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New Approach to Regional Competitiveness as Instrument of Regional Development

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New Approach to Regional Competitiveness as Instrument of Regional Development

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Abstract

The paper addresses a scientific and practical problem of how the regional characteristics referred to as competitiveness can be employed in enhancing the efficiency of planning its economic and social development. The aim of the paper is to substantiate the relevance of regional competitiveness concept as the objective of strategic development of the region. The first part of the paper presents statistical data of regional development in Lithuania. They illustrate that the current principles of organizing regional development fail to produce desirable results. The conclusion is that the paradigm of regional development focused on regional cohesion should be changed into the paradigm of developing regional competitiveness. The second part analyses the role of the regional competitiveness concept in the development process as well as its interrelation with regional cohesion. It was found that the functional approach to regional cohesion provides the possibility to declare competitiveness as one of the main objectives of regional development. The third part discusses such features of competitiveness concept as abstractness, relativity and probabilistic nature, which are to be considered in strategic planning by identifying competitiveness as an objective of regional development. Besides, the abstract nature of competitiveness concept enables creating operational definitions of competitiveness which can be practically used as guidelines (partial goals) of regional development.

KEYWORDS: regional development, competitiveness, functional approach, strategic planning, objective of development.

Introduction

Despite the abundance of theories, the mechanism of regional development is not completely recognized yet (Strahl, 2006; Snieška, Bruneckienė, 2009). In seeking the answer to the question of what forces cause and maintain regional development, the openness of the process to the internal and external effects is emphasized. In addition, this process is infinite since the signs, in terms of which it is possible to claim that the region is most advanced, are not established. Scientific literature describes numerous ways of regional development; consequently, development itself can be referred to as the process of long-term purposeful changes which is controlled by the administration of the region by making use of the active role of the region's subjects (enterprises, community and institutions), internal (endogenous) development factors and experience of other regions. The process cannot be fully normalized (standardized) and the standard of the 'developed region' cannot be created (Domanski, 2004). In pursuing the aim of the work, this part of the paper will discuss competitiveness as a feature of the region by the development of which the process called regional development takes an appropriate trajectory.



After the analysis of regional development plans for Lithuania (e.g. Kaunas Region Development Plan 2007-2013) we can state that they are prepared based on the classical paradigm of 'alignment of differences', according to which internal economic, social and spatial cohesion should be developed alongside with the development of regions. This paradigm is legislated in the Law on Regional Development of the Republic of Lithuania (Chapter II, Article 3, Paragraph 1 and Chapter IV, Article 7, Paragraph 2), in the Strategy of Lithuanian Regional Policy until 2013 (Paragraphs 7, 8 and 9), approved by the decision of the LR Government No. 575 of 23 May 2005, and in the Program for Reducing Social and Economic Differences of 2011-2013 approved by the decision of the LR Government No.62 of 17 January 2011. In the "National Progress Program for 2014-2020" there is a priority "Regional Development" combining two aims: "to ensure even and sustainable regional development and to enhance territorial cohesion (reducing developmental differences) across the regions" (Vidaus reikalų ministerija, 2012).

Despite relevance and attractiveness of the idea of internal cohesion of the region, its practical realization is related to the difficulties in realizing regional competitiveness as the ability to create favorable conditions for developing economic activity so that the needs of the population are met. Competitiveness in the modern global world tends to become a dominating and obligatory type of status of the subjects of all levels including regions. Competitiveness being the means of functioning turns into the goal of functioning. So, the necessity to treat competitiveness as the objective of regional development is more and more reasonable. This is discussed in the works of the researchers of the countries with deep traditions of regional policy - Great Britain, USA and Germany (Berger, Bristow, 2008). This necessity is relevant in Poland (Chądzyński, Nowakowska, 2007), China (Xu, Yeh, 2005) and Rumania (Cojanu, Lungu, 2012). In analyzing Lithuanian sources the following tendencies in utilizing and studying regional competitiveness conceptions can be distinguished:

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| <p>1 In applied works (in the regional development strategies) competitiveness is attributed to a single area of regional functioning, i.e. economic area without relating it to the region as to the economic, social and territorial whole.</p> | <p>2 In research works regional competitiveness is equalized to the existing situation which is evaluated in terms of the results achieved or in terms of the existing potential.</p> |
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This paper addresses scientific, theoretical and practical problem of how regional characteristics referred to as competitiveness can be made use of by enhancing the efficiency of planning and organizing economic and social development. The aim of the paper is to substantiate the appropriateness of the regional competitiveness concept to be the objective of the long-term (strategic) development of the region. With the view of that aim the following objectives are addressed:

