
The grey areas of competitiveness approach.

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Paper presented at:

Regiosuisse, Forschungsmarkt regosuisse & Tagung Regional-Entwicklung 2010, 1 September, Luzern (Switzerland).

1. Introduction

In the last decades local competitiveness has become one of the central concerns of government and industry in every country, entering with high-handedness in both academic and political debates. At the same time we are witnessing the “resurgence” of regions as key loci in the organization and governance of economic growth and wealth creation (Kitson et al, 2004).

The competitiveness of regions is today not just an issue of academic interest, but also one of the main topic in the policy agenda. As a result, the concept is often advocated as a panacea for inducing success full economic development far and wide. However, as often occurs for fashionable approaches, we doubt about the conceptual and practical application to all local reality (Moulaert & Sekia, 2003; Doloreux, 2002). In an era of ‘performance indicators and rankings’ it is perhaps inevitable that regions and cities should be compared against each other in terms of their economic performance (Aiginger, 2006; Fagerberg, 1996). Such comparisons can provide a useful purpose, in that they indicate, and call for explanations of why, regions and cities differ in economic prosperity. On the other hand, it is at best potentially misleading and at worst dangerous for introducing a positive approach to view regions and cities as competing over the same development path. We are convinced that here are structural limits to - and negative consequences of -

copy a model developed by another region irrespective of the different ability to succeed (Cho, Moon, 2000).

Generally we are informed about success or competitive areas (the best practices): regions and cities as places where both companies and people want to invest and locate in. However, we note the absence of examples showed for the areas in which traditional competitiveness applications can fail.

Recently, the problem seems to be addressed to the core and periphery theory (Vanolo, 2008; Hojman, Szeidl, 2008). However, we highlight the absence of a generally accepted definition of “grey zones” and their practical identification on the territory. In this framework, we recognize

to those areas a specific identity with socio-economic characteristics generally associated with the “periphery of the peripheries”.

The study presented is interested in these tangled local realities and it aspires to investigate the possibility of designing a competitive development approach able to be applied in situations characterized by a weak starting point.

Within this perspective, the central hypothesis intends to discuss the possibility to identify a competitive process able to be modulate on different economic realities and to include various comparison categories.

We are far from any agreed framework for defining, theorizing and empirically analyzing regional competitive advantage (especially in grey areas). But given the current fashion for notions of regional and urban competitiveness in policy circles, the need for a strong structure is urgent. Without such a framework, policies lack coherent conceptual and evidential foundations and, as a consequence, policy outcomes may be variable or even disappointing.

This paper is meant to stimulate discussion and elicit feedback. It is based on four sections. After a brief review of recent literature approaches, we offer a practical definition of the grey areas. The third part is based on case study evidence: the concepts and practical evaluations are applied to a real grey area as a useful starting point for discussing key general implications. Finally, in the last chapter we offer some considerations on methodological and policy implications.

2. Critical questions on the Regional Competitiveness approach

The credo of competitiveness has attracted economists and experts, elevating the concept to the status of “ natural law of the modern capitalist economy and officially institutionalizing tasks in many areas. In this context, we can individuate different interpretation models in different countries; for instance in England the concept of national competitiveness seems to be more linked with those of good and bad trade, the USA focus on the productive capacity, in Germany the competitiveness is associated with the national productive power and, finally, in Japan the prevailing interpretation is that inspired by the Doitsugaki (or German) school (Reinert, 1995).

At the same time, a lot of private organizations and consultancies have emerged publishing various measurement of what they consider national or regional competitiveness (WEF, IMD, the Competitiveness Institute etc).

The focus has also assumed key significance at the regional, local and urban level. Within the governmental circle the interest has increased linked with the identification of determinants of local growth and development.

For our purpose, it is important to shift attention to *regional competitiveness*, a term which has been used more rarely, and that has been defined more poorly.

There is now widespread agreement that we are witnessing the resurgence of regions as a key loci in the organization and governance of economic growth and wealth creation (Kitson and all, 2004), considering on that way the intra and inter regional disparities. The competitive performance of regions seems to become one of the most discussed aspects of the new concern with regions. The competitiveness of regions is an issue not only of academic interest and debate, but also of increasing policy deliberation and action (Camagni, Capello, 2010).

The exact notion of regional competitiveness is itself complex and contentious: we are apparently far from a consensus on what is meant by the term and how it can be measured. Policy has raced head of conceptual understanding and empirical analysis.

Over the last decade or so, the term competitiveness has been widely used (and probably sometimes abused). The topics at the heart of the competitiveness concept are basically those that policy makers and economic theorists have been trying to address for hundreds of years: a better understanding of the issues that are central in the improvement of economic well-being and in the distribution of wealth.

Within this context, the real challenge here is to seek a more proper understanding of the term competitiveness at the regional level and to recognize its main issues of both the theoretical and the applied sides related to the application to different areas.

The study presented is interested in these tangled local realities and it aspires to investigate the possibility of designing a competitive development approach able to be applied in situations characterized by a weak starting point.

