

LOCAL SOCIAL AND ECONOMIC DEVELOPMENT

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In the specialized literature the term of “local economic development” (LED) is currently used. In this paper I propose the term “local social and economic development” (LSED) combining the social sphere with the economic one. Local social and economic development is affected by the changes which take place today international, national, regional and municipal levels. Local initiatives represent all activities organized by local agents (economic, social and cultural) for business creation and therefore new jobs. Creating a social education corresponds, as a form of advice, or a recommendation, to the increasingly important role of public institutions in social life.

Keywords: social economic development, local development, sustainable development, economic competitiveness, market economy.

THE CONCEPT OF LOCAL SOCIAL AND ECONOMIC DEVELOPMENT

In the specialized literature the term of “local economic development” (LED) is currently used. In this paper I propose the term “local social and economic development” (LSED) combining the social sphere to the economic sphere.

Local economic development is the process by which different actors in the public, business and non-governmental sectors working together to create better conditions for economic growth and job generation, the ultimate goal being to improve quality of life all local authorities¹.

Theoretical and practical approach of this concept arises from the need to integrate Romania into the European structures, but primarily from the need to develop local authorities in Romania.

Local development can be defined as a strategy for economic intervention by the local representative of the public, private or social cooperate in development of human resources, technical and financial aspects of a community associated within a structure activity, public or private, the main objective is to create new jobs.

¹ Popescu, I., *Dezvoltarea economică locală*, in „Administrație și Management Public” Journal, no. 1/2003, p. 102

Local social and economic development is a participatory process in which community members of all sectors working together to stimulate local commercial activity leading to sustainable social and economic development of the village. However, local social and economic development is a means to assist in creating new jobs and higher living standards for all community members.

The local social and economic development encourages local public administration, governmental organizations (nongovernmental organizations) and private sector (small businesses or small business local) to create a partnership and cooperate in seeking solutions to common economic needs. Local participants (“players” according to some authors) must use effective business opportunities, labor resources, capital and other local resources for the priority goals of the local community concerned, which will lead to the creation of new jobs, more decent ones, reducing poverty, stabilizing the economic situation of the community, generating local taxes to raise service quality and finally resulting in higher standards of living and therefore quality of life.

To make local economic development should be increased economic competitiveness of a local area to improved its economic future. Local economy and improve competitiveness are crucial because success depends on their adaptation communities to changes occurring in the external environment.

Each community has unique local conditions that favor or hinder economic development. These attributes underpins local economic development strategy and a formulation is developed to improve local competitiveness. To create competition, each community must determine the current problems (weaknesses), potential problems (arising from identified threats that may come from the external environment), the points of support in addressing future (strengths) and favorable conditions that have to be exploited (opportunities).

Local social and economic development can be carried out by private firms that create material resources in local communities, but private operators depend on favorable conditions for business to prosper. In this regard, local authorities have a vital role in creating a favorable environment for business success. LSED is done through partnerships between local authorities and private sector actors².

The local socio-economic development was started in the ‘70s when local authorities have noted that much of the capital leaving their jurisdiction. This meant that their economies and employment bases were to be reduced. By careful examination of their economic base by understanding the obstacles that stood in the way of economic growth and investment and strategic planning of projects and programs to remove barriers and facilitate investment, they were able to increase the economic base and create new opportunities employment. Today a local community faces a number of challenges greater than in the ‘70s.

² Profiroiu, A., Racoviceanu S., Țarălungă, N., *Dezvoltarea economică locală*, Economic Publishing House, Bucharest, 1999, p. 22–38

Such local social and economic development is affected by the changes taking place today at international, national, regional and municipal levels.

Internationally, globalization increases economic and political competition for investment, increase financial assistance and business attraction and retention. Globalization provides opportunities for local businesses (development of new markets) and determines the challenges for international competitors gain access to local markets. Multinational corporations and banking services on global rivals are seeking sites with low-cost production and operations management. Technologically advanced industries require specialized knowledge and advanced infrastructure. Local conditions determine the benefit of a community and the ability to attract and retain investment.

At the national level, macroeconomic and monetary policies affect the local communities. National regulations, taxes and other legal structures affect local business climate that can help or harm local economic development objectives (for example: telecommunications regulations, environmental standards). Globally, many powers have been decentralized government and the private sector was liberalized. These changes have the financial and economic consequences locally. Local communities need to consider threats and opportunities that result.

Regionally, communities within a region compete to attract local and external investment. There are also many opportunities for communities (rural or urban) to work to support their economic development. This will increase the competitiveness of the entire regional economy.

