Regional Development Planning in the Slovak Republic

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Abstract. Regional development is very closely related to a region and its competitive advantages which affect the competitiveness of the region. The regional development is influenced by many factors that act differently depending on the region. To ensure the effective and harmonized regional development, the systematic approach is needed. Every region is unique and differs from the other by the level of economic development, living standards of its inhabitants, unemployment rate and by employment possibilities. Regional policy is a strategic investment policy which focuses on all regions and cities in the European Union. The aim is to boost economic growth and to improve the quality of people’s lives. Solidarity is the main feature of the policy, because policy focuses on support for less developed regions. A fundamental aspect of regional development is to reduce disparities between the regions and cities. The paper focuses on the analysis of regional development of Slovakia. The intention is to follow the logical continuity of the article’s parts, the correctness and the adequacy of information and data. First part is focused on the definition of the regional policy and regional development. Important task is to identify the differences between European policies – regional, structural and cohesion policy. This section is prepared by using the analytical methods – the analysis, the casual and historical analysis. This part is based on literature review. The empirical part is based on statistics and secondary analysis which were aimed to analyse the regional development and effectiveness of its planning in the Slovak Republic. The question of this article is whether it is possible to plan the regional development by application of the plan for economic and social development, called the Municipal Development Plan.

1. Introduction

The main theme of this paper is the use of strategic management, strategic planning especially in the regional development planning in the Slovak Republic. Currently, the terms like strategies, objectives, vision, and priorities are used almost every day. The media talks about regional development strategy. The law provides that municipalities must have a municipal development plan. In practice, great confusion exists in the terms and concepts used that are often used as synonyms or as indication the same process or output. In summary, it is important to say that there is a difference between development strategy and program of development, and between strategic planning and strategic programming. So, what is a municipal development plan? Is it possible to plan a regional development by using a plan?

Law no. 539/2008 Coll. on regional development support, as amended, defines the regional development as "a set of social, economic, cultural and environmental processes and relationships that take place in the region and contribute to improving its competitiveness, sustainable economic development, social development and territorial development and to reducing the economic disparities..."
and social disparities between regions."[1] The mentioned law defines the regional policy, too. According to the law, "regional policy is a coordinated set of activities and procedures of the competent authorities and organizations at national, regional and local level, contributing to economic development, social development and territorial development of regions." [2] Regional policy is a strategic investment policy which focuses on all regions and cities in the European Union. The aim is to boost economic growth and to improve the quality of people's lives. Solidarity is the main feature of the policy, because policy focuses on support for less developed regions. Regional development is very closely related to a region and its competitive advantages which affect the competitiveness of the region. The regional development is influenced by many factors that act differently depending on the region. To ensure the effective and harmonized regional development, the systematic approach is needed. Every region is unique and differs from the other by the level of economic development, living standards of its inhabitants, unemployment rate and by employment possibilities.

2. Research Objective
The main issue of this article is the strategic planning and the use of municipal development plan for ensuring the regional development. The general subject is the municipality as a local subject of regional development. Currently, considerable attention is devoted the issue of regional development in the academic researches, but also in the circles of politicians and economists, but it is mainly based on the practice. Innovation, new ideas, technology development, delegation of power and responsibilities represent major challenges of contemporary society. But the question of this article is: "Whether it is possible to plan the regional development by application of the plan for economic and social development, called as the Municipal Development Plan?"
The article elaborates on the:
- definition of public administration, strategic management and the application of strategic management in public administration (the article deals mainly with the strategic planning);
- definition of regional development;
- definition of the municipal development plan and its implementation in context of regional policy and regional development in the Slovak Republic.

3. Methods and Methodology
The research is processed by using a wide scale of the scientific methods and procedures. The specific range of methods was based on the research needs of the individual parts. The intention is to follow the logical continuity of the article’s parts and the correctness and the adequacy of information and data. First part is focused on the definition of public administration, strategic management and strategic planning. Second part is focused on the definition of the municipality and the Municipal Development Plan by the Law no. 539/2008 Coll. on regional development support, as amended. These sections are prepared by using the analytical methods – the analysis, the casual analysis, the synthesis, the induction and the deduction. The law, scientific publications and scientific articles, papers by various authors (e.g. Pawera, R. [3], Rentková, K. - Roštárová, M. - Mazanovský, M. [4], Pawera, R. et al. [5], Janač, J. – Mariak, V. [6], Šlahor, Ľ. - Majerčáková, D. - Barteková, M. [7]) are analysed in this article.

The main definitions and differences are determined due the secondary analyse of various documents. [8] Empirical research was carried out and is based on analytical methods. Results were obtained due the qualitative research – questionnaire survey which was conducted in the Slovak municipalities. Questions were asked regarding the existence and the use of the municipal development plan. Article represents the basis of the planned long-term research.

