act and plan at the same scale there are created the conditions for these to self define as part of the local system. It is necessary that this reflexivity to be constant and durable in time. For example, it is not sufficient the participation to a traditional celebration in order to become part of the local culture. The duration and continuity mean an embeddedness created day by day and the creation of a *common awareness* (Conti and Giaccaria, 2001).

In contemporary society, the relationship between self-reflexivity and time is fundamental. The self – reflexivity of the system is more than a rhetorical artifice that creates consensus within the system. This concept involves the existence of a *common consciousness* and a *sense of belonging* that are expressed through the creation and maintenance of common institutions involved in economic development. The concepts of *embeddedness* (Granovetter, 1985) and *self – reflexivity* allow us to understand better how the institutions that define the local system's identity overlap with those that support the competitiveness from the local development perspective. In this way, local development is difficult to be transferred in space and time, as long as institutions are geographically and historically determined and if the development also depends on the interweaving of economic institutions with the socio-cultural ones. Additional cautions are needed before we draw conclusions and make policies after the models of local experiences. The epistemological perspective changes radically from this point.

## 1. CHANGE OF PERSPECTIVES: FROM FUNCTIONALISM TO TERRITORIALISM

It has been noticed in the social sciences that to each epoch corresponds a particular ideological discourse, or rather an ideational dominance which might influence in a major way even different ideologies. This means for example that "mass production" has dominated both the socialist bloc and the Western ideology during the glorious decades, with motivations and justifications more or less different. Similarly, the above analyses have produced a deep intellectual revolution in the territorial sciences, and a deep rift with the "tyranny of the functionalist" that dominated the glorious decades.

Applied strictly to the concept of regional development, the most convincing *synthesis* of this debate was made by J Friedman and C Weaver, who proposed the distinguish between two contrasting meanings of the concept of (Friedman and Weaver, 1979).

On one hand, we have the *functional meaning* which concerns the planning of the distribution of the economic activities in a "rationally structured" space, which would include canters and networks. At the operational level, defining the regional policy will benefit in this case, from the conceptual tools of the positive spatial science space (for example, the concept of polarization, or diffusion models).

On the other hand, there is the *territorial meaning* for which, in contrast to the previous approach, the priority is a strategy for the activation of the endogenous

development factors, while attention focuses on the specific forms of economic and social organization in regions, individually considered. **Rediscovery of territoriality** (if we accept to call it so, from the epistemological point of view, post crisis currents) (Kuklinski, 1990) is understood as a set of irreproducible economic and social relations, accompanied by the assertion of the need for direct participation by local actors in the political and economic decisions.

The first of the two meanings was the basis for regional policies in the early post-war decades, being the expression of a so-called *top-down development* (according to the terminology introduced by W. Stohr and D. Taylor, 1981) - which signifies expansion of logics and activities that have proven to be valid and successful in the early-developed areas in the marginal regions, followed by functional integration of regions, by gradually eliminating the barriers on the way of the diffusion of development.

The concept of regional development in territorial terms is the expression of the development from **the bottom up**, which, however, does not ignore the fundamental criterion of economic efficiency. It requires maximum mobilisation and potentiating of regional resources in addition to a local "control" of the endogenous mechanisms of generating development.

If the increase in functional terms manifested its preference for integration between 'opened' regions to outside impulses, from territorial perspective, by contrast, it is required a kind of selective *spatial closure* of regional economy and society. Not in the sense of an isolated development, but the development promoted by endogenous forces in agreement with endogenous preferences. Aydalot (1985) called this logic as being **self-centered development** not totally incompatible with the idea of opening, based on the comparative advantages and specialization of the regional economies after a spatial division of the activities. In theory, this proposal constitutes a rift to the principles that have inspired the functional and conventional economic thinking. In particular, it rejects the idea of maximizing the company or individual profit, in the sense that this fact would be external to the hypothesis of the increase in the local community and its cultural values and thereby it manifests a default opened criticism of the old mercantilist criteria, according to which the productivity of any social activities is purely dependent only on the market demand which stimulates it.

As a whole, this vision of territorial self-centred development remained incomplete formalised, but it groups a wide range of assumptions and operational principles that we can summarise as follows:

- Any community territorially organized has its own resources (human, institutional, environmental, and socio-cultural) which make its endogenous potential to enable some form of integrated development (Stohr, 1984).

- These factors taken together (economic, social, cultural, institutional, environmental, etc.) define a regional identity that is repeatable in terms of quality, thanks to the specificity of the interaction between the factors (if not the factors themselves), and of the way of participation and creation of political and decision-making system. In addition, there also manifests a special way to handle stimuli outside to the regional potential.

- The strategies of self-centred development, based on maximum intensification of endogenous potential must be selective, focused on certain key variables: particularly preferences will direct to sectors which meet the needs of the local population depending on the stage of development in which they are and on the corresponding conditions, historical and cultural values of the region;

- These concepts have to be applied at various geographical scales for each territorial level where there are natural, human and institutional conditions, capable to operate a relatively autonomous development process.

