

LOCAL DEVELOPMENT'S INFLUENCE
ON THE FREEDOM OF THE DECISION-
MAKING PROCESS IN LOCAL
COLLECTIVITIES IN ROMANIA

Abstract

The aim of this article is to observe and to analyze the influence of the local development on the strategic management in the local collectivities from Romania. The paper includes some explorative conceptual aspects, focused on theoretical and practical analysis of sustainable local development, using the empirical data provided by the strategic documents of the local collectivities. The cities that we have chosen for this analyze fall into three categories: big, medium and small cities, from different areas. Cluj-Napoca, Timisoara, Iasi count as big cities, Bistrita, Giurgiu, Vaslui are the medium ones, and the small cities are Negresti-Oas, Calafat and Cernavoda. The conclusion of the article consists of ways in which the local development level influences the type of management and summarizes the factors that contribute at implementing an efficient and accurate management.

Keywords: strategic management, local strategies, decision-making process, sustainable development.

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INFLUENȚA DEZVOLTĂRII LOCALE ÎN LUAREA DECIZIILOR ÎN CADRUL COLECTIVITĂȚILOR LOCALE DIN ROMÂNIA

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Rezumat

Scopul acestui articol este să analizeze și să observe influența pe care dezvoltarea locală o are asupra managementului strategic din colectivitățile locale din România. Lucrarea include aspecte conceptuale axate pe o analiză teoretică și practică asupra sustenabilității dezvoltării locale utilizând date empirice furnizate de documentele strategice ale colectivităților locale. Orașele pe care le-am ales pentru analiză se încadrează în trei categorii: mari, medii și mici. Cluj-Napoca, Timișoara, Iași sunt orașe mari, Bistrița, Giurgiu, Vaslui intră în categoria orașelor medii, iar în categoria orașelor mici sunt incluse: Negrești-Oaș, Calafat și Cernavodă. În concluzie acest articol analizează modalitățile în care dezvoltarea locală influențează tipurile de management și sintetizează factorii care contribuie la implementarea unui management eficient.

Cuvinte cheie: management strategic, strategii de dezvoltare locală, procesul de luare al deciziilor, dezvoltare durabilă



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1. INTRODUCTION

In a certain country, region or even small communities there are very different levels of local development, therefore the type of management used can vary significantly. A local community can have more attributions given as part of the governments' decentralization process, but unfortunately, this is not the case of Romania, where small local communities and even full large municipalities are bounded to the decisions taken far away in some cases, by the central government, these decisions having a great influence on their strategic management and somewhat limits their ability to make quick and necessary decisions.

Outside the capital, Bucharest, the other major cities of Romania that will be analysed here are Cluj, Timisoara and Iasi, all of them being the main cities in different parts of the country, cities that attract a large chunk of the investments made in those certain regions and also the most skilled labor force. Furthermore, these large cities have one more thing in common and also an advantage over the medium and small ones: the existence of clusters or geographic concentrations of interconnected companies, an attribute that is capable of generating employment, innovation and sustained economic development. Clusters represent (Porter, 2010) a new and different way for a state, region or city to develop and employs some new roles for companies, governments and local governing institutions in enhancing competitiveness, in order to be able to attract a larger number of companies in their own cluster. Other decisions made by the central or local government that are capable of influencing the development of a certain city or region are taken in areas like: budget's size and percentage made available for development and infrastructure projects, long-term investment programs that are designed according to the economic needs of the companies involved in the local economy, waste and environment management plans that can create an increased quality of life for the people living there, public safety plan, long-term financial schedule and development plan (Sztando, 2013). One of the most important fact that a community can pose as better than other is their ability to attract a larger percentage of european funds based on the development of accurate plans and projects, these funds being used mainly for large utility or infrastructure projects that would otherwise be delayed or finished in a lot longer period.