4. Public Administration and Principles of Strategic Management
Public administration is the administration of public affairs and manifested as the executive power in the state. Executive power acts as a power public. According to Klimovský [9], two scientific directions dominate in public administration:
1) Economics and Management direction is the first direction. This direction is mainly based on concepts of public management, new public management, and lean administration. Other concepts are used to a lesser extent, e.g. design concept, the study of public administration with the concept of regional development.

2) The political direction is the second direction. This direction is based mainly on the concept of public policy-making and good governance.

Needs and expectations of citizens continue to grow. Meeting the needs necessitates the modernization of public administration. Modernization and improved efficiency of public administration is pursued by the methods of modern management through the application of the most advanced knowledge of management. One of such element is the introduction of the principles of strategic management, but in particular process management system in public administration. Strategic management as a scientific discipline results from the natural evolution of the environment and the need and necessity of reacting to constantly changing environment, and factors that operate in this environment. The strategy is the most elementary object of strategic management. The strategy is the simplest concept in preparation for the future. Who has the strategy thinks of the future and knows what to do now in order to fulfill the objectives and achieve the expected success. Strategic thinking is one of the ways of human thinking, the attention is focused on analysis and the thinking is future-oriented. Strategic thinking creates solutions that do not solve only the main problem, as well as related issues, see things from a broader perspective and in relation to each other. A large part of strategic management approaches originally developed in the private sector but there are also possibilities for using it in the public sector. According to Sedláková, it is for this reason that the difference in the management of private and public sector is much smaller than it was in the past. Another reason is that the border between the sectors mentioned is progressively disappearing. The differences that remain in business and management in the public service are as it follows:

- approaches that are applied in the business sector cannot be taken without some modifications;
- consequences of decisions taken by management in the public sector have impact on the general public;
- rules and restrictions are defined in advance in the public sector, they are presented in the form of legislation and standards;
- limitation of personal individualism or creativity can exist;
- profit criteria cannot be applied in the public sector;
- public sector is dependent on the primary policy decisions;
- low efficiency because of the waste of public resources;
- little personal responsibility in the case of bad or wrong investment decisions;
- non-existent or unclear system for measuring the performance of public organizations, which should measure their effectiveness and efficiency;
- managers in the public sector have minimal freedom.

Management of public administration and its implementation is based on the basic principles and methods that can be applied to business management in any organization. The decentralization of responsibilities to local government is one of the reason. Effort to strengthen transparency in the use of public resources was also cited as a major reason. Therefore, it is possible to apply a strategic approach in the public sphere.

According to Slavík, the process of strategic management consists of the process of formulating the vision, the mission and the goals of the organization, followed by an analysis of an external and internal environment of the organization. The next step is to formulate the strategy and its implementation. The process is closed and the monitoring of the control strategies provided that there is
feedback. Within the control, it is necessary to evaluate the timeliness of the chosen strategy with the changes taking place in the environment. The concept of strategic management is illustrated by Tony Morden in Figure 1. [16] The concept of strategic management consists of four principal components – 1) strategic analysis and planning; 2) strategy formulation and strategic decision-making; 3) strategic choice; 4) strategy implementation.

![Strategic Management Process](image)

**Figure 1 – Strategic Management Process [16]**

Planning represents the activities of the organizations, municipalities, and regions, during which the objectives are adopted, and the tasks are set out. The most important feature of planning is goal setting. Planning is just a starting point for further action, which provides the basis for all strategic decisions. Planning is the basis for formulating strategies and criteria. Based on the criteria, it is possible to evaluate the success of the implemented strategy. [17]

5. **Municipality and Municipal Development Plan**

The municipality is a separate local authority and the legal unit of the Slovak Republic. The municipality has the status of a separate political and legal entity with a legal personality, it is self-employed with the income and its own assets and based on European Charter on Local Self-Government. According to Kováčová [18], the main task of the municipal government is caring for the overall development of the municipality that satisfies the interests and needs of its inhabitants. Municipalities represents the local government. Municipalities can act only in the areas specified by law and this includes also applies to activities in the field of regional development. Municipalities carry out tasks in its competences called as the original competences. Tasks result from the Act. 369/1190 Coll. on Municipalities, as amended. The original competences are financed through municipalities’ own resources. Municipalities have also the so-called “transferred competencies” but these are controlled and managed by the State. Competence in devolved powers passed on to municipal governments in the years 2002 - 2004 in
accordance with Act no. 416/2001 Coll. the transfer of some competencies from state administration to municipalities and higher territorial units, as amended. Exercise of these transferred competencies is financed by the State through subsidies from the state budget. [19]

Act No.539 / 2008 Coll. [20] on regional development support, as amended, specifies that the main documents of regional development are - National Strategy of Regional Development of the Slovak Republic, the development program of higher territorial unit of the village development program, a joint program of municipal development. Municipal development program is a development document that is being executed at the regional and local levels in accordance with that law. Based on the analysis of §5-§8a the hierarchical superiority of individual documents can be determined. Figure 1 shows the extent of the planned strategy of regional development at various stages.

