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The role of regional networks in regional policy: European experience and perspectives  
for Russia

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Abstract

In the report regional networks are examined as a new way of the spatial organization of the economy and a new tool for regional policy. They are understood as both a form of voluntary, equal in rights regional cooperation and as a decentralized form of management and organization of territory. Three basic regional networks are distinguished: the networks of enterprises and organizations, the networks of enterprises and organizations with the participation of authorities, the networks of cities and settlements.

Unlike the countries of the EU, in Russian regional science and regional policy regional networks are practically unknown. In the report the value of the network concept is discussed for Russia using the example of regional marketing and in conclusion emphasizes the doubtless perspective for application of the network approach as a modern tool for a regional policy.

## 1. Theoretical substantiation

The processes of globalization and localization as frame conditions of regional development bring about basic changes in the spatial organization of the economy and regional policy. One such change (in addition to traditional hierarchical methods of communication) is the wide-spread horizontal exchange of information, skills, and cooperation between managing parties and informal contacts, i.e. networks.

Networks are considered a component of a new system of regional management - regional governance. According to Fuerst (2001), regional governance is characterized, first of all, by the coordination of the collective actions of regional actors to achieve a common goal; secondly, by the integration of hierarchical, market and social-emotional approaches in management; and thirdly, by the transition to a mainly to cooperative type of government and functional relations inside the regional community. In that case, networks act as a decentralized form of management and organization of the territory opposite to traditional hierarchical, regulative forms.

H. Corsten (2001) speaks about strategic, regional and project networks. We have selected three basic regional networks:

1) Regional networks of enterprises and organizations. Such networks are formed due to an allocation in independent managing units within divisions of large firms, creation of small and medium enterprises specializing on a certain direction. The distinctive features are the location within a rather compact territory, the occurrence of a unique regional environment Milieu - a qualified labor force, a dense network of accessory manufacturers, research and consulting firms, personal contacts, and intensive information exchange.

Networks of the enterprises, occupying intermediate positions between a decentralized controlled market and a hierarchically organized enterprise, provide participants with stability and flexibility in their development and an increased readiness for innovation, i.e., the well-known "Silicon valley" in California as a symbol of high technologies in USA.

2) Regional networks of enterprises and organizations with the participation of authorities. Participants in this type of network, in contrast to those of the first type,

includes both state and municipal authorities along with the enterprises and organizations subordinated to them. They carry out the role of institutional precondition for the effective activity of a network. On one hand, their task is to inform participants about regional potential, “bottlenecks” of the region, and, on the other hand, to distribute the reported positive results of the activities of various participants in order to stimulate the work of the network in hopes of supporting endogenous regional development.

Spheres of activity for this type of network could be housing and communal services, or infrastructural and innovational projects, ex., //the media-sector in Cologne (Germany), which includes cinema, television and the radio studios providing enterprises with sound recordings and movie stunt services, specialized legal, insurance firms, high schools and professional schools. It was created and has been under development for the past 50 years with the directive financial, material, and organizational support of the government of North Rhein - Westphalia and the municipality of Cologne.

3) Regional networks of cities and settlements. Their distinctive feature is comprised of the coordination of efforts of territorial administrations, in place of the managing subjects located in the settlements. This type of networks first and foremost seeks to form a unique “counterbalance” to national and global centers (though the latter can also form global networks) and thus to maintain the competitiveness of cities and settlements through the gathering of resources, the optimization of carried-out functions, the use of the synergy effect, improvements in the plans for settling, the exchange of information, and the transition to new forms of a territorial division of labor.

For example, the network of cities ANKE on the border of Germany and the Netherlands. Stimulated by the European Union the cooperative project develops cooperation between frontier regions, overcomes structural and transport “bottlenecks”, and promotes a transfer of technologies.

Due to its flexibility, the network approach, in our opinion, has the potential to be successfully integrated into various blocks of regional governance. Let us examine the question of the adaptation of regional networks and regional marketing.

## 2. Network approach in regional marketing.

Regional marketing is capable of balancing the interests of many regional representatives, because it sets the goal of regional development and finds a common orientation for the improving of the regional economy while baring in mind its features and changes in the environment. On the one hand, the concept of regional marketing fulfills the demands of the environment, taking into account the behavior and interests of external groups and carrying out political, economic, social and ecological transformations. On the other hand, it aids in raising the overall well-being of the population and protects the region from the negative consequences of globalization.

