



Factors of regional development in the light of contemporary socio-economic changes – theoretical discourse

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Plan of presentation

1. Introduction
2. Objective and scope of the work
3. Contemporary socio-economic changes
4. Regional development and its factors
5. Influence of contemporary socio-economic changes on the redefinition of regional development factors



Introduction

- mid-20th and the beginning of the 21st century – increasing interest in the growing scale of social and economic differences in the world
- different spatial scale (international – regional – local)
- of interest to, e.g. economy, socio-economic geography, regional science, sociology
- fundamental question:
What are the causes, determinants, contributing factors behind the creation and most importantly behind the increase or reduction of the level of socio-economic differences in space.



Introduction

determinants, factors

ontology

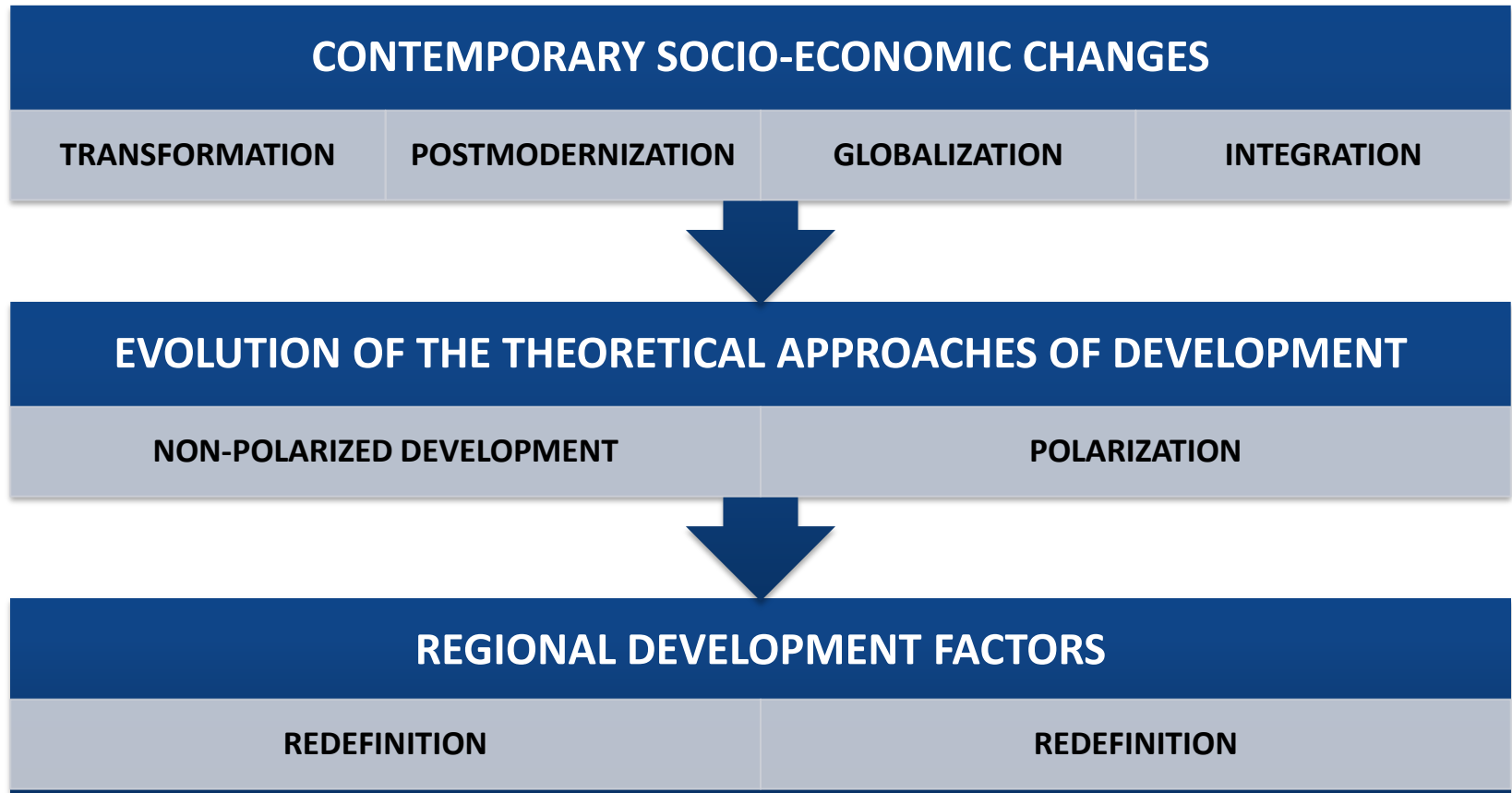
determination of the nature of the
spatial differentiation process
of socio-economic development and
mechanisms behind it

praxeology

determination of the basis for the
practical use of this knowledge in the
rational formation of socio-economic
development processes