As a starting point, a definition for regional competitiveness comes from the Sixth Periodical Report on the Regions: The competitiveness can be defined as “*the ability to produce goods and services which meet the test of international markets, while at the same time maintaining high and sustainable levels of income or, more generally, the ability of (regions) to generate, while being exposed to external competition, relatively high income and employment levels*” [European Commission, The Sixth Periodic Report on the Regions (1999)].

In approaching regional competitiveness, broadly two angles exist and the concept seems to be ‘stuck in the middle’: the microeconomic (firm) and the macroeconomic (national) levels. This section of the paper focuses on providing a critique of key elements of the regional competitiveness discourse. It is argued that the discourse which has become so firmly placed in regional policy agendas is based on relatively thinly developed and narrow conceptions of how regions compete, prosper and grow in economic terms. We do not aim to criticize the concept of regional competitiveness, but the way in which it is currently treated in both theory and applied spheres. Actually, the prevailing approach to regional economic development policy may have serious limitations.

2.1 The theoretical side issues

Since the 1990s, in response to the work of authors such as Michael Porter (1990), the concept of regional competitiveness has become a ‘hegemonic discourse’ (Schoenberger, 1998) within the academic and political debates. Indeed, regional competitiveness has been adopted as a policy goal by the European Commission and by national governments across Europe (especially UK) and North America.

Current policy documents tend to present the concept as an entirely unproblematic term and, moreover, as an unambiguously beneficial attribute of an economy. For instance, the European Commission (2004) states that “*strengthening regional competitiveness throughout the Union and helping people fulfill their capabilities will boost the growth potential of the EU economy as a whole to the common benefit of all*”.

However, the identification of the competitiveness concept at the meso (or regional) level lacks clarity and the theoretical approach seems to be affected by ambiguity. Indeed, there is no a generally accepted definition of local (or regional) competitiveness.

At the same time, Lovering (1999) observes that it is not always clear how the abstract notion of the 'region' used in competitiveness discourse relates to the actual regions in which people and firms reside and, to the spatial delimitations which may influence competitive advantage. Some authors have argued that the spatial specificities that provide the impetus for economic development and firm competitiveness may exist at the local (e.g. city) rather than the regional scale (Bristow, 2005).

A number of authors have argued that regions should be conceived as open, discontinuous 'spaces of flows' constituted by a variety of social relationships (for example, Doel and Hubbard, 2002). This relational perspective sees patterns of regional development and prosperity as reflecting relations of power and control over space, where core regions tend to occupy dominant positions and peripheral regions play marginal roles within wider structures of accumulation and regulation (Cumbers et al., 2003). In this regard, each regional economy is in a distinct position since each is a unique mix of relations over which there is some power and control.

This perspective posits that certain regions, are likely to develop a hegemonic political and economic position which not only shapes their own development, but impacts upon the development processes of other regions.

What is seems missing is any effort to conceptualize regions as territorially defined social aggregations, with very different economic and political structures (Lovering, 1999).

Following the Sheppard idea (2000), we can identifies some dimensions of differences: first, each region is embedded in a set of national and regional regulatory systems, institutions and norms; secondly, each region occupies a unique geographical trajectory as a consequence of its historical role and location within the broader evolving political and economic system. This creates differences in industrial structures, levels of economic development and maturity, as well as differences in the ability of regions to respond to economic and political restructuring. These differences could be considered not only in the regional competitiveness models, but also in their application: comparing the economic performance of regions without taking these differences into account is clearly problematic.

All existing measures of regional competitiveness, particularly those which develop composite rankings, fall into the trap of trying to make comparisons across very different but notionally similar 'regional' entities, without exploring the extent to which these places are indeed competing with one another in commensurable markets in a manner measurable on a common scale (Huggins, 2000).

Actually, in a more technical (and less political) framework, adopting the relational perspective would imply that the competitiveness problems of less prosperous or weaker regions may be explained. There is thus an inherent theoretical paradox because the generally accepted concept of competitiveness are modeled only on successful areas.

2.2 The applied side issues

The emergence of regional competitiveness as a discrete and important policy goal has spawned the development of indicators by which policy-makers and practitioners can measure, analyze and compare relative competitive performance, or find out who is 'winning'. Various attempts have been made to measure and model competitiveness for European regions (Gardiner, 2003; IFO, 1990; Pinelli et al., 1998). More recently, efforts have also been made to develop composite indices of regional competitiveness, following similar trends in the evolution of national competitiveness indicators (e.g. World Economic Forum, 2003; see Lall, 2001). These combine relevant indicators into one overarching measure, the results of which can be reported in the form of a 'league table' (Huggins, 2000; 2003).

This preoccupation with competitiveness and the predilection for its measurement is premised on certain pervasive beliefs, most notably that globalization has created a world of intense competition between regions (Raco, 2002). However, there is some confusion as to what the concept actually means and how it can be effectively operationalised. Indeed, in a manner cognate with debates surrounding clusters (Martin and Sunley, 2003), policy acceptance of the existence and importance of regional competitiveness and its measurement appears to have run ahead of a number of fundamental theoretical and empirical questions (Bristow, 2005).