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| <p>1 To clarify the practical need of the innovative approach to regional development;</p> <p>2 To highlight the core of functional approach to regional cohesion thus giving the possibility to regard competitiveness as the objective of regional development;</p> | <p>3 To establish the main features of regional characteristics called competitiveness, which influence the planning of regional development.</p> |
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Scientific originality and practical significance of the paper:

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| <ul style="list-style-type: none"> _ A substantiated need of the innovative approach to regional development; _ A substantiated possibility to regard competitiveness as the aim of regional development; _ The methods for transforming the defini- | <ul style="list-style-type: none"> tion of competitiveness to the development landmarks are proposed; _ Regional competitiveness features to be considered in planning regional development are identified. |
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Practical demand of new approach: inefficiency of the regional policy in Lithuania

Regional disparities manifest themselves throughout all areas, the most significant being economy. Both absolute (GDP) and relative (GDP per capita) data presented in Figs. 1 and 2. Regional policy as a separate area of concern of the Lithuanian government was designed with regard to the preparation for EU membership with the aim to make a more efficient use of the aid from the EU. Upon the urge from the EU, the Government acknowledged that the system for formation and implementation of regional policy is absolutely necessary for the country. Presently, we must bear in mind that regional policy consists of two constituent parts: implementation of EU regional policy principles and formation and implementation of national regional policy.

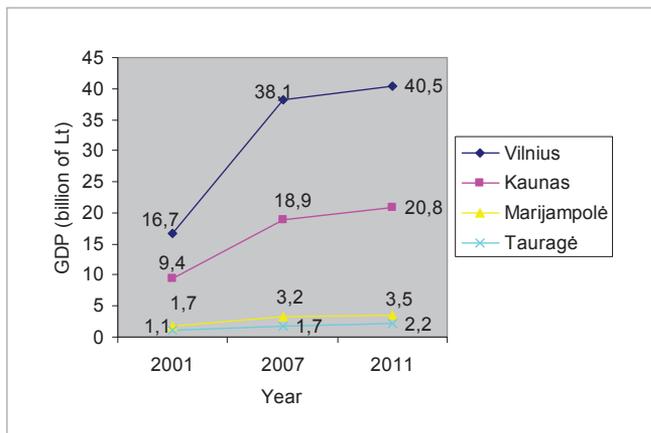
The main aim of the national regional policy is reduction of developmental disparities between Lithuanian regions. Seeking to substantiate the relevance of considerations presented in the further chapters, this chapter offers statistical information showing that, of the regions) show that alongside with a very dynamic region of the capital Vilnius, a large group of problematic regions is being formed covering as many as half of all statistical regions of the country: the regions of Alytus, Marijampolė, Tauragė, Telšiai, and Utena.

Economic disparities are accompanied by those in other areas. For example, Table 1 represents data about changes in the number of population which, on the one hand, is a reflection of economic development, on the other hand, one of the reasons of economic disparities. The figures submitted show that the problematic regions are characteristic of major negative results in migration as well as of a bigger decline in a relative number of inhabitants.

The development of services network can be an indicator of living standards. Table 2 represents data about the number of companies providing services in the Lithuanian regions. Obviously, most of the country's regions cannot match Vilnius region in terms of the number of such companies per 1000 people and of the growth rate of this indicator.

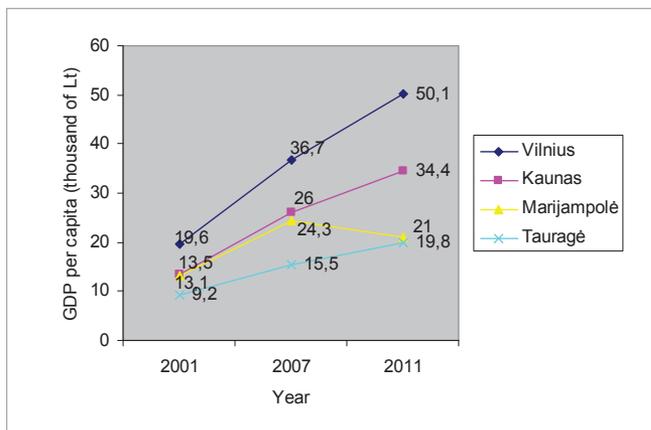
The trend of slow development rate of services in most Lithuanian regions can possibly mean a significant deterioration in living environment and life quality. The supply (and quality) of services can be a decisive factor in choosing the place of residence or investment (specifically, for people with higher income). On the other hand, a small number of services can also disclose the insufficiently exploited potential of business development within the region.