Unfortunately, there are a lot of downturns that reside from the fact that the cuntry is lacking a strategic development plan at the central government level (as said before, Romania has limited decentralization, with the most important decision being made in the capital, even though the regions or cities on which they apply are hundreds of kilometers apart), the lack of clear facts and directions in the process of strategic planning at local level, with the only motivation being to gain access to some European funds, poor undestanding by the local decision-making individuals of the advantages implied of strategic

planning or a rudimentary approach regarding the investments made (traditional solutions are applied with most of the investments being made in infrastructure, specific projects or other short term projects that give a fine sensation of good spending, but unfortunately does not help the local economy in any point).

Cluj-Napoca has been considered since the Middle Age “the heart of Transylvania” and, for the last century, has also been one of the most important cities in the country. Established first as a Roman settlement back in the first century, later as a fortress of German influences, the city developed rapidly during the Middle Ages and further after its incorporation into Greater Romania, after 1918 (Hințea, 2008).

Like most of the major cities in Romania, the current Development Strategy of Cluj-Napoca was elaborated back in 2012-2013 for the 2014-2020 period, to match with the European Union timeframe regarding the use and destination of funds. Its vision is formulated for the 2027 horizon, ensuring the continuity of its main directions and unlike most of cities that construct their strategies with the help of small expert groups, usually from within the municipality, in Cluj-Napoca the new strategy was put together with the effort of over 300 experts both local and foreign (Mureșanu, 2012). The general strategy for the city of Cluj is built on three pillars that are complementary for each other: Innovation, Education and Participation, which are the key strategic factors for the city's development. The city prioritizes its long term sustainable development over the near term benefits, fact demonstrated by including culture and creativity as two out of the 25 chapters of the strategy, already making Cluj one of the most developed city in the country, having a GDP and medium income more above the European average and also the center of an IT and outsourcing industry or automotive spare parts manufacturing (Heroiu, 2013).

Cluj, being one of the most cosmopolite cities in the country and has the highest quality of life in Romania (when taking into account the large cities), a fact that attracts more educated and entrepreneurial human resource from nearby areas or even further away in the country (Muresanu, 2012). Furthermore, Cluj is a role model city in terms of good governance, an academic hub representing a source for creativity and innovation and has a very good geographical location, being somewhat close to the Western border of the country, thus attracting investments in manufacturing and production, making the city to not be dependent of a single industry for its well-being (Mayor's Office of Cluj-Napoca, 2013).

Timișoara, one of Romania's largest city (population 332,000), the main center in the west of the country and residence town of Timis county, is also one of Romania's most developed cities along with the capital, Bucharest and Cluj. City authorities attribute its economic and social progress especially to its strategic geopolitical position, Timisoara being just 60 km away from the border with Hungary. Other facts that

contribute to the city's success are the developed support structures compared to other regions, skilled human resources, and a high degree of cultural and social cohesion.

Local industry is extremely diverse and comprises various branches: machinery, electrical engineering, chemicals, wood processing industry, textiles and especially auto parts manufacturing and engineering (Murphy, 2011). A local and national university center, Timisoara gives the opportunity to study in several fields like medicine, psychology, veterinary medicine, polytechnics, economic sciences, political sciences or engineering, the city being one of the few in the country that can be proud of having a sizeable number of foreign students, a lot of italian or french students come to Timisoara for study, based on its low taxes and proximity to the west.

There are numerous factors that can be cited for the success achieved by the city in promoting entrepreneurship and SME development and also some areas where progress still needs improvement (although the areas that still need improvement are a handful compared to other cities in the country, including Bucharest). Amongst the reasons that contributed to the city's extraordinary performance are historical factors such as cross border trading even during the communist era, a strong regional identity and joint action by public and private interests, a greater accent on education compared with other parts of the country, and, not last, competitive costs that contributed to a higher productivity (Bazavan, 2014).

In particular the following reasons and measures are prominent: the mayor's office active involvement in creating a sustainable development strategy for the city, the local mentality and tradition towards foreign exchange and relations, small and medium businesses are encouraged to settle in the town and maybe the most important factor, the creation of a local cluster for the automotive industry, an area that is somewhat unique and does not compete with Cluj, for example, that developed its own cluster, but focusing on the IT industry (Baga, 2009). With physical proximity, high level of concentration of the industrial basis and inter-firm networks of small companies in an array of interrelated industries, there is clear evidence of a more intensive spatial agglomeration of firms in the western part of Romania.