The competitiveness indicators applied to development policy, are being used in local communities to serve multiple and sometimes vague or contradictory objectives (Brugmann, 1997). This can add to confusion about competitiveness among the public and policy makers. In fact, some examples presented in literature (i.e. the case of Seattle, USA) shows how a set of well-developed indicators can fail to meet their objectives if they are unrelated to methodical planning process. At the local level indicators are often used as a tool to justify policy actions, but often seems not to be sustained by a methodology. Indeed, a lot of organizations are actually involved around the world in the measurement of local competitiveness at the sub national level (i.e. United Kingdom, Italy, Greece etc.) and each of them are using different techniques. This implies a non common methodological reference, a general difficulties to compare the results and a non clearly defined theoretical foundation.

At the local level, a growing group of local governments inserted the competitiveness concept in their policy agenda. In the first instance the following planning efforts seemed to generate much public enthusiasm. Later, when local agents are confronted with implementing the resulting action plans, the credibility or necessity of development reforms often are called into question (Brugmann, 1997).

While a composite index number of regional competitiveness will attract widespread attention in the media and amongst policymakers and development agencies, the difficulty presented by such a measure is in knowing what exactly needs to be targeted for appropriate remedial action (Bristow, 2005). In fact, this issues reflects not only the methodological approach, but also the data availability. Sometimes the competitiveness measurement at the local level requires levels of scientific sophistication and local values clarification that are rarely available to a local community. Accordingly, this can be a worthy effort upon which great progress might be made in one region, even for making sure that the efforts and investments in the local area are having their intended effects and are achieving agreed target.

Local community are all in different stages of preparedness to adopt and face the competitiveness challenge.

The application of indicators to support focused action should be given priority consideration. At the same time, indicators are a tool that can be used for different purposes (to assess existing conditions, to guide planning decisions etc.) and each use implies different methods of development and standards of use - and it cannot be assumed that the indicators used for one can be effectively applied for another purpose.

In addition, despite the fact that in theory there are a variety of tools available, we should note that often the data available at the local level are extremely limited and the possibility to apply indicators and indices is not so plausible.

This lack of data generate two methodological behaviors.

First, the easier practice consist in applying the competitiveness measurement to the successful areas, where data are more available and the results more comfortable (Gardiner, 2003). This can be one of the reason because we are rarely informed about ordinary or unsuccessful regions.

Second, the most used and fashionable technique is based on a series of various and not standard measures (available from time to time) related on socio-economic characteristics of the areas, which give a benchmarking (Huggins, Hiro, 2008 and 2009). The strength of this approach coincides with its drawback: it provides the chance to make comparison. However, although the concept of competitiveness implies a comparison assessment among regions (or nations), making the evaluation based on the same standards for different areas could be not a good practice (Cho and Moon, 2000).

In other words, using the identical benchmarking structure for different areas means to compare, within the same “league”, regions in dissimilar stages of development.

The risk embedded in this approach is the elimination of those areas presenting a low benchmarking position, from the policy agenda - in specific, those areas that we are considering here as “grey zones” - .

3. The application of competitiveness concept to the “grey zones”

The literature on competitiveness is strong in its assertion that key ingredients shaping competitiveness are predominantly endogenous to the region and reside in the institutional environment (Amin and Thrift, 1994). However, the case studies report stories on successful regions, creating a gap concerning the areas in which traditional competitiveness approach can fail down. What this means is that the discourse of regional competitiveness paints a picture whereby the dynamics of competition are shrouded overwhelmingly in positive rather than negative connotations. Following the Backlund and Sandberg (2002) observation we can say that the research has been suffering from a success bias, primarily concerned with explaining why the winners win and not why the losers lose. More empirical research needs to be directed towards identifying what options there are for regions that do not have the high competitive conditions: we identify these cases as the “grey zones” in terms of definition and identification by the regional competitiveness approach, or the low potential areas (LPAs) from a more practical point of view.

3.1 The grey zones' identification

The definition of “grey zones” in economic development is not exactly explicit, even though the identification of economic distress areas is not a new problem.

In fact, a brief literature review shows that since the depression of the 1930s led the central government to take steps towards influencing the location of industry it has been necessary to define problematic areas, within which development is to be encouraged.

The first contribution date at 1968 and concerns the statistical identification of the so called “grey zones”. Following the Smith (1968) point of view, although the precise method of delimitation has changed many times, it has remained very largely based on one criterion – the level of unemployment, generally expressed in percentage terms.

Unemployment can obviously be an important indicator of an area's economic wellbeing. It can be an easy (and often efficient) way to quantify a local storage of jobs, and the figures are readily available and updated with greater frequency than almost any official statistics returns.

In addition we agree that unemployment has an immediate personal impact on the individual citizen, and for this reason (and correlate ones) is a very sensitive political issue.

However, recent years have seen a growing dissatisfaction in many practices using this single criterion, and there has been pressure to define areas of economic distress in terms of other variables.