Figure 1
Differences between the growth of Lithuania's regions



Source: Created by authors according to the data of Department of Statistics.

Figure 2
Differences between GDP per capita of Lithuania's regions



Source: Created by authors according to the data of Department of Statistics.

Region	Year		
	2001*	2007*	2011**
Alytus	-64	-788	-16
Kaunas	-1112	-1229	-13,3
Klaipėda	-618	+94	-12,1
Marijampolė	-101	-492	-14,3
Panevėžys	-217	-1217	-16,5
Šiauliai	-294	-2167	-18,5
Tauragė	+149	-707	-18,0
Telšiai	-99	-694	-15,5
Utena	-451	-575	-18,3
Vilnius	+248	+2531	-4,07

Source: Department of Statistics (Statistics Lithuania).
 * Changes of population (in numbers) due to migration¹
 **Changes of population (in percents) due to all reasons

Region	Year		
	2001	2007	2011
Alytus	2,2	3,0	3,8
Kaunas	3,4	5,1	7,2
Klaipėda	3,3	5,5	8,1
Marijampolė	1,7	2,6	3,9
Panevėžys	2,4	3,1	4,3
Šiauliai	2,3	3,0	4,5
Tauragė	2,1	2,2	3,1
Telšiai	2,2	3,2	4,0
Utena	2,1	2,5	3,0
Vilnius	4,7	9,4	12,3

Source: Department of Statistics (Statistics Lithuania).

Table 1

Changes of population in Lithuania's regions

¹ Those are official (registered) scales of migration. They are considerably bigger in reality, as majority leaving the country do not inform about their actions.

Table 2

Number of services in Lithuanian regions (units per 1000 inhabitants)

The information supplied illustrates fairly well the trends of regional development, in the first place, the growth of disparities. The reasons of this situation are undoubtedly complex and require comprehensive theoretical and empirical research. Nevertheless, the present level of investigation leads to the ways of how to change those trends. One of them is change of the strategic management paradigm (planning) by rejecting the idea of equal development of the regions and replacing it by the idea of enhanced competitiveness.

Theoretical conceptions of enhancing the efficiency of economic-social development of different level territorial units originate from the necessity to clarify the reasons of the developmental disparities of the units. With the view of those reasons, the identification of both internal and external obstacles for regional and local development is possible. In addition, the actions determining the activation of regional or local development can be planned. Identification of the mentioned obstacles and the actions leading to their weakening or elimination is a very important step in determining the character, trends and scope of regional development promotion. That largely covers such areas, as finance, human and social capital, research and development, enterprise, ecology, municipal and transport development, information, etc.

Scientific theoretical and practical works as well as political documents regard regional development as positive transformation in economy and community, also in technical, technological and natural environment (Budd, Hirmis, 2004; Sztando, 2009). The elements of regional structure which can be utilized in the areas of manufacture, distribution, turnover and consumption of material and immaterial goods are referred to as factors of development. On the other hand, when the region in the process of development faces difficulties and/or incurs costs related to the difficulties of adapting to new conditions of social and economic nature, the problem is the absence of relevant developmental factors, or inadequacies which occur due to the newly formed conditions both within and outside the region. The objective of the state or regional public administration is to interfere into the developmental process with the view to both weaken the obstacles of such process or create or improve the factors which affect the speed of development which is normally called regional policy.

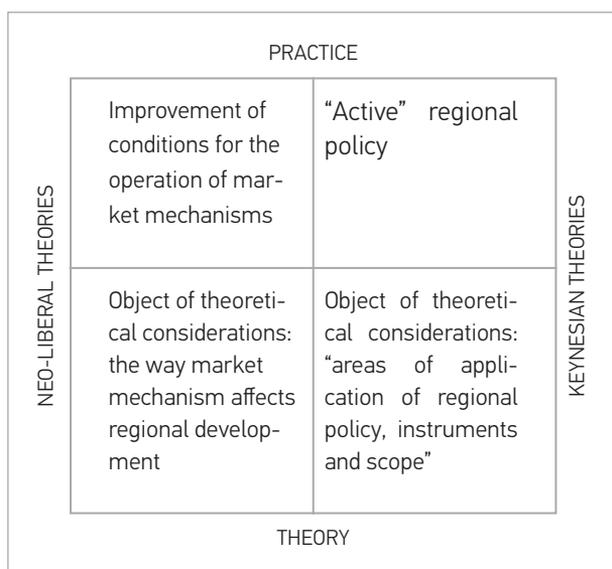
Theoretical conceptions of regional development contain some kind of duality. Some of them