Introduction





Objective and scope of the work

Objective

- determination of the influence of main contemporary socio-economic changes on the interpretation of regional development factors

Scope of the work

- countries and regions of Europe – post-socialist East-Central European countries and capitalist West European countries
- 1945 – 1960./1970. – 1989/1990 – 2004 – 2015



Objective and scope of the work

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„New regional policy challenges in the formation of factors of the socio-economic development of less advanced regions”

Project NSC/NCN 2015/19/B/HS5/00012

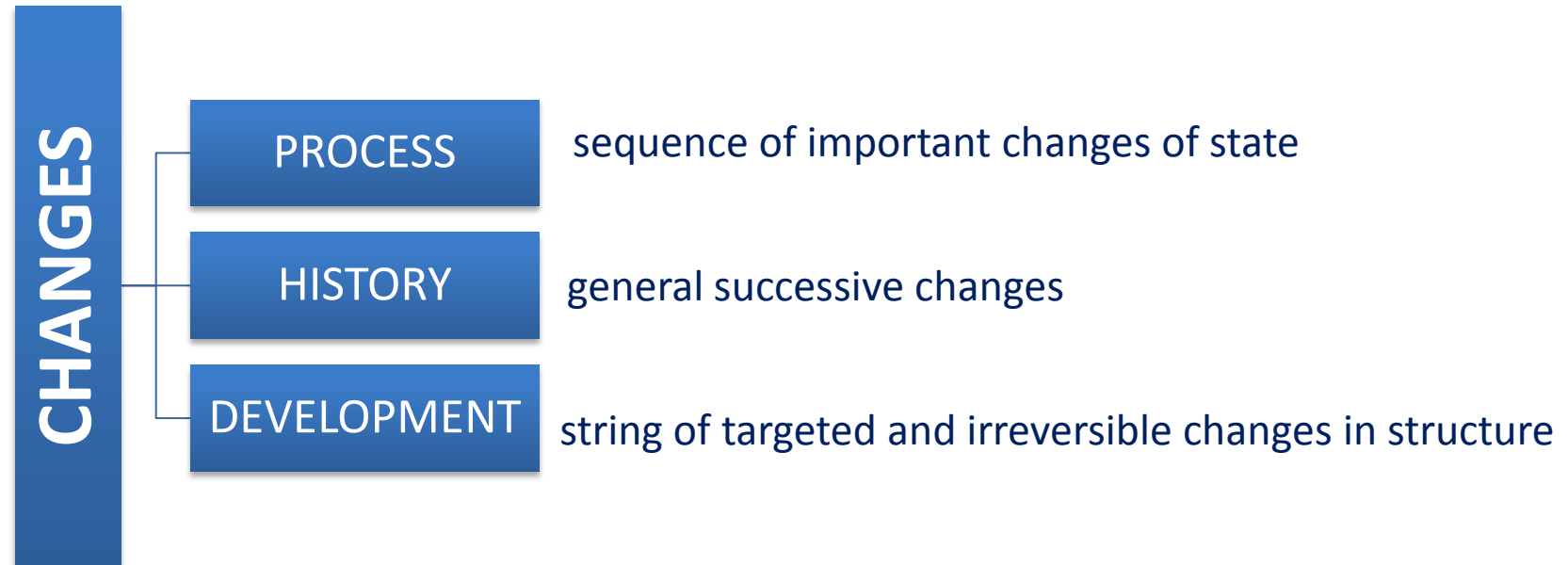




Contemporary socio-economic changes

Change – an event or process in a qualitative or quantitative aspect consisting in the change of the state of a real object (its properties) – every real object can (but does not have to!) change (M. Bunge 1977, p. 215)

Present time = 1945 → today





Contemporary socio-economic changes

Narration:

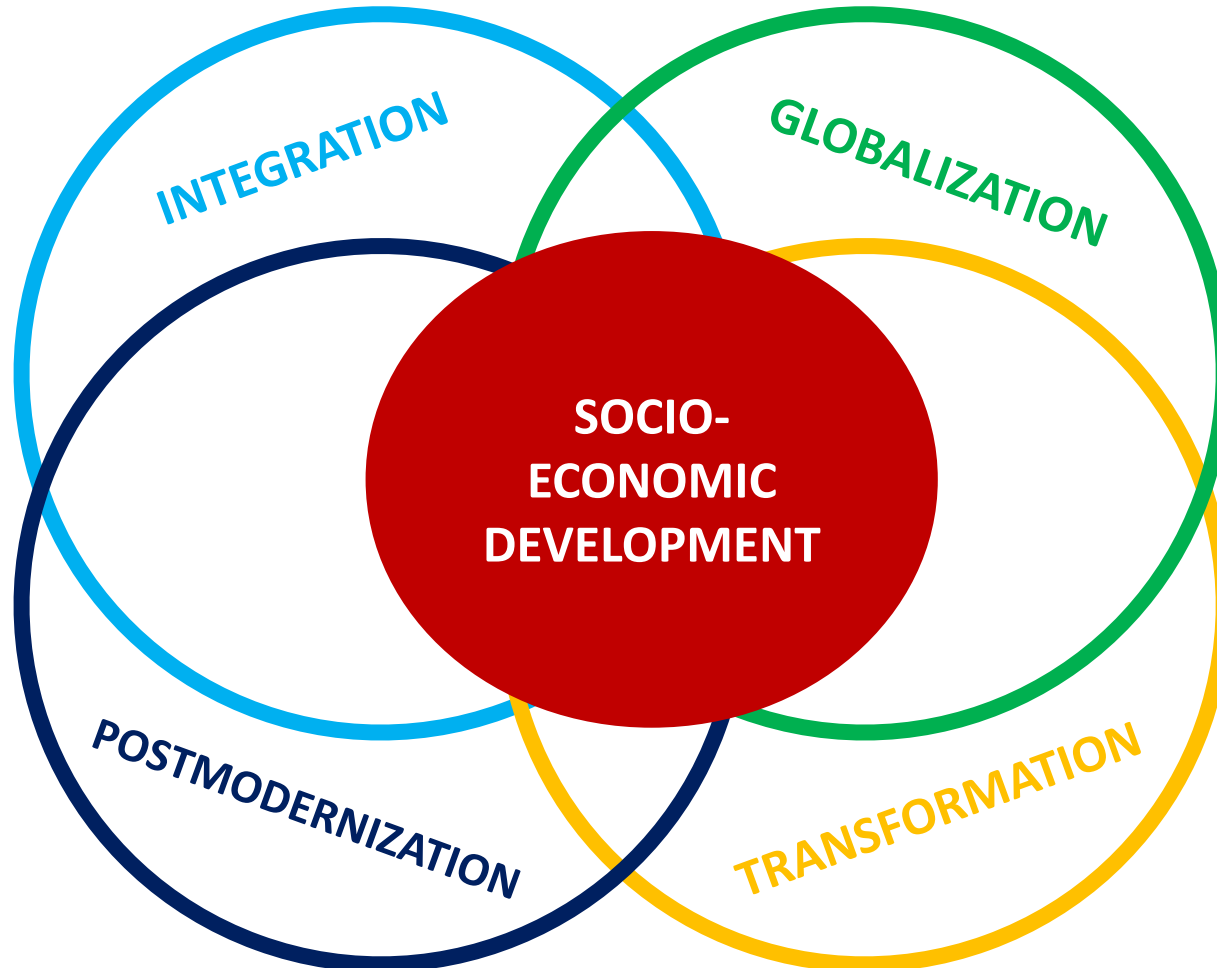
David Harvey (1973, 2005)

explanation of the processes of the circulation and accumulation of capital,
neoliberalism

Immanuel Wallerstein (2004, 2013); **Fernand Braudel** (2013)

historical reasons for the processes and accumulation of capital leading to
spatial inequalities (East-Central European countries – peripheries, West
European countries – core)

Contemporary socio-economic changes





Contemporary socio-economic changes

TRANSFORMATION

process of radical economic and social changes connected with the passage between civilizations, in East-Central Europe the process of democratization and the transition from the centrally-planned to free market economy (*Rychard 1993, Pajestka 1994, Gorzelak 1995, Strykiewicz 1999, Gomułka 2014*).

I. Economic aspect:

- stabilization and liberalization of economy – reprivatization and privatization of economy,
- restructuring of economy and postindustrialization,
- development of services and institutions of business environment,
- inflow of foreign capital and development of companies with international capital,
- unemployment and social polarization,

II. Social aspect:

- formation of constitutional principles and the law,
- multi-party system,
- deconcentration and decentralization of power, central government – local government administration system



Contemporary socio-economic changes

POSTMODERNIZATION

“late capitalism’s logic”, processes of emerging new social, economic, political and cultural structures and forms, essentially different from those formed in the so-called modernization phase of western society (*Soja 1989, Harvey 1990, Jameson 1992, Chojnicki i Czyż 2004*)

I. Economic aspect:

- postindustrialization, small-scale enterprise,
- elastic industrial production (technology, production organization, labour),
- growing international exchange,
- growing importance of ICT,

II. Social aspect:

- new accumulation regime and elastic accumulation system – rapidly changing individual consumption habits and stabilization between consumption and production,
- growing importance of standards and institutions in the regulation of accumulation system,
- civil society development ,
- managerial public management.