Some authors who first talk about “grey areas” in the British context (Smith , 1968; Nuttal and Batty, 1970), set up to look into the problem of these regions, where economic conditions are relatively poor but not reflected (or not only) in high unemployment. This approach copes with the difficult problem in deciding how the grey areas can be identified objectively (Weimer, 1989).

The approach followed by these authors focus on the identification of areas of economic distress in Britain, following the measures taken by the British Government to reduce the imbalance of economic activity among various parts of the country. It comprises an application of familiar statistical techniques (factor analysis and relating grouping procedures) to one region (often the Nord-West of England) in which the grey areas problem was causing particular anxiety.

However, the necessity to introduce more indicators for defining and identifying “the grey zones” conduct a proliferation of a large collection of indicators.

In fact, already Smith in 1969 proposed an application of multivariate methods with 28 indicators of industrial and socio-economic health aiming to suggest a more comprehensive definition of the grey areas. However, the results stated that this kind of analysis cannot of itself indicate a solution to the distressed areas problem. In addition, in this case we see again the problem to collect a lot of data at the local level.

Actually, after these tentative works, we do not find in the literature subsequent researches using the same term “grey or intermediate area”.

Recently, the problem seems to be addressed to the core and periphery theory (Vanolo, 2008; Hojman, Szeidl, 2008). However, we highlight the absence of a generally accepted definition of “grey zones” and their practical identification on the territory. In this framework, we recognize to those areas a specific identity with socio-economic characteristics generally associated with the “periphery of the peripheries”.

In applied terms, the identification and development of these grey zones is a central issue for Switzerland, especially in the framework of the New Regional Policy (or NPR).

3.2 The Swiss interest in the grey zones

As stated by the Swiss Federal Council in his message accompanying the federal decree that defines the multi-year program of the Confederation 2008-2015 relating the implementation of the New Regional Policy (NRP), it is up to the cantons to define low potential areas (LPAs) and then tackle specific action in those areas, through the evaluation of different possible strategies. The problem of the development of LPAs, although recognized as needing serious consideration, is not solved by the federal government. The primary responsibility in planning and developing these areas lies within the cantons, the only requirement being that programs and initiatives carried out in LPAs meet the criteria fixed by the NRP and guidelines fixed by the Federal Council in the multi-year program. The cantons are asked therefore to analyze the potential of remote areas, and then set themselves targets and strategies to take action in each LPA.

Thus, the Swiss federal government does not clarify the concept of LPA, providing only a fuzzy definition of LPAs as regions characterized by a “spiral of negative growth” and describing those regions as affected by a decline of employment and value added, unfavorable evolution of the age pyramid, decreasing population, dismantling of basic public services, and deterioration of municipal budgets. It is not clear what is the time period in which those phenomena should be considered, as it is still not clear which weights should be assigned to each characteristic in order to define a LPA.

Since a full definition of LPA does not exist and the definition of regional entities according to the principles of NRP is also defined by the cantons, it is not straightforward which regions will be declared LPAs, and which actions will be chosen to implement policies aiming to develop those areas.

By now, at the best of our knowledge, only the cantons of Graubünden, Uri and Ticino addressed the issue of LPAs and start pilot projects in the sense explained by the law (Cavelti and Kopainsky, 2006; Cavelti and Flury, 2006; Alberton, Guerra and Mini, 2010). The Canton of Ticino, assuming a political decision, included in its 2008-2011 NRP implementation program Onsernone Valley as the only area recognized as having low potential.

We start from the conviction that low potential does not mean no potential. We consider 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 exist.

In that sense, we stretch beyond the classical (negatively orientated) definition of LPAs and regard them in more positive way, as being primarily 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 and innovation, so as to strive to be competitive in the new political and economic order.

4. Case study: the Onsernone Valley

In this part of the paper we introduce some evidence collected within a two-year NRP pilot project based on the case of Onsernone Valley.¹ The selected area is currently the only one recognised as LPA by the Canton of Ticino in its 2008-2011 NRP implementation program.²

All the results in this chapter are drawn from the final report which has been delivered to local and cantonal authorities at the end of the study (Alberton, Guerra and Mini, 2010). Results emerged from the analysis of statistical data and from perceptions expressed by local stakeholders during bilateral interviews.

In the third part, the chapter presents a critical reading of these results and intermediate reflections on what may be the drivers for future development in selected area.

The study has been originally advocated by local authorities in order to attend a municipal merger project involving five municipalities located in Onsernone Valley, in the aim to develop a broader approach than the "technical" usually applied in previous municipality merger projects.

Since Onsernone Valley is the only area of Ticino which has been designated as LPA, the study received also support within the New Regional Policy framework. The project became then "pilot", as it was intended to demonstrate the validity of an "ad hoc" strategy for this kind of region which was set by cantonal authorities in the annex of the 2008-2011 NRP implementation program as aiming on the one hand to "coordinate existing sectoral policies to help maintaining the current socio-economic state", on the other hand to "build networks of business and assets which may reveal useful in developing supply chains or synergies with the urban centres" (Annex to the 2008-2011 NRP implementation program, p. 39). For this purpose, a special funding was allocated by cantonal authorities in order to sustain the NRP pilot study. Furthermore, cantonal authorities were asking the pilot study to be able to improve working methodology and eventually to extend it later to other regions identified as LPAs.