Timisoara faced all the problems that characterized most if not all the cities in the cuntry, with limited central government support and bound to the investments decided there and relatively low economic and social development when compared with other EU or neighbouring Central European countries. Usually, SMEs complained about constant changes in legislation and regulations and the need to simplify and stabilise the business environment, the absence of good clear information for investors, both domestic and foreign, and lack of management experience for the public services were obstacles to business development but, fortunately, there has been significant improvement in those areas, especially after 2007, the year that Romania joined the European Union.

Beginning with 2007 when Romania acceded to the European Union, Iași became the biggest city at the Eastern part of the Union, right at the border with the former Soviet Union. Due to its geographical location, Iași displays an increased potential to become a bridge between Western and Central European countries and the Moldova, Ukraine and Russia. Unfortunately for the city, Iași is placed within the most underdeveloped region of Romania, although is one of the largest cities in the country and the main economic center for the Eastern part of the country, the North-East Development Region, historically lagging behind other regions of development in the last decade (Popescu, 2011). Within this context of declining regional economy and deindustrialization, a phenomenon that appeared after the fall of the communism, Iași stands as the engine of economic growth for the entire County of Iași and North-East Region as well.

Usual for the majority of cities inside the European Union, Iași developed a strategy based on the 2014-2020 horizon and takes into account the existing gaps at territorial level in comparison with other major cities in Romania, not to mention the EU. Thus, three main development levels were identified, each with its own development path, complementarily with the strategic vision for transforming Iași into an economic hub in medium and long term (Local Council, 2013).

The first objective is directed towards improving the infrastructure, connectivity and accessibility, thus ensuring access to good-quality public services and utilities networks and improving connectivity within the county, as main measures in providing support for the private entrepreneurial sector's development and improving the citizens' overall quality of life, the latter being a drawback point for Iași, when compared with Timisoara or Cluj. At the same time, by investing more in infrastructure, Iași can benefit on the opportunity provided by its strategic location, in eastern Romania and could strengthen its position as a gateway to Moldova and further to Ukraine, but also to become an import hub for different merchandise imported from these two non-EU countries (Popescu, 2011).

The second objective is strengthening the city's economy through economic diversification and encouraging entrepreneurial development, focusing especially on small and medium enterprises, Iași lacking the big investments made by foreign companies that was seen in other western cities in the country, as well as trying to attract new large investments to the whole Iași County (Local Council, 2013). However, particular attention will be given to the sectors most likely to generate the most economic, these activity sectors being the pharmaceutical industry and medical services, machinery, installation and equipment manufacturing, metallurgical industry, and especially IT and communications industries (these industries don't need the kind of infrastructure that other producing industries consider to be vital and look away because of this lack of infrastructure), car and car parts manufacturing, textile industry, farming and

agri-food industry (the agricultural industry is one important pillar for the city mostly on medium and long time periods).

The third and last objective that the municipality considers is improving the quality of life and environmental protection by providing support for skilled labour force, education and backing creativity as an essential growth factor while preserving in the same time the natural environment. The overall quality of life is essential in creating a good working and investment environment, thus being able to attract larger investments from within the country and from other member states of the EU, while ensuring the existence of highly skilled labour force to fully cover the human force requirements.

The city of Bistrita has a population of 85,154 inhabitants, thus making the city a medium sized one inside Romania and has a somewhat complex economy for its size, dominated by the service sector, supplemented by a well developed industrial sector, focused on the export, developed over the last 50 years, even since the communist era. Although it has a special potential and favourable natural conditions, the agricultural activities have an insignificant contribution to the city's economy, being limited only to the subsistence agriculture, a fact happening after a massive industrialization of the area during the communist era, that left the agriculture underdeveloped. Compared to the structure of the regional and national economy, Bistrita-Năsăud County has a higher weight of the industrial sector and services, and a lower weight of agriculture and constructions (Dumitru, 2014).