Contemporary socio-economic changes

ECONOMIC INTEGRATION

process of changes in the economic structure of a given group of countries leading to a uniform economic structure and on its basis to a uniform economic entity (*Balassa 1967; Machlup 1977; Lawrence 1997; Hosny 2013; Marinov 2014*).

I. Economic aspect:

- international trade exchange,
- improvement of effectiveness and growing specialization,
- FDI and new technologies inflow, and the development of KBE,
- increase in the level of investment including the access to external public funds,
- increase in the level of employment and the mobility of labour,

II. Social aspect:

- demographic changes encompassing human capital,
- social changes encompassing human and social capital,
- standardization of administration functioning,



Contemporary socio-economic changes

GLOBALIZATION

growth in market and production co-dependency in most countries in the world through trade, international movement of capital and technologies leading to the formation of international division of labour and specialization (*Robertson 1985, Gwiazda 1998, Lubbe 2010*).

I. Economic aspect:

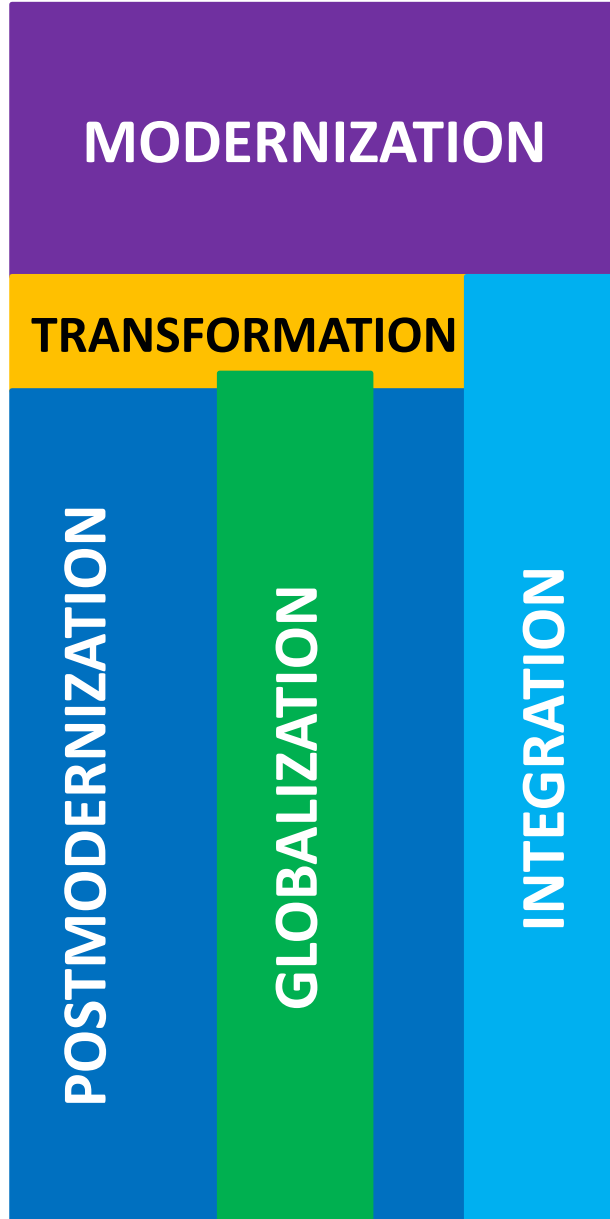
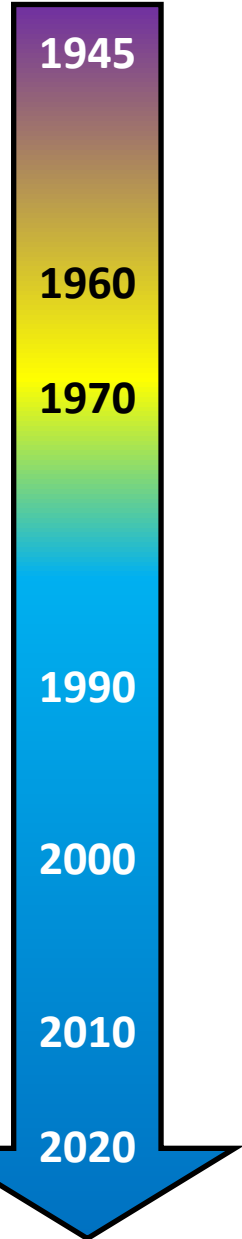
- world trade development and the dominance of financial sector in a global/national scale,
- delocalization of production, new forms of the organization of production (e.g. outsourcing),
- ICT development,
- polarization of economic development,
- increase in the labour force mobility ("brain drain") the movement of direct foreign investment,