4.1 Methodology

The pilot study followed principles and models drawn from prospective analysis (Godet, 1977)³ and strategic planning (Bryson, 2004)⁴. The approach has been adapted to regional entities following the typical path of action research in which an important role is played by regional actors (Alberton and Bossi, 2002, 2003 and 2005). In this sense, local stakeholders have been involved in different forms through working groups, interviews and workshops.

¹ Pilot projects have been advocated by the Confederation in order to test the new approaches set by the NRP. Cantons were invited to launch pilot projects (SECO 2003) that meet one or several of the following criteria: encouraging entrepreneurship; encouraging innovation processes; intensifying the promotion of networks; training's impact on the regional economy; innovative cross-border initiatives; innovative approaches and processes in remote and low potential areas (Rapporto SECO <http://www.regiosuisse.ch/download-it/publicazioni-1/npr-informazioni-bollettino-materiali-informativi/pilot-nrp-schlussbericht-evaluation-f.pdf>).

² Complemento al programma di attuazione NPR Canton Ticino (http://www4.ti.ch/fileadmin/DFE/DE-SPE/documenti/PER_Complemento%20al%20programma%20attuazione%20cantonale.pdf)

³ Godet, M. (1977) *Crise de la prévision, essor de la prospective*. Puf, Paris.

⁴ Bryson, J. M. (2004) *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement*. Jossey-Bass, San Francisco.

Mayors of the five municipalities involved by the study formed a group under the municipal merger project - the Municipal Merger Commission (MMC). As representatives of the main funder, mayors were involved in all operative decisions.

Representatives of politics and civil society were selected to form a Strategic Planning Committee (SPC), which has been consulted at the end of each step. Finally, an accompanying group made of representatives of the three cantonal departments concerned (Department of Finance and Economic Affairs - DFE, Department of Territory - DT, Department of Institutions - DI) was set up.

First step of the project (March 2009) was to set up the device and constitute the SPC. Mayors have been charged to designate members of the SPC according to the following selecting criteria: competence, interest and personal involvement. One month later the SPC was meeting to discuss the project proposal and to fix a shared agenda. Thus, mayors and the accompanying group were asked to endorse outcomes of the first phase and to indicate a list of regional stakeholders that would constitute the pool for interviews.

The second step of the study constituted by collecting and analysing data on historical, institutional, territorial, demographic and socio-economic characteristics of the region, and by comparing them with regional and cantonal features. The third section provides a brief summary of selected characteristics.

Interviews with regional stakeholders were performed during step three. By the end of summer 2009, a first working document (Alberton, Guerra and Martignoli, 2009), including quantitative and qualitative analysis, has been presented to the Municipal Merger Commission, the Strategic Planning Committee and the accompanying group. A joint workshop of all regional stakeholders, in which local perceptions were deeply investigated, allowed to fully depict the health status of selected area and to lay foundations for further analysis. Afterwards, a reinterpretation of critical issues emerging from quantitative and qualitative analysis was performed in order to identify the main variables affecting the mechanisms of regional development. The aim was to highlight leverage and driving items which, if properly developed, enhanced and rearranged may instead generate new potentials for growth. Playing with the five senses technique,⁵ the authors selected in a first step some of the local specificities in order to draw an initial picture of the selected area. In a second step, LPA's main critical points were classified and further investigated.

Considering the progress of analysis and internal reflections, despite initial project planning did not contain step four - which was intended to belong to a separate, "ad hoc" project -, it has been decided to shape a first draft of a strategic plan by defining different scenarios for future regional development, as suggested by prospective analysis (Shoemaker, 1993). By means of internal workshops, and testing the results during student and children working groups, the authors proposed development scenarios and a number of strategic priorities attached to specific projects, suggesting the conception of new products able to start and revitalize the regional development (Alberton, Guerra and Mini, 2010). Additional contents should constitute, in the intention of the authors, a step further into the future definition of a real strategic plan for the

⁵ The exercise was performed in an internal workshop, using brainstorming and mind-map tools. The participants were asked to "feel" by sight, hearing, taste, smell and touch the results of quantitative and qualitative analysis, as well as to report their feeling with respect to experience personal collected on ground. The results were expected to give a whole synthetic picture of selected area, and gave indeed surprisingly convergent results.

region, as well as for the surge of important indications regarding areas with low potential within the New Regional Policy framework.

Thus, the study has to be considered “pilot” also from a methodological point of view. In relation to the specific goals, in each step a different mix of quantitative and qualitative methods was chosen, with different degrees of involvement of regional stakeholders (statistical-descriptive analysis, bilateral interviews, focus groups, workshops, etc.). In particular, because of the specific characteristics of the region facing objective distress, a particular interest and importance was devolved to internal (laboratory) work. Furthermore, established techniques of creative problem solving as well as original techniques developed internally, as in the case of the approach of the five senses and the quick-thinking technique, were used.