The industry and services contribute with about 56% to the total turnover achieved by the companies in Bistrita and provide approximately a half of the jobs found in the city. Although the larger part of the turnover is generated by large companies, with over 49% of the total, there are still many small and medium companies, which managed to employ almost a third of the total number of people, with a large proportion of those businesses being in the industrial sector, thus generating larger added value that is redistributed inside the country. Unlike other cities located in the center and West of the country, the IT&C sector is less developed in Bistrita, taking in consideration the large industrial basis that the city has.

In order to maintain the positive trends and to ensure a long term sustainable development, the Local Development Strategy of Bistrita Municipality was created in the period between 2007 and 2010, in order to be implemented starting from 2010, even before the new EU budget for 2014-2020 period. This certain strategic planning aims at defining the strategic milestones for the entire community for a period of 20 years (Bistrita Municipality, 2011) with the overall objective of creating a more efficient public administration in order to enhance more economic benefits for the community. Furthermore, the strategy focuses on five strategic action fields like urban development and transport infrastructure, environment

and energy, economic development, human resources and creating a society with a high quality of life (including healthcare, sports or culture) and tourism.

Overall, Bistrita is one of the few well positioned and developed medium cities in Romania, having the potential to further thrive in a competitive economy and an open market with its industrial products being exported all over the European Union and even further away in Asia or South America.

Giurgiu is the main city of Giurgiu county, one of the five poorest counties in Romania, and has a population of around 62.000 people or approximately one quarter of the county's population.

The city's economy relies mostly on farming, industry and trade, although the agriculture is the main industry with over half the workforce being involved in this sector. The county in particular is covered by forests and arable land, while in the north there are some oil and natural gas deposits that are being exploited. Also, Giurgiu is one of the most important Danube ports in the country, using this as a geostrategic advantage for the city because it is an access route for different cargo being transported towards Western Europe or imported goods being shipped in the country, especially for Bucharest as the final destination point (Alexandrescu, 2010).

Based on the information found on the city hall's website, there is a development strategy plan available for the period from 2014-2020, but there are only a few investment plans based on the funding received from the European Union, while the rest of the measures are only general ones, like improving the infrastructure, the accessibility, environmental programmes, the economy in general, developing the tourism and the public administration, without a certain pillar on which the community can develop and evolve. The lack of a clear development strategy plan might be a bad signal for some investors, unable to make an investment plan on medium and long time (Buciuta, 2014).

Vaslui, one of Romania's eastern cities is also one of the poorest in the country, having the lowest GDP/inhabitant (Panaete, 2014). After the fall of the communist regime in 1989, almost the entire county's industries collapsed one by one, nowadays only "Rulmenti Barlad" running as the most notable example. Since then, only the agriculture remained as the prominent sector which employs the bulk of the workforce with Vaslui also having significant activity in services sector, being the most important city and residence of Vaslui county.

Like most medium and large cities in the country, after the country's admission to the EU, Vaslui developed a development plan in order to attract foreign investment, but also European structural funds, vital for the city's economy. Therefore, "Integrated Urban Development Plan of Vaslui Municipality" was made, with the general objective to implement the concept of ecological transport backbone of the city for

a better quality life through accessibility, mobility and increased security of citizens (Vaslui Local Council, 2011). The second and most important objective is to reduce disparities and to ensure accessibility and mobility between deprived areas and the central line of the city.

One of the major problems of Vaslui, unlike other comparable sized cities in the center and West of the country is also one with very few short term solutions: depopulation. After the large communist factories closed in the 1990's, there were a lot of unemployed and skilled workers and those workers found a new destination not long after by emigrating in the Western European countries that had a booming economy in 2005-2008 period, especially Spain, Germany or Italy.

Negresti Oas is a small city located in Satu Mare county, having a population of almost 12,000 people. Located in a rich and beautiful area in the country, Negresti Oas was a predominantly agricultural town before WWI, after that became more industrialised, the back then authorities starting the extraction of different construction materials, coal and iron ore, along with the exploration and production of the mineral and thermal waters.