II. Social aspect:

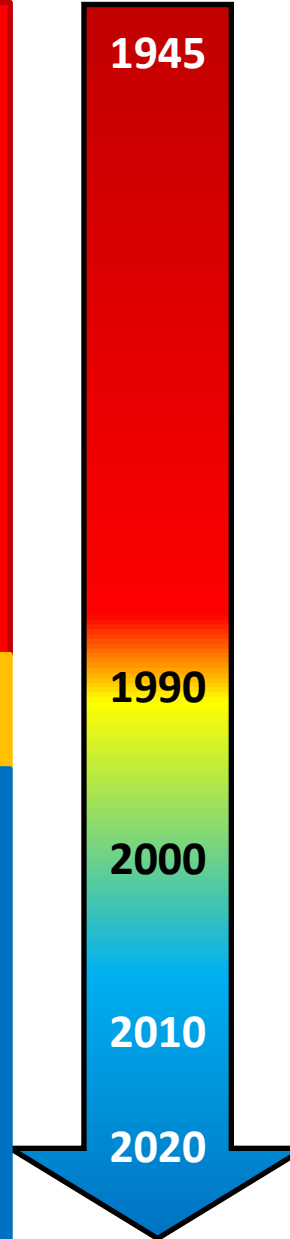
- convergence of formal institutions, democratization,
- raising ecological awareness,
- world homogenization, disappearance of cultural identity.