Modern approach to the regional cohesion and competitiveness in the EU

specifically those based on neo-liberal views maintain that the main role in the processes of development is played by the operation of market mechanisms. According to the authors, it is market forces that most efficiently generate development of theories and reduction of natural disparities. Other theories based on Keynesian doctrine, stress the necessity of the state's interference in the process of regional development, specifically in the regions where the developmental obstacles have a cumulative character. The authors of those theories propose various ways of intervention, the choice of which depend on time, location and level of the region's development. It is to be noted that a "pure form" of any of the group of theoretical conceptions of regional development is nonexistent (Strzelecki, 2011). One can think that in practice regional policy is pursued following some intermediate model (between neo-liberal and Keynesian). Factually, however, the conceptions based on neo-liberal views currently remain as the object of theoretical considerations, and most countries of the world (specifically, developed ones) pursue an "active" regional policy. In that case the object of theoretical considerations is the areas, instruments and scope of the state's interference into regional development (Fig.3). Theoretical proposals due to the mentioned intervention aspects are very diverse and depend on the conception proposed, and, more exactly, on the authors' experience, scientific interest and conditions in which the conception was developed (i.e. level of socio-economic development of the country and the region).

Figure 3

Fields of theoretical conceptions of regional policy and their theoretical/practical application (worked out by the author).



The necessity of regional policy originates from the developments in the economic (real) area and the opinions of public administration subjects with respect to those developments. The subjects of public administration are empowered to pursue conscientious activity the aim of which is a purposeful development of a territory. The rise (in the sense of the content) of the modern regional policy is associated with the attempts to alleviate the effects of the 20th century crisis (1929-1933).

The 6th decade of the last century saw the rise of the possibility both in Europe and USA to re-distribute

the state budget surplus by channeling the accumulated funds to the underdeveloped regions; therefore, regional policy has become a popular instrument for the states' governments. The economic stagnation of the seventh decade led to the alignment of regional disparities; however, financial interventions were firstly focused on the reduction of inequalities of people's incomes and creation of jobs, specifically, in the areas where these phenomena had reached the limit threatening socio-economic stability. Despite the efforts of the European Community and individual member states, regional policy was not successful, i.e. regional convergence failed. Consequently, searching for the ways of activating regional convergence was the focus of attention. In the eighth and the ninth decades, the EC reforms of regional policy covered both the scope and areas of financing which aimed at the increased intervention into the efficiency of regional development. The result of the reforms was the increased expenses allocated for regional policy as well as the formulated principles and goals leading to the increased concentration of ac-

tions. However, the leveling character of interventions focused on the convergence of Community member states and their regions has not considerably changed.

The three main aims of regional policy (as well as of cohesion) are the reduction of inequalities between regions (equalization), channeling of resources (capital) to the areas where the lack of resources is economically costly, and redistribution of EU budget funds. Following the reforms of the EU structural funds and their redistribution of 1998, the priority was the objective of the allocation. The aim of redistribution, however, was by no means neglected: the cohesion policy has always been focused on the promotion of underdeveloped regions.

Despite that fact, the classical cohesion conception derived from the paradigm of alignment of interregional and internal disparities due to the inefficiency of the pursued regional policy, has been recently losing its importance (Commission ..., 2008). Redistribution approach to cohesion is linked to the classical regional policy dilemma, i.e. equality or productivity (competitiveness). Scientific sources maintain that promotion of regional cohesion tends to restrict the possibilities for the regions to enhance competitiveness and vice versa – promotion of competitiveness causes polarization of regional development, i.e. reduction of cohesion (Gorzalak, 2009).

