
The Grey Zones of Competitiveness Approach

Working paper

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Introductory issues: the competitive approach applied to regions

- Last decades: local competitiveness as central concern of government and industry in every country, entering with high-handedness in both academic and political debates. Resurgence of regions as keyloci in the organization and governance of economic growth and wealth creation (Kitson et al, 2004).
- Competitiveness of regions: issue of academic interest and main topic in the policy agenda.

Introductory issues: the competitive approach applied to regions

- Generally, we are informed about the best practices: success or competitive areas.
At the same time, absence of examples about areas in which traditional competitiveness applications can fail.
- The study presented:
 - interested in these tangled local realities
 - aspires to investigate the possibility of designing a competitive development approach able to be applied in situations characterized by a weak starting point.

The regional competitive approach: theoretical issues

- Criticism about the meso level.
- Lack of a generally accepted definition of competitive approach both at macro and meso level (Kitson et al., 2004; Budd and Hirms, 2004; Turok, 2004; Camagni, 2002; Lall, 2001; Cho and Moon, 2000).
- Modelled first and foremost on successful areas.
- Same approach and model for regions in different development stages.

The regional competitive approach: the applied side

- Measurement of regional competitiveness.
- Application of the regional competitive approach on successful areas.
- Benchmarking as a comparison and competition.
- Often used as a panacea in the policy agenda.

Motivation

- Gap concerning the areas in which traditional competitiveness approach can fail: the grey zones or low potential areas (LPAs).
- Topic of primary importance for Switzerland and Ticino within the New Regional Policy framework.
- Nevertheless, a univocal definition of LPAs is lacking.
- In Switzerland, according to the New Regional Policy principles, it is up to the cantons to define LPAs and then to take specific action in those areas.

Our definition of LPAs

- Starting point: “low potential does not mean no potential”.
- LPAs as grey zones, or in-between regions, which face objective problems (decline of employment and value added, unfavorable evolution of the age pyramid, decreasing population, dismantling of basic public services, deterioration of municipal budgets, etc.) but where potentials for growth still exists.

Our definition of LPAs

- We stretch beyond the classical definition of LPAs and regard them in more **positive way**, as being potentially able to develop assets like
 - accessibility - both from a geographic perspective (mobility and infrastructure) and from an economic one (markets);
 - human capital;
 - economic activities;
 - innovation;so as to strive to be competitive in the new political and economic order.

A case study: the Onsernone Valley

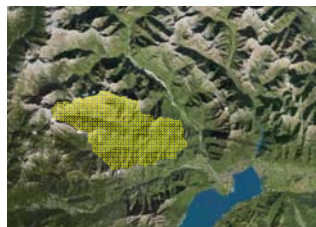
- Reasons behind a NRP pilot project:
 - “encourage entrepreneurship and innovation, promote networks, training impacts, innovative cross-border initiatives, innovative approaches and processes in remote and LPAs” (SECO 2003).
- The cantons of Graubünden, Uri and Ticino addressed the issue of LPAs and start NRP pilot projects (Cavelti and Kopainsky, 2006 and 2008; Cavelti and Flury, 2006).
- Ticino included in its 2008-2011 NRP implementation program Onsernone Valley as the only LPA.

A case study: the Onsernone Valley

- The paper presents evidences collected within a two-year NRP pilot project (Alberton, Guerra and Mini, 2010):
 - based on the case of Onsernone Valley;
 - aiming to demonstrate the validity of an "ad hoc" strategy for this area, to improve the working methodology and extend it later to other regions identified as LPAs.
- The "ad hoc" strategy consists of two axes of intervention:
 1. coordination of existing sectoral policies to help maintain the current socio-economic state;
 2. building networks of business and assets which may reveal useful in developing supply chains or synergies with the urban centres.

Onsernone's statistical features

- Onsernone Valley is a **remote area** located in the region of Locarno.
- A valley of **emigration**: from over 3,000 inhabitants in the second half of 1800, it currently has fewer than 800 (most over age 50).
- **Structural** and **demographic weaknesses** persisting over the last 50 years: major economic and financial problems.
- Financial health of the **public sector** remains critical, reflecting a situation of serious financial distress.