*The conceptual category of the **territory*** means a dense sedimentation of specific and non-transferable social relations. The territory is actually created and determined by social relations. This concept is different, if not even contradictory with that of space in the positivist tradition, through which were represented all the valid "objective" phenomena and processes in all times and spaces. Thus, the theoretical change regards the interpretation of the real phenomena. History is now regarded as the fruit of different circumstances and conditions neither predictable nor included in predetermined schemes. This purely generic remark, should be framed in the political atmosphere and in the cultural "background" of the 70s-80s, in which clearly manifested the conviction that regional science and, most importantly, the concept of development which inspired it, should not be (self) limited to being a tool for providing solutions in accordance with scales of universally valid values (they have imposed in the territorial disciplines an epistemological interaction stretching, forcing the limits of the traditional concepts) (Kuklinski, 1990).

In conclusion, when writing a project which changes the criteria for interpretation, perhaps it would be useful to refer to the *three fundamental determinants* of the regional development that Garofoli (2002) excerpted from the thrilling debate that we referred to. These are:

- *the local factors* able to assist in the transformation of the regional system (e.g. birth of entrepreneurs)-can be assimilated to that *regional potential*

- *reactions to external changes* (organizational or technological) based on the system's own organizational capacity (e.g. the promotion of forms of collaboration and cooperation) and

- *the external factors* which appear and totally change the production and the social structures (for instance, the location of a multinational company outside the region).

In the first and the second case, we are dealing with an explicit process of auto-centered development, given that the power and control of the process is in the hands of the socio-economic and regional institutional forces, while the third factor is the expression of an exogenous development. The distinction is not only nominal but it is also useful from the methodological point of view by the fact that it unites two concepts that the traditional economic theory kept them separately. To solve this conceptual antagonism, somewhat concealed, Dematteis (1994) proposes the separation of the meaning of *regional (local) development* from a simpler and more reductionist one that of "*value*". From this new perspective the regional system (be it land or space) becomes a passive support for pervasive forces and

processes. Territorial valuing can be derived from the variation of the distribution of the comparative advantages. More specifically, the decisive actors of transformations have external origin, but they find in the region the territorial conditions essential for their economic objectives.

Valuing is a reversible process which can be interrupted or cancelled if the development factors and conditions that have attracted outsiders disappear (for example, the discovery elsewhere of cheaper resources). The distinction between the simple territorial valuing and the regional (local) development helps us to understand why the growing global or international economy does not have a corresponding territorial uniformity but on the contrary tends to it.

## 2. EFFECTS IN THE DEVELOPMENT STRATEGY PLAN

The history of development theories is marked by the search for valid solutions in all times and in every place. This is due mostly to the simplifying processes typical for the social modern sciences. On the other hand, the systemic vision is based on combating these simplifications. From this perspective, the variety of patterns of development does not derive from the inability of local actors to be self-organized in the most effective manner and to adopt a single model of development. On the contrary, since the initiation of development depends on the actors' perceptions that deeply relate to each other through a network, it appears that each entity is associated with a path on its own in accordance with the perceptions and the capabilities of the reference systems.

Not only that the system has its own evolution and development, but if we were to consider the economic dimension of the local system, we cannot assimilate a 'sub-set' of the local system, because otherwise we would fall into the trap of the functionalist perspective and we would be inclined to separate the economic behaviour from other types of behaviour (for example, socio-cultural).

In these circumstances the strategy changes its configuration and orientation from finding the intervention sectors and manipulating policies to finding that feature that defines the region and its trajectory in terms of economic development, and in terms of the movement/ evolution/ dynamics/ strategy means discovering the vision but stemmed from a trajectory and a historic roadmap to ensure plausibility and a degree of comfort to citizens (history friendly). In addition to these elements, determined by the overall opening which requires that the territories be more open (or better said that no longer allows territories to isolate self-supplying) the strategy also involves the placement of the territory concerned on an orbit or on a dynamic line of trade and external relations, so, implicitly, finding that system of relationships which contribute to its increase of endogenous nature.