WESTERN EUROPE

EAST-CENTRAL EUROPE

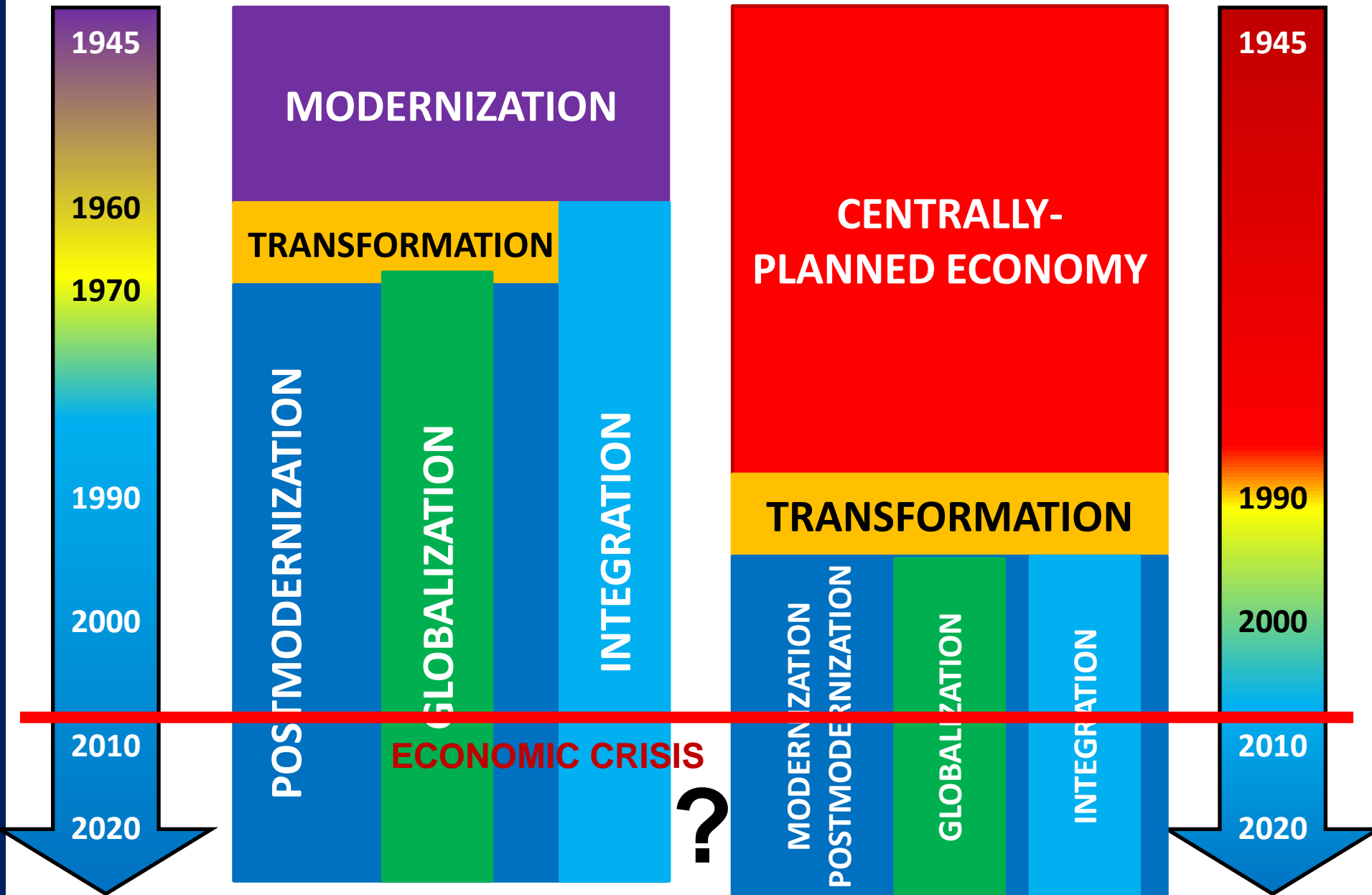


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WESTERN EUROPE

EAST-CENTRAL EUROPE





Regional development, regional development factors

Socio-economic development: quantity and quality changes
→ improvement in the conditions and quality of life of inhabitants

Objectives and development directions:

- ❑ ***improvement in productivity and competitiveness*** – a process of systematic improvement, in which conditions for business activity are subject to continuous changes in order to face more and more advanced and efficient competition forms (Porter 1990)
- ❑ ***increase in cohesion and reduction of inequalities*** improving the access to and distribution of goods and ensuring greater freedom in making economic and social choices (Todaro 1994)
- ❑ ***condition and stimulant of improving the institution of the state***

COMPETITIVENESS – COHESION – EFFICIENCY



Regional development, regional development factors

nature and specificity of regional development results from regularities of the socio-economic development process, which **is subject to spontaneous diversification** (qualitative and quantitative)

- different conditions of conducting business activity
- different level and conditions of inhabitants' life (Capello 2014a)

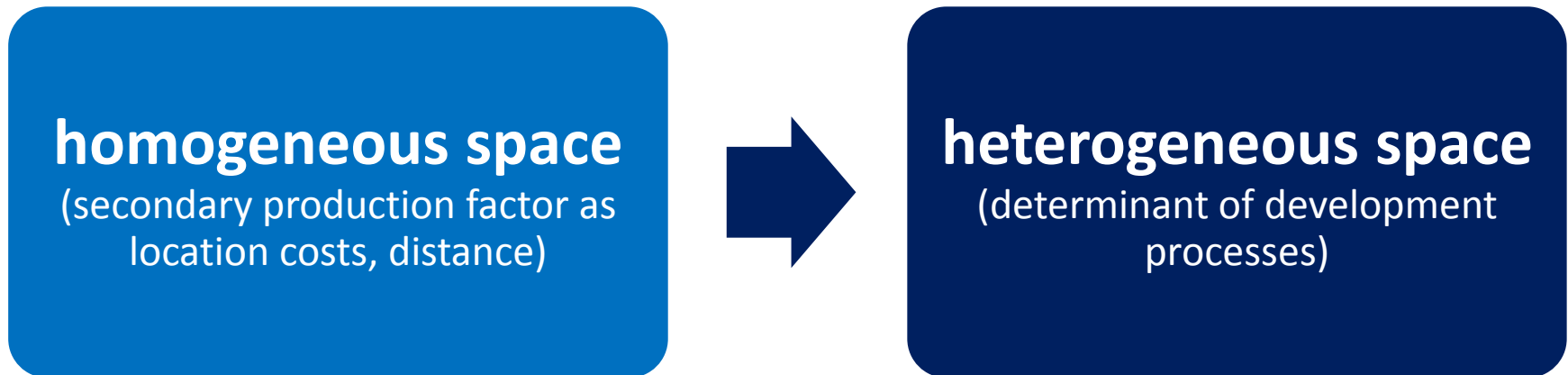
main cause for development differences in regions

- spatial heterogeneity of development factors (different impact, factors formed and enhanced differently in economic space)



Regional development, regional development factors

Evolution of the theory of socio-economic development



"...space plays a significant role in the process of economic growth and convergence..."