![Figure 1](image1.png)

**Figure 2** – Level of regional development due the Act No.539/2008 Coll. on regional development, as amended

Regional policy is applied in the Slovak Republic at three levels:
- Central / national level - the relevant central government authorities guarantee its performance. This level is more selective, focusing on pre-defined regions.
- Regional level - power is provided through the Higher Territorial Units (NUTS 2 classification of regions), with nationwide coverage. Its orientation is on intra-regional issues (focuses on municipalities, micro-regions, and districts), cooperation between regions and cross-border cooperation.
- The regional / local level - implementation is ensured through the village. The municipality area is smaller than the region, i.e. only part of the reference region in the context of regional policy

The National Strategy is a comprehensive (default) strategic document, which defines a regional development plan in terms of the state in the long run. We have to mention that the concept of sustainable development must be maintained. The Economic and Social Development Plan of the Higher Territorial Unit is based on the National Strategy. This document is a medium term development document, setting out the objectives and strategies tied to the concept of the region. Municipal Development Program/Plan has been drawn up in accordance with the objectives and priorities of the National Strategy and takes into account the objectives, strategies and priorities contained in the Program of Economic and Social Development of the Higher Territorial Unit.

Establishing a Municipal Development Plan/program has an impact on:
- The implementation of the strategic planning process in community life;
- The improving of the skills and competencies in development activities;
• The increased competitiveness in applying for support from the European structural funds. It is essential for the municipality to dispose of a well-developed program, mainly for operational programs aimed at building local infrastructure.

The plan is being executed with internal and external development actors who can equally participate in the programming process and directly during the formation of the document defining the problems and prospects of the way that the result is a mixed agreement and satisfaction. The result of this should be a good and workable document that has a mobilization of internal resources, material, financial, but above all human, which are an essential part of the implementation of the development strategy of the program.

Law no. 539/2008 Coll. on regional development support, as amended, defines Municipal Development Program in §8 as follows [21]:

1) "The Municipal Development Plan is medium-term development document, drawn up in accordance with the objectives and priorities set out in the national strategy and reflects the goals and priorities set out by the development of the higher territorial unit in whose territory the village is located, and shall have the binding part spatial planning documentation of the village.

2) The Municipal Development Plan provides the municipality in applying partnership.

3) The Municipal Development Plan established under the Partnership consists of:
   a. the analytical section, which provides a comprehensive assessment and analysis of the initial situation of the village, an estimate of its future development, potential risks and threats in relation to the existing strategies and concepts and use of the internal potential of the area, its limits and development, defining the conditions for sustainable development of municipality,
   b. the strategic part, which includes the village development strategy taking into account the specifics of its internal and determines the main directions, priorities and objectives of community development respecting the principles of regional policy in order to achieve balanced sustainable development of the territory,
   c. program portion which consists primarily of a list of measures and activities to ensure the implementation of the program of development of village,
   d. the implementation part, which focuses on the description of procedures to ensure the institutional forms of partnerships and organizational support for implementation of the program of community development, monitoring and evaluation of program performance community development with the provision of measurable indicators, material and time schedule for implementation of the program through community development action plans, and
   e. the financial part, which contains the financial security of individual actions and activities, institutional and organizational implementation of the program of development of municipality.

4) An update of The Municipal Development Plan shall be established as necessary.

5) Municipal Council approved of The Municipal Development Plan and its updating.

6) Approval of The Municipal Development Plan and the relevant spatial planning documentation, if the processing requires special regulation is required to submit an application for municipalities received subsidies from the state budget and from additional resources under § 4."

Towns and villages ensure the economic and social development of the area it administers and acts as the independent government units that have legal and economic personality. One of the municipalities’ competences is the preparation of The Municipal Development Plan, in terms of formation and implementation of regional policy. Municipalities decide how to implement this program by using its own funds. The Municipal Development Plan should, therefore, become the main instrument
for the guidance and support of socio-economic development of the villages. [22] The Municipal Development Plan is a medium-term strategic programming document, which, according to Buček, includes:

- Analysis of economic and social development of the village, a prerequisite for its future development, setting goals and needs;
- The role and needs of the development of technical infrastructure, social infrastructure, care for the environment, education and other areas;
- Proposals for financial and administrative security.