4.2 Characteristics of selected area

This section of the paper briefly summarizes the main quantitative and qualitative features of the region that validate the denomination of LPA for the Onsernone Valley - according to the rough definition provided by the Swiss federal government. However, the section also shed light, whereas their existence has been proved, on local specificities and strength factors that were identified during the whole length of the study. A special attention has been dedicated to this mix of quantitative and qualitative approaches in the aim to highlight growth potentials of this area.

Onsernone Valley is a rather remote region located in the district of Locarno in the canton of Ticino, Switzerland. Nature appears pristine, wild, and is dominated by forest - 63% of the total surface (UST/BFS, 2001⁶) -, water and rocks, with a flora and fauna of considerable interest.

The harshness of the territory and remoteness from urban centres have made it a valley of emigration. In past times, emigration used to be favourable for local economy: impressive, refined houses, some from the 1500's, were built by émigrés who made their fortune in Italy and France. The richness of the past is reflected today by a major historical and cultural heritage, boasting many mills, mansions, works of art and a museum.

More recently, emigration has caused a sharp decline in the resident population: in the last 50 years, the population almost halved, and the region now has nearly 850 inhabitants (FSO, 2000⁷, see Table 1), spread out an area of over 100 square kilometres.

Resident population consists predominantly of actives over age 50 - roughly 20% of the total population - and retired persons - almost 30%. Less than half of residents have a degree above the compulsory school (45.1% of the total population).

Structural and demographic weaknesses persisting and even worsening over the last 50 years, have caused the insurgence of major economic and financial problems. From 1990 to 2000 the area lost almost one third of its working force. The number of workers in the primary sector remained almost unchanged, agriculture being one of the specializing sectors of the local economy (over 12% of active population in 2000), while employees in secondary sector reduced

⁶ Ufficio Federale di Statistica/Bundesamt für Statistik (2001), *L'utilizzazione del suolo nei Cantoni Grigioni e Ticino/Die Bodennutzung in den Kantonen Graubünden und Tessin*, Statistica della superficie/Arealstatistik Schweiz, Neuchâtel.

⁷ Federal Statistical Office (2000), *Federal Population Census*, Neuchâtel.

significantly. Despite the severe decrease in number of employees, some activities in the secondary sector maintained considerable importance in local economy, as it is the case for construction (9.3% of total employees in 2005 according to FSO, 2005⁸) and for timber industry (3.3% of total employees).

As opposed to the harsh decline observed in employees of the secondary sector, the number of workers in tertiary sector only slightly decreased. Thus, services remains the most important sector in local economy (over 70% of the total working population in 2000), with activities relating health and social care (48.4% of full time employees in 2005), education (8.2%) and hotels and restaurants (12.1%) even increasing their relevance over the last decade.

Despite the overall economic distress, unemployment rates do not significantly differ from the cantonal average (6.5% in 2000 according to FSO, 2000). However, the average age of unemployed persons is lower than that observed elsewhere (34 years), reflecting a difficult situation especially for youth. As a result, young people tend to leave the area once they begin studying, and they generally do not go back.

In 2006, per capita public debt was decreasing, while per capita tax revenue grew (USTAT, 2006)⁹. Still, financial health of the public sector remains critical with respect to comparable results recorded at regional and cantonal level, reflecting a situation of serious financial distress.

Following the methodology of the territorial capital assessment explained by Farrel and Thirion (1999)¹⁰, the analysis carried out on the results of interviews and group works shows a regional profile dominated by impressive physical resources (e.g., natural resources, rural amenities, infrastructure, historical and architectural heritage) and a strong cultural identity (see Figure 1).

However, this profile is characterised by a noticeable weakness in the evaluation of human resources (e.g., population's demographic characteristics and its social structure). Strong concerns about declining population, persistent lack of strategic profiles and the exodus of young people are considered at the basis of this critical evaluation.

Economic activities also raise deep worries. Local population is particularly concerned about the decreasing number of businesses and jobs. It is the economic branch of restaurants and, more generally, that related to tourism activities to raise greater apprehension. There are, however, according to local population, potentials for growth in the branches of stone extraction, and tourism (regeneration, extreme sports, etc.).

A relative optimism was reported in the assessment regarding the current image and perception of Onsernone Valley, both inside and outside the area. On the one hand, opportunities offered by the project of the National Park and the New Regional Policy seemed to positively affect this assessment. On the other hand, the existence of a rift between the lower (seat of the main economic activities) and the upper part of the valley is largely seen as detrimental for future regional development.

⁸ Federal Statistical Office (2005), *Business Census*, Neuchâtel. Figures relate to full time equivalents according to the Swiss Business Census (1995 and 2005 waves) and do not take into account employees in the primary sector.

⁹ Ufficio di Statistica del Canton Ticino (2006), *Statistica finanziaria dei comuni*, Dipartimento delle istituzioni (Sezione degli enti locali), Bellinzona.