At the municipal level, companies usually choose the location in urban areas due to economic clusters – the benefits of shared markets, infrastructure, labor and information with other companies. Advantage of growth in urban areas depends on the quality of urban management and infrastructure policies. Other factors that affect labor productivity in the local economy include housing, health, education and urban transport as well as training and professional development opportunity. Another important aspect is related formalities that companies must meet to be located within a municipality. It is preferable that the procedure to improve. In these circumstances, a local will quickly improve the business climate and thus reach favorably known to business³.

What must be understood when we say “local social and economic development” is that it represents:

– The process of diversification and the development of economic and social activities in the territory from the mobilization and coordination of existing resources and energies;

–The effective strategy that allows finding solutions to the problems of disadvantaged groups and of less developed communities.

LSED should be to:

³ Popescu, I., *Dezvoltarea economică locală*, in „Administrație și Management Public” Journal, no. 1/2003, p. 103–104

- a) Develop of human resources, physical and financial resources of a community;
- b) Integrate the development in economic and social to the community level;
- c) Improve the community environment, service quality and its ability to regulate socio-economic problems;
- d) Promote sustainable development and socially acceptable;
- e) The community can benefit from social investment;
- f) Increase the number of companies that can pay local taxes and addressing the needs of the community.

LOCAL SOCIAL AND ECONOMIC DEVELOPMENT AND ITS EVOLUTION IN TIME

Before examining how to do LSED, it is essential to examine its evolution. Evolution of the LSED shows a number of ways in which this may be very important in order to avoid certain errors made in the past.

LSED DEVELOPMENT IN THE GLOBAL CONTEXT

Local social and economic development in America and Europe take account of their different history and traditions. Thus, in the American context, “community development” means all activities carried out by economic and social agents of a community to meet their needs, so the reference to the community has a particular importance.

In Europe, the term “local development” is more common. Local initiatives are all activities organized by local agents (economic, social and cultural) for business creation and therefore new jobs. Also in Europe there is a growing partnership between companies, the emergence of different economic agents seeking alternative solutions to macroeconomic joining in the social and cultural criteria of economic rationality.

In USA and Canada it is used the concept of “community economic development” to indicate a process whereby a community, building on the work of leaders, creates more social-economic organization with the following objectives:

- Raising capital in the community, under conditions acceptable to it (which normally is the duty of local municipalities to us);
- Improving the external environment, schools, infrastructure (how public funds are used by local municipalities in our country);
- Increasing the possibilities of creating new businesses and jobs;
- Encouraging entrepreneurs (small local entrepreneurs) in the communities.

Economic Council of Canada (1990) pointed out that the activities of a community must be made by the very people who benefit from these improvements, so it is not

enough for the state to support local communities, it is necessary as the population indigenous to take steps to boost economic activities in order to increase social community where it belongs.

European practices that are based on local community agencies (collective agencies) have developed a regional identity, using the following types of interventions:

- Community development is mainly based on the social dimension of interventions and outcomes;

- Local development of “liberal” is essentially concerned with the economic dimension;

- “Progressive” local development which is based on both the economic dimension and the social interventions.

For local authorities in Romania would be more appropriate “progressive” local development so as effectively combining the social elements of the economic, trying as much as possible to avoid neglect of a sphere of development in favor of another.

LOCAL COMMUNICATION - AN IMPORTANT STEP IN ACHIEVING LSED

In order to put in place a “progressive” LSED evolved as needed, as I said the combination of two elements – the social economic and the local community, and this is possible by information flow effective communication is done through existing or must exist in the local communities.

In Romania, local and regional communication problem is new, since the local government organized on the principles of autonomy and decentralization of public services is recently established by Law no. 69/1991, republished in 1996⁴.

To understand the importance of design and implementation of communication policy at the local level, but also to know the steps to be taken to have effective communication, public communication is required territorial development within the tradition of local state administration. In this regard the French model is considered useful. In France, it is worth mentioning that there are, according to Act 82–213 of 2 March 1982, three types of local authorities: municipalities (urban and rural) departments (96 in number and similar counties in Romania) and regions (are made two or more departments by common economic interests). Local authorities in France are public law entities, which are organized and operated under the principle of unfettered. According to this principle are managed by the regional representative bodies designated by their inhabitants (municipal councils and mayors in the communes, the General Council for departments, regional councils in the regions).

⁴ Law no. 69/1991 on Local Public Administration, published in O.M. no. 238 of November 28, 1991, republished in O.M. no. 79 of April 18, 1996

On the other hand, in Romania there under Law no. 141/2004 all three types of local authorities: villages, towns/municipalities and counties.

Communication as a social phenomenon was born and gradually developed in France over the past 50 years. Little known under this name, the communication is called, requires a long time (50–60 years), and advertising ('70s). Harnessing trader's products to consumers, the sector is experiencing a real expansion in the '70s. Now serving advertising, in addition to the interests of traders and the public institutions and politicians.