Villaverde (2006, p. 131)

→ Churski P. *Contemporary challenges posed by changes in regional development factors: a territorially integrated approach*



Regional development, regional development factors

Socio-economic factors of development

land, capital, labour (*A. Smith, D. Ricardo*)

technological progress (*Solow 1956; Borst, Stein 1964*)

human and social capital (*Romer 1986, 1990, 1994; Lucas 1988*)

institutional capital (*Williamson 1981; Amin 1999*)

exogenic approach

endogenic approach

Regional development, regional development factors

MEGATRENDS

TRANSFORMATION

POSTMODERNIZATION

INTEGRATION

GLOBALIZATION



REGIONAL DEVELOPMENT FACTORS*



HUMAN
CAPITAL



SOCIAL
CAPITAL



MATERIAL
CAPITAL



FINANCIAL
CAPITAL



ORGANIZATIONAL
AND
TECHNOLOGICAL
INNOVATIONS

* Solow (1956); Coleman (1988); Molle, Cappelin (1988), Romer (1990); Barro, Sala-i-Martin (1992); Benko (1993); Putnam (1995); Keeble i in. (1999), Domański R. (2000); Capello, Faggian (2005); Churski (2008)



Influence of contemporary changes on the redefinition of regional development factors – general trends

- preference of the **bottom up** approach – primacy of endogenic factors (*Molle i Cappellin 1988; Martin i Sunley 1998; Barro i Sala-i-Martin 2004; Tönshoff, Weida 2008*)
- **particular significance of spatial relations and conditions** → differences in development factors in particular areas forming their specific **territorial capital** which requires targeted action
- change of the regional policy intervention model:
"one size fits all" → "place-based policy"
public intervention → less developed areas reach **"critical mass"** of endogenic factors → **independent development**, more **effective absorption of the positive impact of growth poles** with a successful reduction of its negative aspects (*Martin 1999; Tödtling, Trippel 2005; Barca i in. 2012; The Future... 2015*)
- **regional resilience – path dependence** (structural stagnation/lock-in vs. constant adaptation/mutation) (*Simmie, Martin 2009; Hassink 2010; Martin, Sunley 2006; Martin 2010*)



Influence of contemporary changes on the redefinition of regional development factors – the megatrend impact

TRANSFORMATION

East-Central Europe	Western Europe
<p>system transformation (→ free market economy) – a basis for the formation of regional development factors, which was subject to the questions:</p> <ul style="list-style-type: none">(1) to what extent does a country/economy belong to the group of new civilization pioneers?(2) what is the combination of top-down (controlled) and bottom-up (uncontrolled) processes of change?(3) to what degree does the imitation effect take place (full imitation – the GDR, partial – Poland, the Czech Republic, Slovakia, Hungary; marginal – the former USSR republics)? <p>→ improvement in the effectiveness of economies , power of connections</p>	<p>global and integrative transformation → efficiency and competitiveness growth with regard to the USA, Japan</p>



Influence of contemporary changes on the redefinition of regional development factors – the megatrend impact

POSTMODERNIZATION

East-Central Europe

intensive postmodernization processes dependent on the **transformation method from centrally-planned to free market economy, formation of norms and institutions (imitation of Western Europe solutions** from the modernization-postmodernization period)

Western Europe

intensive postmodernization processes dependent on **the amount of accumulated capital and its allocation method, norms and institutions development** → transformation to **information/knowledge-based economy**; significant role of the social regulation method of capital accumulation by mitigating crisis trends and phenomena – **norms, habits, institutions**

→ growing significance of white-collar workers; innovations; research and development; work specialization; rationalization; development and significance of ICT; growth in trade; increasing polarization; dependence on global processes;



Influence of contemporary changes on the redefinition of regional development factors – the megatrend impact

INTEGRATION

East-Central Europe

seeking to **integrate** and **"adjust"** norms, **institutions and economic, social, political and cultural structures** to West European countries.

Western Europe

formation of a **uniform economic entity** (customs union, single market, monetary union) in order to enhance **capital accumulation** (including **economic neo-colonialism** – East-Central European countries depend on capital and innovation) and **competitive advantages**

→ growth in production and productivity scale; progressive specialization; lowering production costs (greater export power); growth in the mobility of capital, persons, goods; assurance of greater socio-economic stability → improvement in the level and quality of life



Influence of contemporary changes on the redefinition of regional development factors – the megatrend impact

GLOBALIZATION

East-Central Europe

system transformation “launched” the access to the positive and negative results of globalization; **accelerated and intensified postmodernization and integration processes**

Western Europe

“received” new markets and new cultural and economic “colonization” areas; growing significance of postmodernization processes

