

APPLICABILITY OF EUROPEAN DEVELOPMENT PROGRAMMES TO MANAGEMENT OF ISTRIAN RESOURCES

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ABSTRACT

The authors have vividly demonstrated the management of Istrian resources emphasizing current conditions and development prospects. Building on a hypothesis: if the resources management is organized, can positive synergy effects be expected. Although Istria boasts reputation of a region with positive potentials, one must emphasize there are still undeveloped areas, a high number of uneducated population, shortage of staff in educational institutions, all which requires a more professional approach to the issue of management. This research, first of its kind in the County of Istria, has attempted to gain a realistic insight into the condition of the Istrian County territory. The research has been conducted by means of the Delphi method in two intervals, the theory analysis method, observation and interview on a sample consisting of 34 local self-government units (municipalities and cities). Questions were replied by heads and municipal prefects of local self-government units and others in charge of management. The research objective was to determine the type of help and who provided it as well as the type of management required for a more quality development and management.

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1. INTRODUCTION

Starting from the basic definition of a 'management being a process of shaping and maintaining the environment in which individuals, working together in groups, efficiently achieve selected goals' (Werhrich, Koontz, 1998, page 4), we

have reached the conclusion that quality resources management depends on many factors, ranging from the type of a resource, operational organization to managers and their capabilities and qualifications. Istrian territory has long been characterized by various issues which have resulted in its delayed development, including the loss of human resources, insufficient staff education and unsystematic management of various natural, cultural and historic resources which has had a direct impact on the development of the economy itself as well as social activities (education). In terms of social resources, development of secondary education and the quality of colleges, faculties and the University are important for the total County development. Development plan for the university is important for furthering university level education system which should stimulate the use of the latest knowledge and professional specialization. Improvement of scientific-research centres represents an important potential as well as lifelong learning programmes (androgenic forms e.g. Open University in Umag and Poreč) which encourages excellence and contributes to establishing the economy based on knowledge and innovation. 'Please note that certain measures for the development of rural area were planned under the Programme of the Croatian Government for the term 2008-2011, which included various Implementation Measures' (Programme of the Croatian Government for the term 2008-2011, p.48-57), some of which are given below:

- Income and employment diversification measures
- Development projects: 'Top-down' projects will be conducted by a competent ministry i.e. its institutions and agencies. 'Bottom-up' projects will be initiated and conducted by the local community aided by LAGs and the network of rural engineers.
- Lifelong learning by manufacturers

2. MODEL OF DEVELOPMENT THROUGH IMPROVING EDUCATION AND NEW PRODUCTS

Resource management in general is an extremely important link in the entire development of a region. The profession (knowledge) and not the politics is the only possible champion of management and development of this or any other region. The research has given insight into the presence of management in the delivery of the Istrian rural area development programme, and the findings have shown the insufficient number of expert staff. Due to insufficient funds, unresolved property issues and weak motivation as well as insufficient state incentives (loans),

most raw materials are imported and of questionable quality. Forests, which can serve as a base for development of hunting tourism or educational area, are choked with vegetation and lacking control. For example, the law stipulates that agrotourism can be operated and served only by household members. However, in view of families today not being as huge in number as they used to be some 50 years ago, work force deficit in agrotourism poses a legitimate question. 'Economic activities so dependant on human factor as tourism is, are rare' (Pirjevec, 1998, p. 95.). Insufficient engagement of utility services, lacking road infrastructure, bad traffic signalling system, weak sign posts. In view of agriculture as the main business activity in rural areas, farmers have not been permitted to sell their products to their guests legally and on their own premises, but they were forced to transport their products to larger touristic towns to be sold. Rural tourism development associations are still emerging in Croatia lacking professional employees. Schools in many villages are relatively badly equipped. We believe that a large chain in this process has been determined by human resources as a carrier of Istrian development towards a rich and respectable region. Cooperation between individual administrative bodies in the County is not satisfactory nor systematically organized. It depends on affinities of individual heads and other employees in administrative bodies. On the level of the County, its representatives also do not cooperate in proposing, development and implementation of all the initiatives, plans and other strategic documents. In terms of education, there is an insufficient number of employees with university degrees in regional self-government bodies as well as a very low number of the employed with the master's degree (M.Sc/M.A.) and a doctorate (Ph.D/D.Sc) (Tables 2 and 3). However, recent years have shown a positive trend in terms of professional improvement of those employees dealing with management in the County.