The idea behind the new approach towards competitive development of a LPA

- The area faces serious problems. An orderly abandoning remains an option.
- “Low potential does not mean no potential”: we proposed to collect and to reassemble reactions, ideas, projects, visions and perspectives of local actors having a potential for growth and that were able to draw the Onsernone Valley of 2020.
- Discussions and working activities have been planned, balancing internal (laboratory) and external inputs (face to face interviews, workshops and “ad hoc” constituted working groups).

The idea behind the new approach towards competitive development of a LPA

- Our development scenario: based on regional perspective with links to the strategic plan of the agglomeration of Locarno.
- We applied established techniques of creative problem solving as well as newly developed ones (especially during workshop phases).

Rethinking key variables and leverages: the critical points

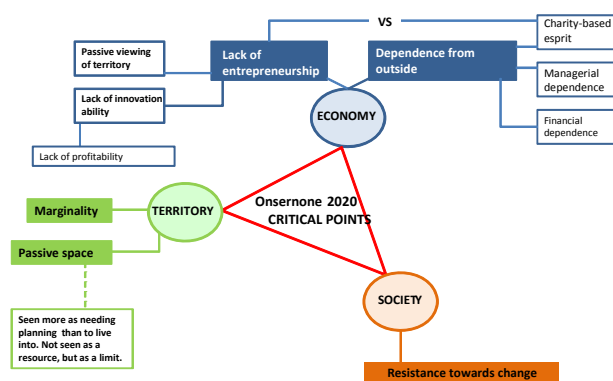


Figure 8: Onsernone 2020 Critical Points
Source: Alberton, Guerra and Mini (2010)

Main results of the pilot study: two visions, two scenarios

- Two possible options:
 - Status quo: the **defensive option**. No action, spot local projects, scarce resources, diminishing population. Perfect marginality.
 - Planned development: the **offensive option**. A unique vision, innovative and interlinked projects, reverting current trends, exploiting resources. New centrality.

The offensive option: strategic vision and axes of intervention

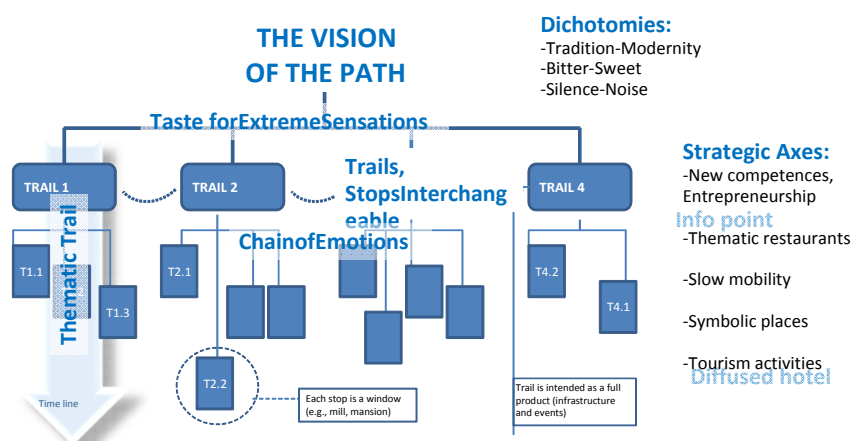
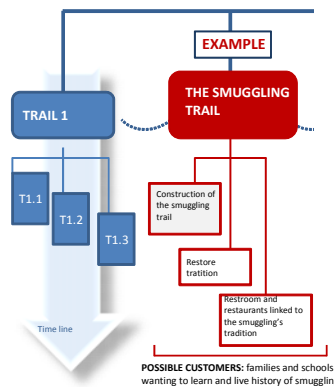


Figure 15: The Vision of the Path in the Development Scenario
Source: Alberton, Guerra and Mini (2010)

A practical example: the smuggling trail

Figure 17: A Practical Example
Source: Alberton, Guerra and Mini (2010)



Modular, open and customizable view of the path

Diet rebuilt according to **tradition** and mixing it with **new elements**

Accommodation at each step (**diffused hotel**)

Path conceived, promoted and managed with a view focused on promoting **entrepreneurship** and **innovativeness**

Restore **historic trails** and **indications along the way**



Recommendations drawn from the case study

- In order to ensure that endogenous development takes place within the area, the **offensive option** needs to be **promoted** and **shared** among local population and institutions.
 - The offensive scenario has been developed from existing and potential assets. However, validity and efficacy of the option is directly related to the degree at which regional actors feel themselves involved in the strategy.