→ integration of economies and societies; cost reduction; increase in accessibility of transport means; communication means; new technologies; growth in mobility of human and financial capital; influence of financial sector not only on economy, but also on politics; effect of international postmodernization division of labour;

Influence of contemporary changes on the redefinition of regional development factors – **FACTOR REDEFINITION**

HUMAN CAPITAL

- **greater balance on the labour market** – unemployment as a consequence of the transformation, new employment forms (e.g. outsourcing, offshoring, telework), **"flexible work"** – adjustment to a dynamically changing socio-economic situation,
- poor adjustment of education system to the needs of local labour markets,
- increased human capital mobility – **internal and external migration; "brain drain"** → centre-periphery relation,
- departure from quantitative dimension towards the **quality of human capital**,
- departure from familism (more divorces, fewer number of marriages, lower fertility rate – a 2+0 model),
- increase in the efficiency of using **endogenic labour resources** through direct foreign investment,



HUMAN CAPITAL



Influence of contemporary changes on the redefinition of regional development factors – **FACTOR REDEFINITION**

SOCIAL CAPITAL

- increase in negative social behaviour (**social anomie**) – resulting from economic pressure,
- growing significance of **institutionalized and non-institutionalized forms of social self-organization**,
- development and growing significance of global, national and local **non-governmental organizations**,
- popularization of social participation, **increase in civic engagement** (decentralization of power),
- growing share of **SMEs** in the economic structure,



Influence of contemporary changes on the redefinition of regional development factors – **FACTOR REDEFINITION**

MATERIAL CAPITAL

- **improvement in environmental conditions** and protection of natural resources mainly due to **economic restructuring** and the investment in **physical infrastructure**,
- **improvement in territorial cohesion** via the development of transport and telecommunication infrastructure (ICT),
- diversified **effectiveness of infrastructural investments** – the scale of implementation not always justified,
- **improvement in the quality and a growing number of** social infrastructure facilities (education, health care),
- capital injection to tangible assets of enterprises via FDI,
- limited capability of modern material capital implementation and the danger of implementation of older technologies,

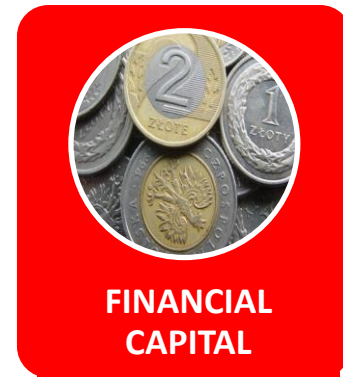


**MATERIAL
CAPITAL**

Influence of contemporary changes on the redefinition of regional development factors – **FACTOR REDEFINITION**

FINANCIAL CAPITAL

- diversification of the source of **financial capital** inflow,
- **growing incomes and trade exchange** due to the access to the international market,
- capital increase under the **intervention of community policies** (especially the **cohesion policy**),
- negative interaction of **global crises** resulting from the internationalization of capital,
- growing investment inflow causing an **increase in enterprises' capital, population's and self-governments' incomes** due to payments and taxes,

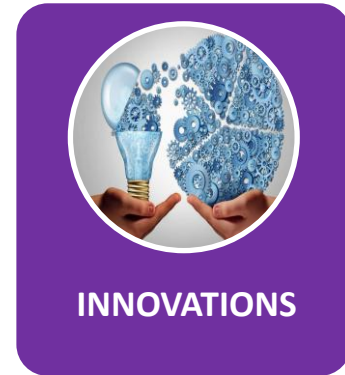




Influence of contemporary changes on the redefinition of regional development factors – **FACTOR REDEFINITION**

ORGANIZATIONAL AND TECHNOLOGICAL INNOVATIONS

- growing significance of **innovations** in the development processes in the knowledge-based economy,
- **innovation development** (especially in ICT) creates **a new economic space**,
- increase in the dynamics of the **institutional zone development** of market economy,
- lower innovativeness in East-Central European countries as compared with West European ones may lead to falling into the **trap of average growth**.





Influence of contemporary changes on the redefinition of regional development factors – CONCLUSION

- **exceptional dynamics of development changeability** – limited possibilities of long-term development planning and long-term factors activation → need for **current monitoring of factors and their impact**
- significant increase in **technological and organizational innovations** ("escape forward") and **the financial capital** ("fast reaction") by transformation processes, postmodernization, globalization and integration
- **primacy of quality over quantity** – human capital, material capital, financial capital
- **objective of changes** – improvement in the conditions and quality of life **by growing effectiveness and a smart use of resources and positive effects of the spread of development processes, avoiding at the same time negative effects of spatial differences and mistakes made by West European countries.**



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