This dualistic task is solved by a network approach, such as the “free connection” of various independent participants which are united by their abilities and potential for pursuing certain common goals. Including participants not only from the region, but from other territories allows them to expand the “outlook” of a network and to avoid potential “shortsightedness”, i.e., to adequately and duly respond to changes in the external world.

The idea of regional marketing does not consist of simply creating a concept and developing a plan, but of cooperation of various groups: the enterprises, travel agencies, ecological communities, public organizations, government representatives, and also of the general population. The realization of regional marketing is not possible without joint efforts of these various participants, since the object of activity is a complex multifaceted region. The participants from the various areas are able to put forth their own understanding of regional strength and to reach joint decisions concerning regional purposes and the means to their achievement.

The sphere of regional marketing is not quite so disputed, as, for example, questions of investment. Different groups are interested in the realization of territorial marketing: the population, business, public organizations, and government authorities. Regional marketing can be a universal tool for the stimulation and support of communication processes between regional participants. Its effective realization can promote improvements in communication between the supplier offering regional products and the consumer.

The role of regional marketing lies in the development of a strategic plan for the region's adaptation to changing external conditions, maintaining its ability to thrive, resolving complex socio-economic problems and preserving the population by creating prosperous conditions for life, work, study and leisure.

Regional marketing as a management concept directed towards the development of a region, solves these specific functional tasks (Mayer, 1999):

- 1) To connect together, to integrate various interests and opinions within the joint marketing concept;
- 2) To initiate innovation in the region and to carry out measures towards their realization;
- 3) To coordinate, and to supervise the planned measures;

Taking into account the aims of regional marketing, it is necessary to stress the fact that networks promote achievement of similar goals due to the free and flexible association of the various participants, the creation of confidential relations and an orientation towards achieving consensus. Entering into a network, along with advantage of preserving specialization, results in an increase of access to know-how. There is an exchange of complimentary knowledge and information from various areas of human activity producing a higher occurrence of innovations. The ideas proposed by the participants can find expression in joint projects. The network structure in regional marketing is capable of flexibly and purposefully organizing to coordinate and supervise the realization of measures approved by the participants of this network.

The participation of the various parties in a network of regional marketing allows not only to lower the risk of possible losses, but also to strengthen business' reputation. The association of partners for the resolution of general regional tasks is capable of improving their public image in the population of the region, and also of strengthening their competitive positions in the market.

Within the joint work all participants in a network determine potential prospects for regional development, identifying the key competence of the region; the interests of region are formulated, the basic directions of cooperation inside and outside the region are defined.

The reasons for networks creation aimed at the realization of regional marketing can be:

- weak prospects of regional development and comprehension of the necessity of joint work of regional participants
- weak or negative image of region
- emigration of labour
- weak enterprise traditions
- weak self-identification of the population within region

The creation of a network of regional marketing is a complex and long process beginning from the comprehension of the necessity of joint work for the realization of territorial marketing. As a matter of fact, the purpose of this work is not only the concrete parameters for improvement of the well-being of the population, but the process of communications between various regional groups. One major part of a regional marketing network is the relations which direct towards the realization of communication processes between both the direct participants of a network, and between a network and the environment. They have the special importance, allowing for the transfer of the information to influence the opinions, expectations and behavior of certain target groups.

Communication relations are useful in the creation of popularity and a positive image by giving an openness and transparency of the internal work of a network, demonstrating its importance for steady regional development. It promotes a positive attitude within the population, the representatives of authority and business alike, providing their support in realization of necessary measures. The communications in networks directly solve the certain tasks of regional marketing: creation and change of the regional image, strengthening the self-identification of the population with the region, stimulation of activity, a creative approach and innovative behavior.

### 3. Prospects for the application of the network approach in Russia

Networks are not a well-known tool in Russian regional policy. Authors suggest that regional networks deserve attention as an instrument for the efficient opening and use of

regional socio-economical potential. An introduction of the networks in Russia means clarification of the following questions:

- frame conditions and potential barriers of networks creation in Russian regions;
- specific character of Russian regional networks;
- the significance of networks in regional policy at the federal and regional level;
- the influence of networks on the efficiency of separate parts of a regional policy, first of all on a structural, industrial and innovation policy;
- the role of the network approach in regional marketing and the improvement of the regional investment climate etc..