To avoid that dilemma, a functional approach to cohesion was adopted (Faludi, 2006). The main disparities between classical and functional approach are the following:

- _ cohesion should not necessarily be associated with the reduction of imperfections within the regions. In the new approach cohesion involves harmonious socio-economic development evaluating the endogenic potential of the region and its constituent parts.
- _ functional approach to cohesion focuses on the movement of factors – material resources, capital, labor – and their exploitation results, rather than on their existence.

Of the major importance is the fact that the functional approach to regional cohesion does not reject the possibility to declare competitiveness as one of the main objectives of regional development. Scientific literature and political documents stress that the undisputable phenomenon of convergence on the regional level does not exist, while the regions as the territorial units of the country are strongly involved in the competition struggle, i.e. maintaining and increasing their economic and social importance. The forms of competition can be diverse – from direct competition of regional administration for organizing individual projects or cultural, sports or economic events to more delicate indirect competition. Regional administration or other institutions compete for direct foreign investment, skilled labor force, financial aid from the EU funds or the state budget, for local or foreign tourists, etc. (Armstrong, Taylor, 2000; Brooksbank, Huggins, 2010; Howitt, 2002; Saperstein, Ronach, 2002; Domanski, 2011; Czyzewska, 2012; Martin, Taylor, 2003, et al.).

Regional competition is a complex concept. Therefore, scientific literature defines it in diverse ways. Some authors (Czyzewska, 2012) relate it to the fact that regional competitiveness is a comparatively new object of economic theory; however, it does not mean that theoretical considerations on regional competitiveness “come from nowhere”. The sources present quite a few more or less comprehensive links to which economic theory elements should be reflected in the regional competition conception. The summary of these links is represented in Table 3.

Moreover, economic theories fail to present a uniformly understood conception of the region able to define features of a competitive region. “A study on ...”(2003) identifies three characteristics of the region derived from different economic theories:

- 1 Region as an area for export specialization (origin: classical, neo-classical, Keynesian, growth, endogenic growth, new trade theories);
- 2 Region as a source of growing profit (origin: the theories of Marshal’s industrial area, localization economics, transaction costs, regional endogenic growth, agglomeration economy);

Table 3

Conclusions of economic theories for regional competitiveness

Economic theories	Conclusions for regional competitiveness
Classical theory	<ol style="list-style-type: none"> 1 All countries play a specific role in the labor division based on comparative advantage; however, if the level of technological development and productivity across different countries (regions) is the same, there is no basis for trade relations between them. 2 Even for higher productivity (absolute advantage), that area under the free trade conditions can wither away.
Neo-classical theory	<ol style="list-style-type: none"> 1 All countries play a specific role in labor division which is determined by a relative influence of production factors. If that influence is the same across different countries (regions), there is no basis for trade. The theory best illustrates the case of trade between developed and underdeveloped countries. 2 The equalization of the costs of production factors causes the convergence of payback of labor and capital. 3 Under the conditions of perfect convergence, competitiveness in a long term has no sense.
Keynesian theory	<ol style="list-style-type: none"> 1 The government can successfully regulate economic cycles. It is time that acquires an essential significance. 2 Regional disparities are explained by market imperfections. 3 Regional convergence is possible by pursuing a relevant economic policy. 4 Intensity of capital exploitation enhances productivity and growth.
Development economy	<ol style="list-style-type: none"> 1 Central regions characterized by initial productivity advantage normally maintain their overbalance over less productive peripheral regions. 2 The "chase" of productivity across the region is a slow process. 3 The policies applied have to take into consideration the development level of the region. 4 The application of policies is mandatory seeking to promote a "multiplying effect", e.g., through direct foreign investment or development funds.
Theory of endogenic growth	<ol style="list-style-type: none"> 1 Disparities of regional productivity and growth can be explained by disparities in the level of technological and human capital. 2 Improvement of technological and human capital is a driving force of growth. 3 Free trade is capable of stimulating growth and technological development. 4 Investment into research and development is of utmost significance. 5 Enhancing the level of human capital through education and training is essential.
The new theory of trade	<ol style="list-style-type: none"> 1 In seeking the external effects of scale economy, specialization in a specific industry is necessary. 2 The share of the internal (country's or region's) market is a precondition of internal scale economy. 3 Investment into the skilled labor force, specialized infrastructure, network of suppliers as well as localization of technologies tends to strengthen the external effects of scale economy.
Theory of urban growth	<ol style="list-style-type: none"> 1 Economic value is created and accumulated in the urban systems. 2 The most valuable human capital (talents) are accumulated in the urban systems.
The new institutional economy	<ol style="list-style-type: none"> 1 Clusters occur due to vertical disintegration and outsourcing.
Business strategy economy	<ol style="list-style-type: none"> 1 Clusters are the sources of competitive advantage of enterprises and regions.
Evolution economy	<ol style="list-style-type: none"> 1 J.Schumpeter's creative destruction as a process of innovation creation. 2 Innovation as a method of tests and errors. 3 Learning and creation of innovations as the essential processes of developing competitiveness in the region.