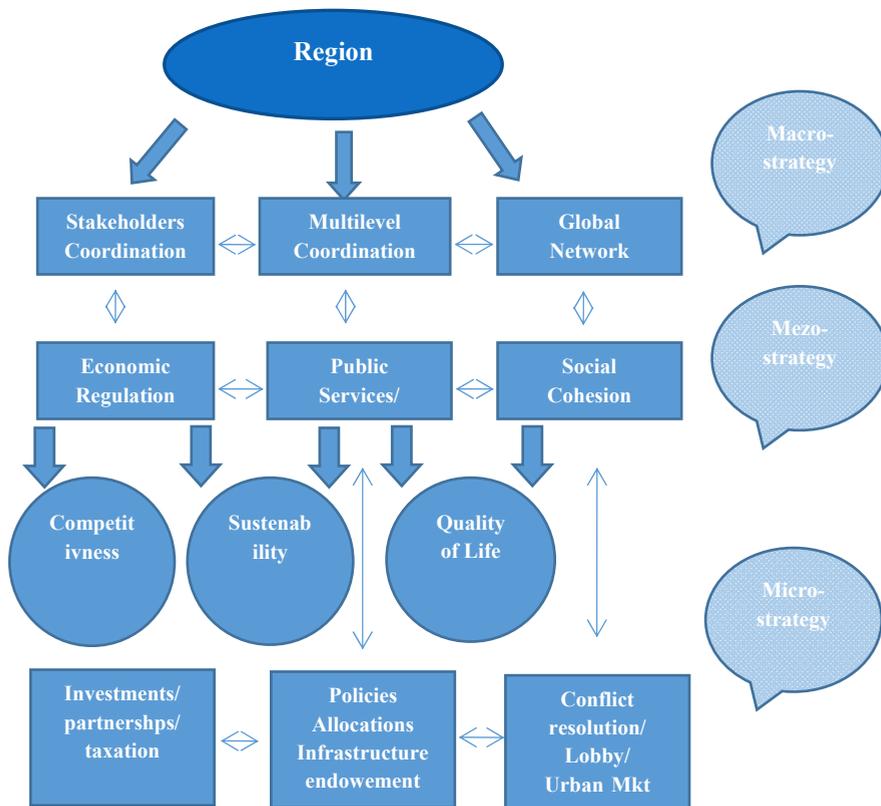
In this respect, the role of local (regional) policy rather becomes one of orientation of the territory in a competitive space wider than that of sector markets: namely in the territories competition (competition for investment, competition for capturing the opportunities for collaboration and implementation of projects in the open-air restaurant, competition for attracting/keeping of residents, etc.).

Local/regional authorities are becoming traders, transacting opportunities and facilities, environmental regulations or tax rules.

In the second plan, the role already established by the public service for residents or for mobile agents in search of localization remains important. Last but not least, it is also acquired and the role of reactivity (adaptability) at much faster world growth which involves the application of ‘instant policy’ and certain provisions for the future. On the whole, it is about a more interventionist, but less invasive (intrusive) strategic role than the present one.

Thus, we propose a model of strategic intervention on three levels of public authority available on the different instrumental bases (Figure 1).

**Figure 1 - Model of Strategic Intervention by levels**



Source: own representation

At the macro level-the strategic aim for **global positioning (Macro-strategy)**, the authority shall assume a purely political role of ‘coordination’ between the various levels and fields of power which manifests itself in the territory and between the various stakeholders that revolve in that space and ‘bargaining’ or lobbying for foreign forces which interact with the region (place on the orbit). At the mezo-strategic level, strategic-(**mezo-strategy**), the authorities are tasked to

produce those 'climates' to foster: *competitiveness, the quality of life and sustainability*. In fact, it is not about anything other than the institutions, rules and public services in addition to creating more opportunities for the population and firms providing comfort level enough to choose the opportunity cost/location in the region.

At *micro-strategic level* which concern the *functionality and resilience* for strategic/space, the authorities are working directly with public policy toolkit classics: taxation, allocation of resources, the infrastructure endowment, the establishment of public private partnerships, conflict resolution and policies of territorial marketing.

## CONCLUSIONS

Regarding from this perspective, development becomes more or less a problem of organization / management of space (physical structure problem Action must begin with area morphology identification and a sort of asset mapping: determining spatial development pattern, than a confrontation with the vision of development. If there is no matching between the two, measures are taken to facilitate the prospective of this pattern. These measures over the territory should be based on analysis of physical structures at different scales as well as patterns of movement, land use, ownership or control and occupation. In simplified terms the dilemma is to choose between an infrastructure adapted to facilitate the preexisting flows or to build a new infrastructure generating new flows.

Also development becomes, or better said, remain an administrative and institutional problem. A region's distinctive social and cultural characteristics, measured by the behaviors of its residents is an important source of knowledge as input for regional policies. New multi-level patterns of governance have emerged both from above by an increased involvement from EU (in our case) or other supra-national organizations and from below through the increased of cities and local authorities in the economic issues. Under these pressures alienated citizen needs a more comfortable way to refer himself at the authority and the new reforms must consider also these sensitive features.

Existing regional structures, including institutional weaknesses, together with local policies are dependent on their past evolution and thus are hard to change. Local economies are "spaces" or "scenes" of an institutionalized "collective learning" also dependent on its own history. Technological skills reflect the local, regional or national contexts that were formed. Successful regions are those in which institutions have complemented and were folded very well with local sectorial and production networks. That is why suitable models of agency, structures, institutions and even the discourse must internalize and adapt to a regional stock of knowledge.

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