Table 2. Age of respondents

Age	Number of respondents	%
25 - 30	7	20.58
31 - 40	8	23.52
41 - 50	11	32.35
51 - 60	8	23.52

Source: own research data processing, 2010

Table 3. Level of respondents' education

Level of education	Number of respondents	%
Secondary school	5	14.70
Non-university degree	9	26.47
University degree	18	52.94
Master's degree	1	2.94
Doctorate	1	2.94

Source: own research data processing, 2010

One of key tasks of the new development model must be evaluation and recognition of products and services for each 'microlevel'. In this light, such programme development must include all interested parties i.e. local development carriers from private, public or civil sectors in the County of Istria. Without a well differentiated and strong economic and social network, primary activities cannot guarantee by themselves a harmonious and balanced development of the territory. Activity diversification and improved service activities are required for population in rural areas. Thus, local and regional programming is of extreme importance because it is the only way for determining real local needs. It is also important to propose a compromise when faced with choosing between local needs and available resources.

2.1. Leader Programme principles and their implementation in rural area development

In its major part, principles of the Leader Programme encompass staff development and improvement, new, old and the existing product upgrade as well as the entire integration of the traditional and the new experience in rural area management. The Leader encompasses seven principles: area-based approach, bottom-up approach, LAG-based partnership, innovation, integrated development, networking and cooperation, and local financing (EC, 2008, p.2-3):

1. "Area-based approach" means a development policy which defines development based on specific characteristics of the area with its own conditions, weaknesses and strengths. The development policy focuses on the area with a specific situation. The area is a homogenous rural surrounding characterized by social cohesion, common history and tradition. One recognizes own resources for sustainable development.

2. “Bottom-up approach” fosters participation in making decisions locally in terms of engaging the entire community, economic and social groups as well as representatives from private and public institutions. This approach applies to two activities – animation (facilitating activities) and local community training.

3. “Partnership approach” and local action groups (LAG) as a body of public and private stakeholders. Leader+ is a specific programme due to LAGs being an organizational model which ensures political and institutional support and balance. They are mechanisms for participation, raising awareness and organizing stakeholders in rural development. They include professional organizations, associations, citizens, women’s organizations and young people. Population from the area of their business operations must be between 5,000 and 100,000 people.

4. “Innovation” researches new methods, ways and approaches to the rural area issue. This can include a new way of resource promotion; activities needed for local development as a new response to weaknesses and problems of the rural area; creating a new product, process, organizational method or a new market; networking and knowledge transfer to all interested or new partners.

5. “Integrated approach”: demands the connection between activities and projects on the local action plan which should function as a unity. All the activities, specific activities, economic, social, cultural and other groups can be integrated.

6. “Networking and cooperation” implies easier information exchange on rural development, sharing positive experiences, expansion of innovative strategies and activities i.e. creation of informal networks and data exchange. Networking includes local, regional, national and international levels.

7. “Local financing and management” means to delegate responsibilities in making decisions regarding fund allocation and the method of LAG management. The autonomy level depends on provisions separately adopted by each member state.

Funds per project amount to EUR 65,000, and exceptionally up to EUR 100,000. Setting up innovative rural enterprises and crafts is encouraged as well as development of agricultural, fishery and forest products; education; improvement of natural, social, cultural environment and environmentally friendly initiatives (EC, 2008). Therefore, under the programme of the Croatian Government for the term 2008-2011 measures for rural area development have been planned including the following implementation measures: incentives for agricultural production, fishery, land policy, regulation of agricultural produce market, increased competi-

tiveness of domestic agriculture and food industry, income and employment diversification measures (www.vlada.hr, of 12th November 2011). The LEADER champion is the Croatian network for rural development. Following years of informal work, in January 2006 it was registered aiming at gathering and representing civil society organizations engaged in rural development of Croatia (www.odraz.hr, of 23rd October 2011). In the city of Karlovac on 12th April 2012, the founding meeting of the LEADER network Croatia was held gathering to date 20 out of 31 established and registered LAGs together with the mentioned institutions. It will represent an important partner to the Ministry of Agriculture in promoting rural development measures and the LEADER approach in the IPARD Programme as well as the post-accession programme within the European Agricultural Fund for Rural Development (EAFRD) (www.agroklub.com/pretraga/poljoprivredni-fakultet/8383, of 23rd December, 2012)