¹⁰ Farrel, G. and Thirion, S. (1999), Territorial competitiveness; Creating a territorial development strategy in light of the LEADER experience, *Rural Innovation*, Dossier 6, Part 1, LEADER European Observatory, December 1999 (<http://ec.europa.eu/agriculture/rur/leader2/rural-en/biblio/compet/competitivite.pdf>).

Assessments about the work of public institutions and administrations, appeared to be broadly positive. Nevertheless, some concern was expressed about the future (e.g., sustainability of local public institutions, institutional confusion, lack of intergenerational change in public offices, doubts about the ability of the new merged municipal entity to maintain existing facilities and assets throughout the area, risk of progressive marginalization of the upper part of the valley, etc.).

4.4 Main results of the pilot study

After qualitative and quantitative analysis, and by selecting and reinterpreting critical issues regarding today's situation, some key points (leverages) were picked up, on which local actors should work in order to make out of existing strengths and weaknesses (reverting them), a projects, real potentials for growth. Following, we provide a list of identified leverages, as a first picture of what may constitute the driver for future development.

Even though it is important to recover the physical elements of the territory (e.g., alpine pastures, farmland, residential areas, and the river),¹¹ the most relevant effort should be put on a radical change of perspective in conceiving the territory of Onsernone Valley. Locals should elicit the territory as an active space, in which they can build relationships and perform economic activities.

It is essential that not only locals, but also tourists and occasional residents, share the feeling to live and visit a region characterized by the "extreme". This notion of extreme has to become the landmark, the label on which local actors should build the strategy for future development.

Although the residential function deserves special attention of locals, the development strategy should ensure in the first place that the region becomes more attractive. This means thinking in terms of new products, services, activities, and governance models that will allow to increase the flows of people, skills and financial assets both in the direction of and within the area.

The vision that a development scenario for the area should take into consideration must be based on the concept of "region-path". The future design of the area will be characterised by a spatially integrated productive system, consisting of modular and interchangeable trails and stops, where visitors can discover and live, all throughout the region, past experiences, and combine them with the emotions of today. In fact, the "region-path" would consist in locally

¹¹ The physical and relational space of Onsernone Valley currently represents - a bit paradoxically - more a cost generating asset than a source of benefits: the vastness of the area means loss of forces and resources, management problems and limited economic activity. Population seems to passively live in and regard space, rather than recognize it as an asset able to generate economic value. Residential areas are limited, which hampers economic development. If to this narrow view of space we add the initially negative perception that the Valley offers to its visitors (sense of suffocation or "tunnel effect", given the very dense wrap of trees and stones when entering the valley), the space becomes a detrimental component of development. Furthermore, the division between the lower and upper part of the valley reflects again duality and contrasts. Contrast, thus, emerges among the most striking features of Onsernone.

As for the societal issues, mental attitudes revealed by interviews and during group works, (closure, disputes, lack of confidence in the future, loneliness and abandonment), were supposed to produce resistance to change and to reinforce the isolating process, which, combined with ongoing dynamics, accentuate the downward spiral characterising the selected LPA.

Finally, economic activities suffer from the difficulties highlighted in the two contexts just mentioned. The territorial space, designed as a passive asset, emphasizes weaknesses of the local production system, limiting possible development paths (lack of entrepreneurship). The spirit of conservation observed in societal issues, translates into expectations of assistance from outside, creating a relationship of dependency.

integrated products build after the emotion and experience chains, and rooted in the traditions and history of the region.

In order to achieve the goal of revitalising local economy it is necessary to think in terms of a unique regional marketing strategy based on existing economic specializations (timber industry, stone extracting industry, and health care), on innovation and on a number of strategic axes to be implemented involving the entire area. Only by this unique view the growing disparity between the lower and upper part of valley can be blocked and reverted.

Considering the critical rearrangement and evaluation of objective and subjective evidence, the identification of key variables affecting the current situation, the detection of possible strategies able to revert the spiral of negative growth, and the conviction that, after all, a process of endogenous growth should increase the attractiveness of the selected area, we suggested two development strategic options for the Onsernone Valley.

The first scenario is based on what we called the defensive option, which is intended to maintain the current situation and not revert the actual downward trends. In this scenario, policy makers do not take any explicit action, avoiding to draw a strategy for the future development of the area. Local projects continue to emerge, even though, local population diminishes. The area faces serious problems of scarcity, and loses its attractiveness.

This scenario represents a comfortable option since the cantonal government supply infrastructures and financial resources through sectoral policies, like in the past.

The second scenario, which needs a strong local and regional commitment and a radical change in the attitudes and behaviors concerning the regional development mechanisms, is much more offensive. It deserves the design of a unique vision, in which projects enter the vision meeting innovative and network based characteristics.

The offensive option follow a systemic approach aimed to develop existing specificities and to exploit resources in an efficient way, and is able to revert current trends. The final aim is to build up a new centrality: Onsernone Valley become a specific, specialized node of a regional network called Locarnese e Valli. The full report (Alberton, Guerra, Mini, 2010) describes in details the strategic vision (the vision of the path and the taste for extreme sensations), some strategic axis (development of new competences, promotion of entrepreneurship, thematic restaurants, slow mobility, symbolic places and diffused hosting structures, as well as some innovative, modular, open and customizable products that merges the tradition with novelty following the different typologies of the Onsernone “customers” and an original governance structure transforming the Valley in a Small Start up Firm.