Let's show an opportunity for the application of the network approach in Russia with an example of regional marketing.

Both of these concepts are new for Russia. Some questions, such as networks of the enterprises and attraction of investments, as a central element of marketing, are discussed, but the practical introduction of regional networks in realization of territorial marketing has still been lacking. It is obvious, that the process of spreading should be preceded by the comprehension of the necessity of using network organization in economic space. Some official documents lead to the conclusion that Russian managers are currently at this stage and there is a real opportunity to accelerate this process by demonstration of successful examples from the experiences of the European countries, motivated by the actions of all interested parties.

For example, the program "Cultural capital of Povolzie" is realized in the Privolzhski Federal District, which reflects more than 15-years of European experience and continues the process of an exchange of ideas through partnerships with many European institutes, among which are the Council of Europe, the Association of the European cities of culture and cultural months (ECCM), international cultural centers and some other organizations from different countries.

The internal partners are also quite diverse: the Ministry of Culture of the Russian Federation, the Ministry of the Russian Federation for Press, Broadcastings and Mass Media, the /Plenipotentiary/ Envoy of the President of RF to Privolzhski Federal District (PFD); private enterprises (MTS, Slavneft), "Open Society" Institute (Fund



Soros), some cultural institutions. It is some kind of attempt to connect of the not crossed budgets - federal, regional and municipal, plus money of the sponsors of different scale and activity of state cultural establishments and not governmental organizations.

Certainly, it can be referred to network with great reserve, while basic principles of network are the equality of all participants. However this organization is already much closer to network structure, rather than to hierarchical. Moreover, it causes partnerships and network interaction, for example, it promotes creation of Network of Cultural Capitals in Povolzhie. As well as any network, this network is capable to strengthen result repeatedly at the expense of common resources. In our case it is innovate experience and cultural exchanges.

The purposes, principles and means of the program “Cultural capital of Povolzhie” concern to a sphere of regional marketing. Among the basic purposes it is possible to emphasize the creation of cultural diversity, integration of cities and areas of region in cultural life of the country and Europe, revival of cities through culture, change of city image, attraction of the investments and tourists and, as a consequence, economic growth. It is the effective form of work directed on improvement and stabilization of a social climate in a community, which promotes the decision of essential problems in the field of protection and development of a richest cultural tradition.

The competition lays in a basis. First and most important is a competition of cities. The Council of the program makes decision on what city becomes capital for the next year. It consists of the known Russian figures of culture, representatives of the Ministry of Culture of Russian Federation, politicians, businessmen, representatives of charitable funds, international organizations and managers of fund “Cultural capital of Povolzhie”. The second competitive component is the competition of the projects, where innovational cultural events are defined. Decisive factors are readiness of event, its entertainment character capable to attract a wide audience, innovation character. The projects should promote development of interregional creative connections and should be directed on modernization of socio-cultural environment.

The spreading of work is planned within the framework of new project “The project of cultural planning in Povolzhie”. In many respects it will be created similarly Municipal project of cultural planning (which is carried out in Canada), and also be based on experience of the European projects, i.e., research project “Portraits of urban cultural policy”, that is realized by network organization “Cities of Europe” and projects of European Council directed on support and development cultural.

International projects of this network are directed on:

- use of the European experience in the field of cultural policy, introduction of the international humanitarian standards in Russia;
- an establishment of dialogue and direct cultural exchange between Russia and Europe;
- creation of conditions for participation of Russia and Russian regions in the international network organizations and projects;
- creation of positive image of Povolzhie and Russia in the world and attraction of the international investments for realization of the Russian cultural - political projects.

In accordance with experience of world community it can be conclude, that use of network structures in regional marketing has been very important. It is possible to find out some attempts of the network creation in economic space inside Russia. The above mentioned example highlights understanding by some regional participants of advantages from introduction of network organization in realization of strategy of regional marketing in territory of the Russian regions.

On the whole, the network approach is doubtless perspective for the regional problems solving. The concept of regional networks can and should be one of modern tools of the Russian regional policy, assisting steady regional development.

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