SECTION E:

SUMMARY AND CONCLUSIONS

CHAPTER 15: SUMMARY AND CONCLUSIONS

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Introduction

At the outset the overarching aim of this project was stated as "...to establish the concept of AsP, to provide a robust methodology for measuring/mapping it through regional indicators, and to generate best practice/policy evaluation guidelines." (Technical Annex p3) The route to this achievement was set out in the form of six objectives, concerned with;

(i) reviewing existing peripherality indicators and their theoretical bases,

(ii) developing a conceptual framework based on four thematic components of AsP (IST, Business Networks, Governance and Social Capital) and one sectoral theme (Tourism),

(iii) validation of this framework though regional case studies,

(iv) analysis of the current EU and Member State policy responses to SP and AsP,

(v) a search for indicators through which to assess AsP at a regional level,

(vi) collation of examples of best practice, leading to the development of guidelines for effective amelioration of AsP.

With some minor deviations in methodological detail all these objectives have been met, and the findings are summarised in the preceding 14 chapters of this report.

In this final chapter the key findings from each element of the research will be drawn together, followed by some reflections on the validity of the concept of AsP.

Case Study Findings by Theme

Information Society Technology

In essence the analysis of case study data relating to IST suggested two broad conclusions: (a) That despite optimistic generalisations about "the annihilation of distance" and "level playing fields", many peripheral regions are still at a significant disadvantage in terms of broadband access to internet services due to commercial considerations, (investments in infrastructure are not viable in relation to relatively small and widely dispersed markets). (b) Probably more important in terms of a region's ability to access the benefits of IST are the human capital characteristics of the business population. Even where the infrastructure is poor businesses can make

innovative use of it provided local entrepreneurs exhibit appropriate skills, a willingness and capacity to develop new business models and so on.

Business Networks

Business networks in peripheral regions were found to be dominated by horizontal (local) linkages, whilst those of intermediate areas were characterised by vertical (inter-regional) links. This seems to be a natural adjustment to patterns of opportunity for interaction. Several of the more peripheral regions showed evidence that robust horizontal networks provided a fertile environment for product-related innovation, and were hence described as “innovative milieux”. Several of the more accessible case study regions, on the other hand, combined lower rates of innovation with relatively weak horizontal networks. The analysis thus suggested that the strength of horizontal networks may be a key element of AsP.

Governance

In the governance thematic study, perhaps more than anywhere else, the differences between member states tended to “drown” more subtle differences between regions. However, despite this difficulty, evidence was found which suggested that the dynamic peripheral (Type A) case study regions tended to be characterised by greater “institutional thickness”, and a more developed “associational economy”. This was suggested by the fact that regional development “actors” showed a greater willingness to work together, a greater sense of energy, enthusiasm, initiative, more inclusive and proactive ways of working, and so on.

Social Capital

Whilst, at its broadest and most inclusive, the concept of social capital encompasses a number of levels, which includes the sphere of governance, within the AsPIRE project it focussed primarily upon the role of formal membership organisations with a specific rural/regional development role. It has to be said that no significant difference were found when attempts were made to measure the activity and impact of such groups in the two types of study region (dynamic peripheral and accessible lagging). However there were differences with respect to how these different types of actors viewed ‘their’ achievements in terms of impacting on economic development processes. In the dynamic peripheral regions such organisations were very aware of

the value and utility of building social capital. In the lagging accessible regions those surveyed were more likely to point to tangible achievements (new facilities introduced, or services offered etc). They also tended to share the development agencies view of the governance structures of the Type A regions as more flexible, proactive, inclusive and coordinated. A further finding of great significance to policy formulators is that development of 'capitalisable' social capital (in the sense defined above) is frequently associated with outside intervention through capacity building policies such as LEADER, rather than endogenous evolution.

Tourism

The sectoral thematic study of tourism was chosen for three reasons: In the first place it is often a significant element of peripheral economies. Secondly successful marketing of a peripheral region as a destination depends on a fine balance between distance as a deterrence and "remoteness" as an attraction. Finally the way in which the sector is structured and operates provides examples of the importance of the four aspects of AsP discussed above. The case study region analysis illustrated these three issues in a number of ways.

Analysis of Secondary Data Sources

An early task of this element of the project was to compute a baseline indicator of conventional peripherality (SP). When compared with patterns of economic performance (such as represented by GDP per capita), this indicator provided a relatively poor explanation of regional variation. Regression analysis allowed regions which were performing rather better than their location would suggest (Type A regions) and regions which were under-performing in relation to their location (B regions) to be identified.