5. Final remarks

To approach the notion of competitiveness from a regional perspective has become productive in many ways. On the one hand, as a consequence of developing in a globalized environment, it has become necessary for theories relating to the region to introduce an umbrella term, and on the other hand, the previous use term on the macro and micro level lacked the intermediary concept that, as a localized level, could refer to an interesting economic field for both investments (public and private) and development strategies.

In that sense, competitiveness is often perceived as a key indicator of the success or failure of public policy. However, the concept - and its measurement -, while relatively clear when applied to enterprises, is misleading when applied to territories.

Following this interpretation, often we face the issues to compare regions in a different development stage. For instance, an “industrial region” is not directly competing against a predominantly “agricultural area” or a “financial centre”, so the measurement and the comparison of its relative competitiveness can be problematic.

Moreover, the term itself tends to convey the impression of a win/lose situation, in which territories should improve their position only against and at the expense of others, whereas in practice there are mutual gains to be achieved from individual regions becoming more competitive.

In other words, the focus on regional competitiveness should not ignore issues of intra-regional inequality, and these differences should be an integral component of any policy aimed at improving competitiveness of both high and low potential areas.

The pilot project showed in this paper, drives some central implications at three interrelated levels: method, policy and research.

The main implications related with the method, and then the competitiveness measurement, concern the construction and the use of rankings as a general reference. In fact, at the local level indicators are often used as a tool to justify public interventions. However, for giving more sense at the ranking technique, we suggest to construct different “competition leagues” for comparing territories competing on the same development stage.

In this view, the definition of the “leagues” can be based on territorial development indicators selected a priori, or on competitiveness index which identify different groups of competing territories.

For these reasons, the reference model should be declined in different development stages and, at the same time, should take into account an ad hoc structure for the Low Potential Areas. Our proposed scheme seems to meet this exigency.

On the policy side, the main implications concern the use of the reference model. In fact, we suggest to design a competition strategy in line with the reference leagues for each territory. This implies an ad hoc development policy for the Low Potential Areas, considering the risks of rent seeking: in other words, regions with a quite low competitiveness value can be attracted to go down in the ranking for receiving more public investments and funds. For contrasting this tendency, the policy makers, once defined the framework, should contribute to determine the institutional system able to support the so called offensive scenario of development. In that sense, our analysis highlights three central steps in order to make the offensive scenario feasible. First of all, the importance of establishing a single municipality and promoting strategic alliance with the nearest central agglomeration (for instance Locarno in our project). 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. That is why the new municipal entity, in itself, is a necessary but not a sufficient condition for regional development to take place.

The second step concerns the definition and implementation of additional measures in order to accompany the first stages of the offensive development strategy. Because of the objective

situation in the Onsernone Valley, accompanying measures are needed to help the region implementing the high-risky offensive strategic option. In that sense, we regard LPAs as a start-up territorial firm, deserving special aid through technical and managerial resources (via NRP), as well as through industrial, planning and innovation policies.

Fig.1: the offensive strategy

In fact, as the figure shows, in the first stage (start up phase) the Region needs some specific measures coming from the industrial, the planning, as well as the innovation policies. In this stage the degree of public help should be high. In the development stage, when the Region begins to growth, other measure should be taken into account, namely the NRP measures (financial aid, strategic partnership, etc.). In the maturity phase, the Region (like a new firm) should act by itself.

The last step suggest to continue the implementation of the offensive scenario. It is important to keep working on the implementation of the offensive scenario in order to draw experiences and eventually replicate the model in other LPAs evaluating at the same time its performance.

Finally, the central implications addressed to the researcher involved in competitiveness fields, are related with some critical points of the present paper and still open questions.

The proposed start-up model does not want compare a region to a firm, but it aims to design a broad-spectrum reference scheme including different development stages, with different public intervention possibilities.

In this sense, the model defines who and how should be involved in the competitiveness strategy, but it is not yet able to identify the amount and the typology of resource involved in the different steps of the process.

Actually, the model has never been applied, so its experimental implementation could be an interesting further action.

In a more large spectrum, the pilot project suggest some further recommendations addressed to the research community.

On one hand, we suggest to promote within the research network further theoretical and methodological deepening concerning the measure of the regional competitiveness. In this framework, we think about the possibility to consider quantitative as well as qualitative methods, the necessity to show not only the Best practices, but also the bad or worse practices (approaches, failures etc.), and the conviction that the competitiveness of regions in a different development stage cannot be measured through the same approach or model. On the same way, we suggest to consider 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); and to consider that low potential regions are not equal to 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. The risk to produce bad results is high. This does not mean that the team is a fortiori a bad one. Simply it is not an “A-League” team.

Finally, from our point of view could be a good challenge to promote within the research network one pilote programme - “LPAs for development: a start-up territorial approach”, based on the selection of some LPAs to test, with a comparative methodology, the validity of the approach suggested in this paper.

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