Source: Czyzewska, 2012, p.251-252.

3 Region as the axis of knowledge (origin: theories of Jacobs urban growth, urbanization economics, institutional economics, business strategy economics and evolution economics).

In the source quoted, these features are considered the basis of regional competitiveness conception which allows formulation of the features of competitive region (Table 4).

Regional trait	Features of competitive region
Region as place of export specialization	<ul style="list-style-type: none"> _ export growth; _ cost decline; _ growth of inflows from markets of other regions (countries); _ growth of quality of exported goods and amount of related services; _ reduced costs of labor, capital, raw materials and indirect costs; _ higher level of technologies compared to other regions; _ growing employment rate and income of population.
Region as a source of growing profit	<ul style="list-style-type: none"> _ growth of the demand and prices of exported goods in the world market; _ decline of labor costs per one unit of the product; _ growth of skilled labor share in the market; _ growth of enterprises' specialization in the region; _ growth of the volume of specialized services business for business.
Region as the axis of knowledge	<ul style="list-style-type: none"> - formation of 'corporate learning' network of enterprises, workforce and regional institutions; - growth of IT usage (specifically, in business); - formation of clusters uniting creation, realization and utilization of innovations.

Source: compiled by authors according to "A Study on..".

Similarly to many other sources analyzing regional competitiveness, the authors of the mentioned source highlight competitiveness of the economic share in the operation of the region. In seeking to create total undisputed competitiveness of the region as of the economic, social and territorial unit, other features of the region as well as the resulting features of competitiveness should also be considered.

In analyzing the concepts of regional *competitiveness* scientific literature introduces numerous attitudes to this theoretical conception. Some authors (Binięcki, Frankiel, 2005) maintain that such a situation occurred as a result of the researchers' tendency to create common (aggregated) conceptions for regional competitiveness³. They suggest formulation of operational definitions containing methodology for measuring and defining competitiveness as a regional feature. The authors mentioned call the situation of defining regional competitiveness as 'chaos of concepts'. To prove it, they performed the analysis of the relationship between the concepts of regional competitiveness and regional development and distinguished as many as seven versions of this relationship:

- _ competitiveness as a symptom of development,
- _ competitiveness as the index of development,
- _ competitiveness as a condition for development,
- _ competitiveness as a constituent part of development,
- _ competitiveness as a means of development,
- _ competitiveness as an aim of development,

2 According to M. Porter (2001), different definitions of competitiveness result from the lack of accuracy which "leads to new questions and to the need of information for further considerations".

Table 4

Features of regional competitiveness

— competitiveness as a synonym of development (Biniecki, Frankiel, 1999).

Regional competitiveness is difficult to define unambiguously, because of the complexity of operation of the region as economic and social unit. They maintain that exact definition of one minor economic unit is possible³, but the definitions for the country or the region are not accurate and tend to be generalizing (Klamut, Pasella, 1999). Some other authors (Bristow, 2010) are of the opinion that theoretical analysis creates the image of competitiveness of the region as the combination of chaotic productivity, people's welfare and different aspects of business environment.

Competitiveness as feature of a region and its characteristics

It is common knowledge that the competitiveness features of the region identified in Table 4 do not occur by themselves: that requires specific preconditions. Regional competitiveness is mostly defined as the ability to create such economic, social, infrastructural and institutional conditions under which the enterprises are capable of achieving possibly best results, and the people better satisfy their needs compared to other regions (Camagni, 2002). Formulation of the definition of the phenomenon is only a first step to recognize it, which, while providing some information on the phenomenon, raises the following questions. In the context of the problems addressed in this paper, it is essential to be aware of some features of regional competitiveness as the objective of regional development.

The employment of competitiveness conception as the objective of regional development is related to strategic planning. According to M.Porter (2001, p.22), "the core of the strategy formulation is how to deal with competition". A similar approach is expressed by other authors: "strategy is actions leading to achievements in tomorrow's competition struggle" (Ghauri, Prasad, 1995, p.X). Without going deeper into the theoretical and practical aspects of strategic planning (9), in this work we will be paying attention to some of the features of competitiveness as a complex feature of the region, which are to be considered in forming the development strategy.