Búšik [23] defines the strategic document as a “comprehensive development policy document in a form of a written document. It is the basis for further development guidelines and is designed for long-term need to coordinate public and private activities of economic, social, cultural and ecological character in the city or town. It is a key document necessary to harmonize interests and achieve prosperity. It arises as a conclusion of open dialogue across the entire spectrum of subjects and groups in the form of defined, shared values and goals.”

The structure of program, by Hamalová and Belajová [24], consists of the following four parts:

1. The introductory part - the content of which is the Purpose of the program, an explanation of the methodology used and explanation of the structure of the document.
2. Analytical part - consists of evaluation and analysis of the initial situation in which the village is located. The economic situation of the village is under review, the business sector operating in the village, the human potential, working in partnership with stakeholders, the development of technical and social infrastructure, exploitation of natural resources. Elaboration of the SWOT analysis is the end of the analytical part. SWOT analysis or SWOT matrix is an acronym for Strengths, Weaknesses, Opportunities and Threats and is a structured planning method.
3. The strategic part - vision, strategic goals and specific community development are formulated based on the analysis. The objectives are ranked in priority and measures.
4. Implementation part - is the most important part in developing the program. This section consists of the action plan. The action plan contains a list of the most important activities, timetable for implementation of planned activities and funding, and also functional responsibility for the filled portion of the program.

According to Výrostová [25], the program design should be approached on the basis of participatory planning. It means that when the municipality creates a document, the municipality has to involve the socio-economic partners, and the general public, too.

6. Results and Discussion
The existence of large regional disparities between the Member States leads to a lengthy discussion in many European forums. The discussion deal with the questions about the efficiency in the use of funds and the eligibility and ineligibility of regions. Effectiveness remains a problematic issue. The main reasons are the causes of the deepening of regional disparities in the Slovak Republic, which may be:

- nature of regional policy;
- insufficient infrastructure equipment of the Regions - elevated concentration of the support on selected regions, and increase of the polarization of regional infrastructure;
- disproportionate growth in unemployment rates between regions;
- deteriorating demographic indicators - population aging, displacement of some areas, differences in the level of education, and the distribution of poverty;
- high level of administrative burden and bureaucracy applying to regional policy in Slovakia;
- underspending - which can be caused by the high degree of bureaucracy, irregularities and incompetent officials, inexpedient use and eventual corruption errors in public procurement, reporting for using funds (ineligible expenditure) errors in monitoring and control;
- illiteracy in regional policy - at the municipal level.
The survey, carried out in selected municipalities in the Slovak Republic, showed:

- The Strategic Framework for Regional Policy - priority areas do not correspond to real needs that municipalities and higher territorial units have. Municipalities feel that in the strategies that affect them, there is a little willingness to consult priority areas and objectives with them.

- The Financial Framework for Regional Policy - many municipalities are in financial difficulties. Moreover, they are slow or unable to ensure the smooth running of their own government. Financial participation for them burdensome. After bad experiences from the past, municipalities do not have the willingness to apply for a new loan, while still repaying the old ones.

- Received development plans - many mayors admitted that their development plans are outdated, do not know how a proper development plan should be made. They admitted that they do not have a qualified person who would help them with the preparation of good strategy and plan. Municipalities do not cooperate during the process of planning with the higher territorial units.

- Development of the Regions - a very difficult area with inadequate dynamics of regional development in Slovakia and disproportionate development of only certain areas.

Many mayors are sceptical about the application of cohesion policy in Slovakia. They agreed that the policy should be centrally managed. They see great importance in the central control which can coordinate all allocated resources. Although we must admit that it is still true that “the higher territorial units” are more optimistic in this area than mayors.

7. Conclusions

The municipality is the most important and the most fundamental entity through which a State can provide the effective regional development. For the purposes of the efficient development, the municipality uses strategic management, in particular strategic planning. As previously mentioned, regional policy is applied in the bottom-up direction, so municipalities are the first and the most fundamental entities which should be targeted by regional policy. These are the municipalities that involved in the preparation and implementation of regional development programs.

According to the introduction, the terms relating to the strategic development planning are often confused. Based on the analysis we have reached a few key facts:

- Development strategy is the output of the strategic planning process. It is essential to determine the objectives and areas of development.

- The program of development represents a strategic programming output. Strategic programming focuses more on the concretization of processes of implementation and achieving the objectives, as opposed to the development strategy. In the process of strategic programming, the strategic planning is used as one of several instruments.

- The Strategy of development is generally a document that contains the audit issues and the analysis and defines the objectives. Usually, this strategic document should be completed by objectives. The growth strategy/ the strategy of development is often restricted only to this issue and abstracted in a wider context.

- Development Program/Development Plan is a document that is intended to affect the widest and the most comprehensive area, or a complex of different areas. In addition, it consists of a detailed audit and analysis.

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