Nowadays, after the fall of the communism, only a fraction of the industrial activity remained alive, with a single production site for construction materials and another for the mineral water spring. To somewhat compensate the loss of the industrial basis, all the local investments were made in order for the city to become a point of interest for tourists, Negresti Oas being now a touristic city with a local level of interest (City Hall of Negrești-Oaș, 2012).

The city's management encouraged the tourism by offering incentives to domestic and foreign investors, thus having a modern ski slope, housing units for tourists, restaurants and, not in the end, rehabilitated roads and sewage.

Calafat is an old and small city located in the south of Romania, on the banks of the Danube, one of the main and most important purposes being that as a river port and shipyard. But, like most other small cities having a sole industry for surviving, after the collapse of the whole industry in the 1990's, Calafat became more as a resort, a tourist destination for fishing or hunting. A boost was gave in 2013, when a new bridge over the Danube that unites Romania and Bulgaria created a local hub for the import and export of different goods towards and from Bulgaria and the Balkan Peninsula (Calafat Municipality, 2013).

The bridge's construction created a new opportunity for local businesses to offer different services for the import and export of goods, the local municipality taking action towards small and medium businesses support, but there is not a single area of support or development currently in place for the city.

Cernavoda, like many cities located in Constanta county, has a long history behind, being founded either by the ancient greeks or by the romans. Currently, Cernavoda is a small city located on the Danube river, but unlike many other small and medium cities in the country, has a strategic location and interest, in part because of the Danube-Black Sea canal which was inaugurated in 1984, after more than 10 years of construction and starts near Cernavoda and especially for the hosting of Romania's only nuclear power plant, since 1996, when the first reactor started producing energy (Hour, 2015).

The whole industry is currently focused in maintaining and operating the nuclear power plant with other industries virtually non-existent, with the exception of some companies that offer different services, this being the only sector that flourished after 1990.

According to the municipality's plans for the town, their plan is to invest more in creating green areas in the city, to build a new harbour for tourists that navigate along the Danube towards the Black Sea and the Danube Delta, thus transforming Cernavoda into a more desirable tourist destination and finally to develop a Center for Emergency Situations, vital for a city that hosts two nuclear reactors. As a short conclusion to the plans that the city's management has for Cernavoda, we can conclude that only the construction of the new river port has the potential of creating a new industry for the city and opportunities the local businesses and people (Groove, 2015).

CONCLUSION

After reviewing some basic attributes of three large, medium and small cities from Romania, a major conclusion can be drawn: the larger a city is, the more accurate and performant management has, even though some of the good measure taken were somewhat forced by the private investors that came in that certain city to open production facilities.

All the large cities analysed in this paper had a local development strategy, usually overlapping the EU fund calendar, focusing mostly on infrastructure, environment and, maybe one of the most important factor that only in the last few years appeared in the local strategies of several municipalities, the quality of life improvement. The latter one might be even more important usually because in a city or local community that is seen as having a high quality of life, many skilled people are likely to come and stay there. And skilled labour force means more economic activity, more innovation and more added value.

From within the medium cities trio, Bistrita kept or attention in particular, especially for its strong industrial basis, that managed to survive and thrive even after the fall of the communism and the EU accession. But, generally speaking, the smaller the cities, the more disarray the strategies are, some focusing on large infrastructure or tourism projects that might have minimal or no economic impact, with the sole

meaning of spending the funds received from the European Union. The other two medium-sized cities are characterized by massive depopulation, the lack of new investments and significant economic activity, with only services and some construction activities being noticed and have no certain strategy to change the bad fortunes.

Finally, the small-sized cities are also the least fortunate in our analysis, many being founded or lived with only a large industrial facility dominating the city, which, in most cases collapsed quickly after 1990's. Currently, as identified by the facts above, these cities must carefully choose a single domain or industry on which to invest all its human and material resources, in order to ensure a sustained development on medium and long term. One good example is Negrești-Oaș, that invested heavily in the tourism sector, after losing almost all its industrial basis after 1990's. Second in line would be Cernavodă, an old city that thrived only because the country's only nuclear facility was built there, all the city's businesses surviving on the nuclear power plant's shoulders.

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