Abstractness of the competitiveness conception. Despite its fundamental nature, competitiveness is a theoretical concept characterized by a specific feature, i.e. abstractness. The abstract nature of the concept causes the problem of its measurement (evaluation): how should it be related to everyday occurrences, and what are the procedures to do it? Abstract concepts are useful only in the case when they are meant for a specific problem faced by the researchers. Otherwise, such a concept will only aggravate awareness of the phenomenon, even though it was meant to understand it. Abstract concepts do not exhibit indicators for direct assessment; therefore, they have to be supplemented by so-called operational definitions. The more abstract the concept is, the more empirical phenomena it covers, the more operational definitions occur, from where a full picture is formed.

Figure 4 represents a diagram how a number of operational definitions can be formulated on the basis of the presented definition of competitiveness. These definitions can be employed as development landmarks (partial objectives) in seeking regional competitiveness.

The places of intersection of the lines specify the content of the operational definitions of regional competitiveness, i.e. how the economic, social, institutional and infrastructural conditions enabling the companies to achieve better results, and the inhabitants - to better meet their needs, have to be characterized and by what figures they have to be expressed. By this example regional competitiveness is expressed by means of the system of eight operational definitions. These definitions can be regarded as landmarks (partial objectives) of regional strategic development and the administration's efforts made for the realization of this strategy.

3 Those who worked on the analysis of competitiveness of enterprises most probably will not agree with this statement.

Since the region is a very complicated socio-economic-spatial system, operational definition systems composed of eight elements to define its competitiveness can be insufficient. In that case, more complicated systems can be designed. For example, by using the typology of regional competitiveness factors by U. Fratesi and L.Senn (2009) (Table 5), it is possible to obtain the system of thirty operational definitions (strategic development landmarks).

Operational definitions contain pre-programmed indicators of competitiveness assessment. Besides, they are used to decide which resources of the region seeking competitiveness will have to be empowered.

Relativity of the competitiveness concept. Even with the comprehensive system of operational definitions to determine regional competitiveness, it is not possible to judge about the region's chances in the competition struggle to attract investment, organized events, skilled labor, etc. To that effect, competitiveness of the competing regions has to be known and compared. That is done in the annual competitiveness assessments by well-known world organizations, such as "The Global Competitiveness Report" or OECD "Economic Outlook". The ranking of the country in the ratings is established by comparing the figures of nearly all countries of the world: the higher the figures, the more competitive the country is. However, this is not competitiveness (ability to compete) as a feature is assessed, but rather:

- 1 results of economic and social development achieved in the competition struggle and/or
- 2 more favorable initial conditions for future competition, i.e. the authors of the ratings assume that the indicators chosen for ranking and the degree of their effect (weight) determine higher or lower ability of the country to create and exploit favorable conditions for enhancing competitiveness (World Economic Forum, 2009).

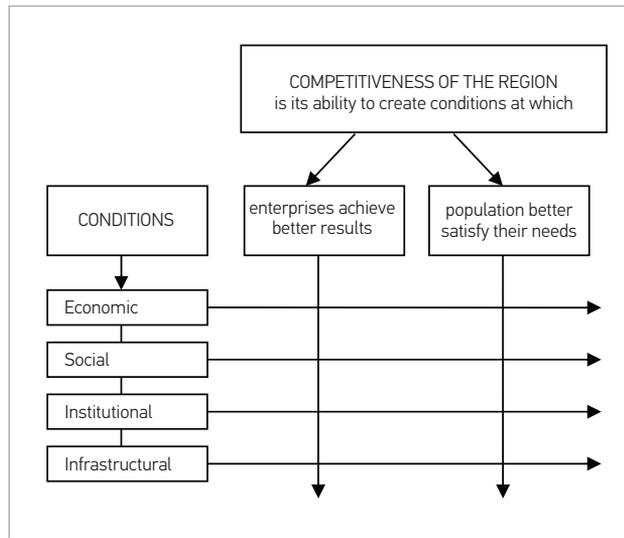


Figure 4

Appearance of operational definitions for regional competitiveness (worked out by author).