Administrative institutions were so careful to communicate both internally and externally, using advertising to raise awareness and to justify their actions, French government was among the first European governments that went through a process of transforming a traditional language characterized by monologue in a language that is optional, but characterized by dialogue.

However, communication actions undertaken by public institutions should not be confused with advertising techniques used in the commercial sector. The achievements of public administrative institutions will not be valued in the same way it is presented a commercial product. In fact, the government, through its specificity, is not designed to sell a product to make a profit but to inform about the existence of public services provided to citizens, to inspire adhesion social element of the action taken in the public interest.

Therefore, if for the French government, the term advertising might cause a misleading picture or, it is gradually replaced by the communication thus eradicating any hint of a mercantile or administrative message.

Through communication, the administration intends to achieve certain objective:

- Identify that comes to meet the need for public investment to ensure awareness and skills to make known;
- Information that meets the local visibility of the administrative proceedings;
- Achieving social education correspond as tips, advice, role increasingly important public institutions in social life.

Thus taking the French example, we can say without risk of error that in Romania one of the conditions of the implementation of communication policies within local authorities envisages political factor, thereby understanding a newer form of communication, because some of the candidates for local public offices resort to techniques of political communication in the campaign and once elected, they realize the importance of communication and an introduction to the communities they lead.

A faulty managed decentralization process can lead to a wide range of state failures: "errors of omission" when the state fails to do something that would have improved economic/administrative performance and "errors of action" when the

state pursues actions which are leading to the worsening of economic performance⁵.

On the other hand, in Romania it can also be a beneficial characteristic and a communication policy amid the favorable context of decentralization (twice since 1989) and consequently economic development at the local level through decentralization (law enforcement at the time), through important changes; so local authority's powers to acquire the management of local problems. Also on this basis it appears who comes to communication needs of local public institutions to make public their duties and responsibilities as other delimited the public and affirming their specific role.

As a result of decentralization, local authorities play an important role in the achievement of economic development at the local level. In this regard, local authorities are in competition, communication appears as an important asset in the steps taken to obtain resources attracting investors in the territory of the community, and to boost local life.

The '80s marked the transition from municipal to informed municipal communication in France. With autonomy granted to local authorities, local officials seeking, in addition to providing public information of local interest, to promote actions of local public institutions they lead. To achieve these goals, over 50% of municipalities with a population between 30,000 and 100,000 inhabitants established communication services. Thus, institutional newsletters, posters, brochures various communication contributes to all citizens and in this context is achieved by promoting local communities that gradually surpasses mere dissemination of information for citizens.

Currently, few local authorities in France are not designed and have implemented a communication policy. However, Florin Coman-Kund notes in his book *Politica de comunicare externă a colectivităților locale / External communication policy of local collectivities* that in France "local authorities in general have realized the importance of communication to underpin local public policies, moving to communication service organization equipped with important resources human and material able to achieve effective communication actions"⁶.

However, it does not have or is not an end in itself but a necessary tool to achieve different goals. Within local authorities, communication is the tool of local policies to make them known.

Territorial public communication goals will be set by reference to political projects whose implementation is decided by elected officials:

– Strengthening local democracy – by allowing citizens to exercise their rights and duties;

⁵ Krueger, A., *Government Failures in Development*, Journal of Economic Perspectives 4 (3), 1990, p. 9–23

⁶ Coman-Kund, F., *Politica de comunicare externă a colectivităților locale*, Economic Publishing House, Collection Administration, Bucharest, 2000, p. 35

- Explaining the importance of local policies and community members to obtain adhesion of actions taken by local authorities;
- Providing decision makers' recognition (renown) and legitimacy needed to exercise power at the local level;
- Mobilizing community members by turning them into genuine local actors;
- Economic objective through communication actions undertaken are aimed at achieving a certain reputation of the community, building a positive image and even "seductive" likely to attract businesses and companies, for example those who create jobs and pay various local taxes.

Also, by enhancing the natural beauty of services (hotels, hostels, restaurants, transportation networks, labor places for recreation or sport etc.) is envisaged tourism development locally important source of revenue for local communities.

Depending on the objectives and tasks and prerogatives given to local incumbent, local public communication takes many forms. Thus, we have some of the most important:

- The obligation of public institutions to provide citizens with information of local interest;
- Presentation and promotion of local public services;
- Promotion of local public institutions and local authorities.

Currently, in Romania there is a thorough regulatory requirement of local public institutions. Under our law we found some general provisions that establish the character of the local and county councils meetings and the presentation by the mayor or county council president annually or whenever needed, of reports on the economic and Social Policy (city) or county as appropriate.