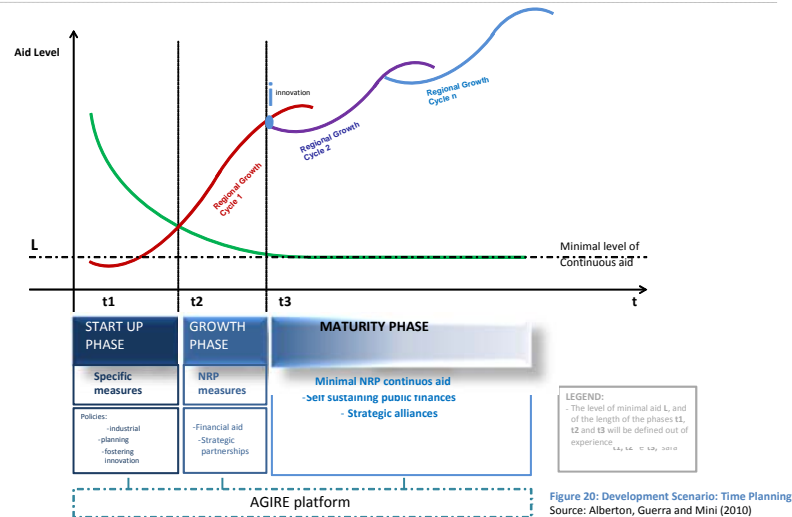
Recommendations drawn from the case study

- Establish a **single municipality** and promote immediately **strategic alliances** with the Locarno agglomeration region.
 - Because of the complexity of the proposed offensive scenario, the choice of a regional governance under a single municipality is rather straightforward. Furthermore, according to the principles of NRP, strategic partnerships should be created with reference region of Locarnese.
The new municipal entity is a necessary but not a sufficient condition for regional development to take place.

Recommendations drawn from the case study

- Clarify **institutional relationships** between the new municipality and the designed **Regional Development Agency**, as well as with the structure to be established in the Valley to ensure the implementation of the development strategy as proposed in the offensive scenario.

Recommendations drawn from the case study



Recommendations drawn from the case study

- Draw and propose **additional measures** in order to accompany the first stages of implementation of the offensive development strategy.
 - Because of objective situation in Onsernone Valley, accompanying measures are needed to help the region implementing the high-risky offensive strategic option. In that sense, we regard LPAs as **start-ups**, deserving special aid through technical and managerial resources (via NRP), as well as through industrial, planning and innovation policies.
- Continue the implementation of the offensive scenario in order to draw **experience** and eventually **replicate** the model in other LPAs.

Further recommendations

1. Promote within the regiosuisse research network further theoretical and methodological **debate** concerning the measure of the regional competitiveness by taking into account the following suggestions:
 - quantitative as well as qualitative methods;
 - best practices as well bad or worse practices approaches;
 - competitiveness of regions in a different development stage cannot be measured through the same approach or model;
 - a new vision of the core-periphery concept. From peripheral “islands” to qualified nodes in an economic, social and spatial diffused network (new centralities, strategic spatial alliances,...);
 - low potential regions does not mean no potential regions. The competitiveness is a relative concept. The most important thing for regions is to choose the appropriate “league” to play in and in which to compare their own performances. A “C-league” team should not play in an “A” league.

Further recommendations

2. Promote within the regiosuisse research network a **national pilot program** - “LPAs for development: a start-up territorial approach” - selecting some LPAs all around the Swiss territory to test, with a comparative methodology, the approach suggested in this paper.