The next step was to collate a large volume of secondary data to serve as indicators of various aspects of AsP. As might be expected, some themes are better covered than others, and some variables were not available in as much regional detail as would have been ideal. Recommendations for enhanced data collection to support regional policy has therefore been produced (Deliverable 30).

Further multi-variate statistical analysis, combining indicators of both conventional locational factors and AsP indicators produced the following results:

(i) On average the AsP indicators suggest that soft factors are more positive in the urban regions of the EU than the rural ones.

(ii) The rural regions are more variable than the urban regions in terms of their AsP indicators.

(iii) Southern European regions tend to have more negative AsP factors than the Northern regions, where the average is slightly more positive.

(iv) Regression results suggest that the AsP factors provide a greater degree of explanatory power in the rural regions (about 60% of variation) than when all EU regions are considered together (30%).

(v) Of the AsP indicators, the ICT variables provided the best explanation of differences in economic performance, followed by governance, social capital and business networks.

(vi) The regression analysis confirms the fact that governance varies more between countries than within them

(vii) Traditional "hard" locational factors, considered alone can account for 60-85% of variation in regional economic performance, (depending on sector).

(viii) AsP factors add a further 10% of explanatory power, so that, for instance, for the rural regions of Europe r^2 values as high as 0.93 have been obtained for some sectors.

These results very clearly suggest that while traditional location factors remain important determinants of regional economic performance, AsP factors can significantly add to our ability to explain geographical variations.

Policy and Best Practice

The review of EU and Member State policies defined three types of policy:

(a) Horizontal policies which pay no regard to location, degree of peripherality. Policies relating to IST and Business Networks are particularly important here.

(b) Policies which distinguish between regions in terms of funding rates, selection conditions or other criteria.

(c) Policies which are targeted specifically on peripheral regions.

The exercise to assess the subjective evaluations of various kinds of policy as remedies for poor economic performance showed that regional development practitioners continue to appreciate the importance of basic transport infrastructure improvements, but that they already have a relatively good appreciation of the

benefits to be gained from policies which address issues such as business networks and social capital.

Best practice recommendations from the academic and policy literature were reviewed, as were a number of more specific examples from the AsPIRE Case Study Regions. It was found that the former tended to be rather generalised, to the detriment of their transferability to specific local situations, whilst the latter tended to be innovative only in regional terms. Constraints to transferability (such as cost and technical requirements) were described and assessed.

As a aid to better policy design for peripheral regions a web-based diagnostic tool has been created, and made available through the project web site (http://www.sac.ac.uk/aspire.htm). This is largely based upon the database of secondary indicators described above, but also requires an expert input from a regional policy user. The output takes the form of maps, graphs and text which explains the position of the user's region in terms of SP and AsP factors, against EU benchmarks. It also provides some suggestions for types of policies which should be considered.

Overall Assessment of the AsP Concept

Despite some minor shortcomings (discussed in Chapter 9) which weakened the comparative analysis of A and B regions, the validity, in general terms, of the AsP concept, has been demonstrated. There is plenty of qualitative evidence that locational disadvantage can be, and often is, offset by localised "soft factors". This assertion is confirmed by the quantitative analysis of secondary data.

However, the decline of location factors stemming from distance costs has not yet progressed as far as some would suggest. Conventional transport and travel infrastructure can only reduce the absolute level of disadvantage experienced by the periphery, accessible areas will continue to have a competitive edge (albeit a smaller one). Information technology will only begin to change this situation when technical and economic barriers to equal and ubiquitous access are overcome, and the firms and economy of peripheral areas adapt to exploit the possibilities it will offer.

Under this scenario successful regions (peripheral or otherwise) will be those that exhibit a range of characteristics, such as institutional thickness, well developed

business networks, strong social capital, and so on. Peripheral regions with these characteristics and especially if they have an initial advantage, such as high quality of life, or “social entrepreneurs” to take the lead, will have the potential to become “innovative milieu” despite their remote location. Those which do not take this course are likely to suffer the negative effects of exposure to greater competition to global market forces, and will suffer the so-called “pump effect”. The policy implications are clear, continued investment in transport and telecommunications infrastructure will inevitably continue to be demanded by the periphery, but it is imperative that this is accompanied by due attention to soft (AsP) factors in order to try to ensure that peripheral regions avoid the possible negative consequences, and where feasible, develop to their full potential.