ELEMENTS OF LSED STRATEGY

- Vision – describes consensus actors on the economic future of the community.
- Goals – are based on overall vision and establish the desired outcomes of economic planning process.
- Objectives – establish performance standards and highlight the directions of development. Their results are measurable in time.
- Programs – determines the action to be taken to achieve realistic goals for economic development. They are measurable in time.
- Projects and action plans – implementing specific components of programs. They should be prioritized and cost-oriented. They are also time-dependent⁷.

⁷ Popescu, I., *Dezvoltarea economică locală*, in „Administrație și Management Public” Journal, no. 1/2003, p. 107

IMPLEMENTING THE LSED STRATEGY

Implementation of the strategy is achieved through the action plans for the projects which are based on the consensus of stakeholders. Action plans have a hierarchy of tasks, responsible, realistic timetables, establishment of the necessary resources, results and impacts expected performance measures and systems to evaluate progress.

Developing a better monitoring and evaluation techniques for comprehensive strategies, LSED is important to quantify the results, justifying expenditure determines improvements and adjustments.

EVALUATION STRATEGY OF LSED

An assessment of the economic development strategy occurs at least annually. This review shall use monitoring and evaluation indicators set for the local economy and resources available. The review should cover not only the results but also the process of implementation, participation levels, local conditions and changes the dynamics of change of economic (and political) of the local economy in the region or in the national and international markets.

THE LSED PROGRAM OPTIONS

A community must decide on key programs that will become the core strategy. Many options are currently used by the community. The first five are typical choices, supported by several other that depend on local circumstances:

- Encourage local business volume growth both by providing advice and resources to increase local businesses in order to retain and strengthen existing local businesses and ensuring a favorable business climate.

- Support the creation of new businesses by offering advice, technical support, information and resources.

- Promotion of attracting foreign investments by attracting businesses other parts of the country and other countries to locate within that community. This requires a careful weighing of costs and benefits. It can be risky and, if possible, should form only part of a broader strategy LSED.

- Investments in hard infrastructure by improving the built environment for firms and households, including roads, transport, industrial and drinking water, waste management, energy supply systems, telecommunication systems, industrial and commercial centers, and community facilities (for example: parks, recreation).

- Investment in infrastructure via improved business environment by simplifying business regulations, professional training and education in business,

research and development, single desk type consultancy, business networking, guidance for use of the funding and capital.

- Develop sector aims to facilitate linkages and interdependencies between firms (including suppliers and buyers) in a network of production (and sale) of goods and services. Local authorities can collaborate regionally, facilitating networking industry and acting as a catalyst and broker to bring participants face to face.

- Focus on areas, such as the regeneration of the city center, a shopping area or a neighborhood.

- Focusing on the poor and disadvantaged. There are offered programs providing employment or vocational training of disadvantaged categories of the population.

- Strategies for regeneration. Focusing on communities that have suffered from structural changes such as loss of a major employer (for example, closure of coal as one employer for the cities of Ukraine) or areas hit by disasters (for example, recovery areas in Mozambique, devastated by floods).

LSED INSTITUTIONALIZATION

LSED involves all municipal departments and other stakeholders. Care should be taken to ensure great economic development organization. The first task is usually reviewing systems and procedures of the municipality to encourage business growth and locating businesses within the community concerned.

When communities begin LSED, they create a team within the local government. The team works with other stakeholders to develop public-private partnerships that can provide advice on the LSED. Sometimes you get strategies LSED embedded in communities; public-private core can be set up as autonomous or semi-autonomous entities to implement the strategy. Usually this effort is led locally.

APPROPRIATE PRACTICES FOR SUCCESSFUL STRATEGY

Used adequate practices in local social and economic development require an approach tailored to the local conditions. Practice shows that several principles be followed:

- Comprehensive approach including social, economic and environmental;
- Carefully constructed strategy developed by relevant stakeholders and based on a shared vision of all;
- A series of initiatives – in short, medium and long term – to catalyze partnerships and increase the confidence of stakeholders;
- Local authorities coordinate the development strategy;
- Improving urban management is essential for program implementation;

- LSED strategy must belong to local authorities with a strong political will to implement it;
- Increase value by supporting political strategy, financial, technical coming from other levels of government (Government)⁸.

The phenomenon of local economic development is complex. Thus it can be concluded that the role of local government with local private agencies is crucial in the development, and not least in the quality of life in local Romanian communities.

As a conclusion, all forms and methods of socio-economic development which focus firstly on providing a balance between social, economic and ecological aspects and elements of natural capital form sustainable development.

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⁸ Popescu, I., *Dezvoltarea economică locală*, in „Administrație și Management Public” Journal, no. 1/2003, p. 107–109