Factors groups	Factors
Macroeconomic factors	Capital
	Codified knowledge
	Education system
Macroeconomic factors	Accessibility/transport infrastructure
	Research infrastructure, relations science-business, higher education
	Structure of regional economy
Institutional and cultural factors	Management mechanisms of the region
	Local market
	Enterprise
	Creative atmosphere attracting new people
Factors of spatial regional organization	Spreading of knowledge
	Use of agglomerations
	Urban structure of the region
Factors of relations	Untraded interdependencies
	Trust-based social networks

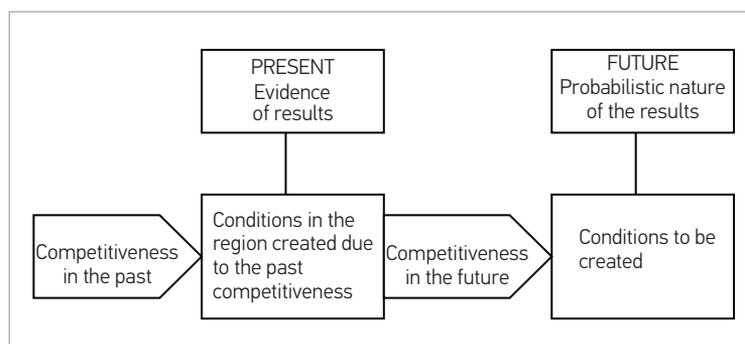
Source: Fratesi, Senn, 2009.

Table 5

Typology of regional competitiveness factors

Figure 5

Probabilistic character of regional competitiveness as an objective of development (worked out by the author)



This is where one other feature of competitiveness - the **prob-ability character** - is exhibiting itself when competitiveness is regarded as the objective (goal of development) of any economic entity (including the region). In the case when com-

petitiveness is assessed based on the performance results (e.g. GDP/per capita, export volume, research investment, etc.), actually, the former ability to create favorable conditions for business activities and living is determined. When, however, competitiveness is expressed as ability to create conditions for the future, it becomes only the opinion of the people and/or institutions creating those conditions and declaring abilities, which can, but not necessarily, be proved out (Fig.5).

Conclusions

1 For a long time the primary aim of regional development was minimization of disparities between the regions by applying different instruments of regional policy. Despite the attractiveness of the idea of regional cohesion, the growing amount of disparities is a dominating trend of spatial development of economy and society both in Europe and nationally (including Lithuania). Statistical information provided shows that during the recent decade the regional inequality not only stopped decreasing but, rather, its growth obtained a regular character. One of the reasons of that phenomenon is an irrelevant paradigm of strategic thinking based on the idea of elimination of inequalities "from outside", i.e. by using the instruments of central regional policy. That paradigm is proposed to be replaced by the idea of promoting and stimulating regional competitiveness.

2 The analysis of regional competitiveness concepts in scientific literature shows that there exists a rather wide range of attitudes to that theoretical conception in some way similar to "the chaos of concepts". At the same time the situation exhibits attempts to recognize the regional competitiveness phenomenon and make use of the gained knowledge to channel regional development at the desired direction, i.e. declaring competitiveness as the objective (goal) of regional development. Currently, the idea is becoming increasingly popular because the paradigm of regional cohesion, which dominated for a long time in the process of regional development, is subject to transformation, and the application of its original version causes a classical dilemma in regional development, i.e. equality or competitiveness.

3 The utilization of competitiveness as the objective of regional development in the region's management (through strategic planning) is related to some features of competitiveness as a characteristic of the region, or, more exactly, the consequences of the existence of those features. The main of them is that competitiveness is an abstract concept devoid of direct forms or indications of expression which may lead to direct measurement of competitiveness between the regions. To that effect, the so-called operational definitions, i.e., a set of procedural regulations enabling description of the evident traits of competitiveness. Operational definitions in the strategic planning of regional development play the role of development landmarks (partial goals). Operational definitions normally contain pre-programmed qualitative and quantitative results of competitiveness.

4 Regional competitiveness is a relative concept, i.e. it becomes evident only by comparing competition results of all competing entities (other regions). Essentially, however, that is the way to assess the results obtained in the past, which can also be regarded as a potential for would-be competition. Scientific literature stresses that even the presence of exceptional potential fails to automatically ensure better results in the future. Therefore, competitiveness seen as the ability of the region to create more favorable conditions for economic performance and life than the competitors and declared as the objective of development, bears a probabilistic character.

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