3. FINANCING LOCAL SELF-GOVERNMENTS

In order to succeed in delivery of necessary activities in rural areas, one must invest certain efforts and means, and above all have a clear vision and goal. Without clear planning, development is given to disorganization and lacks a desired direction. Such development is mostly manifested in poor economic development, bad economic coordination, incompatibility of economic entities, poor social policy, destruction and pollution of environment as the most valuable resource of an area. For avoiding such a sequence of events, protecting the environment and at the same time enabling a quality economic development which will provide a high living standard and a pleasant life to its citizens, it is necessary to review the needs and considerations of all entities in a society constructively. In developed countries, such form of development has become normal practice as well as an obligation. In undeveloped or poorly developed countries, drafting such plans has still not become a rule. Due to insufficient funds, state, regional or local governments would often neglect planned development. Planning is not and it must not be a dilemma. Questions of how and in which way development must be planned and delivered must be considered. Significantly larger funds are needed for correcting mistakes done in unplanned, disorganized development compared to those spent in planning and organizing development of an area. Competence and responsibility for infrastructural development in local government and self-government areas lie on municipalities and cities. Projects such as local roads, sporting, water-supply and sewage infrastructure as well as other projects, their construction and maintenance

represent a significant financial cost. In light of such a pressure, local self-government bodies are forced to seek alternative funding and management mechanism to pursue infrastructural work aware that efficient service provision will represent the key in bridging future insufficiencies in infrastructural funding. The search is mostly focused on including private sector and its funds for providing services connected with local self-government infrastructure (public-private partnership). There is a possibility of funding such projects by granting loans to local self-governments in Croatia. The market represented by local self-government units is still relatively new and poorly represented in financial institutions. However, it has been developing fast. Commercial loans are becoming more competitive, capital financing more available by an increasing number of state and international financial institutions in increasingly higher amounts, while local self-governments start utilizing new forms of financing including publicly quoted bonds and leasing. Local self-government units are currently funded by:

1. Personal income tax
2. Communal rate (by house, flat or office m²)
3. Real property transfer tax (charged 5%, while 3% is allocated to municipality or city)
4. Corporate tax
5. Communal contribution (when constructing)
6. Consumption tax
7. Vacation home tax
8. Other income

(First seven are main taxes, others depend on individual municipality)

Key local self-government leadership today have new funding possibilities at their disposal including: international financial institutions and state funds granting subsidies and direct loans to local self-governments such as the European Bank for Reconstruction and Development, the European Investment Bank, the Regional Development Fund and the Croatian Bank for Reconstruction and Development (HBOR). These institutions and their programmes are based on established processes through which they acquaint local self-governments with the method of loan request submission and financing terms. Local self-governments today also use the method of leasing as a financing mechanism. However, this type of financing is limited to means of transportation. Leasing companies claim that the major part of

leasing by local self-governments is under the public bidding threshold. Currently, leasing does not represent a significant factor in financing local self-governments in terms of intangible assets, although this might change in the future as local self-governments start understanding this financing method even better. There are five other basic financing sources for local self-government units:

1. loans granted by business banks
2. financing using leasing (operating and financial leasing)
3. bond issue (possible only for certain local self-government units that meet the criteria)
4. loans and supports by state financial institutions (HBOR, Regional Development Fund, Fund for Development and Employment, Fund for Environmental Protection and Energy Efficiency, Fund for Reconstruction and Development of the City of Vukovar, Hrvatske vode and Croatian ministries)
5. loans and supports by international financial institutions (World Bank, European Bank for Reconstruction and Development, European Investment Bank, EU Funds, Embassies and foreign associations).

One can conclude that municipalities in the Istrian inland are still insufficiently developed, lacking human resources and financial capacity for removing existing development restrictions. This is followed by a continuous outflow of young people to other parts of Istria and increased share of old population. Thus, it is necessary to create development programmes and ensure additional support, development of utility infrastructure and all forms of andragogic and professional education. The inclusion of underdeveloped areas in county programmes and their implementation with additional support is also required.

4. CONCLUSION

Data obtained in this research provide a good direction and a base for forming a single management and development strategy emphasizing the education of the existing and new management staff, focused on individual growth as well as comprehensive development. Although oriented to the Istrian Region, conclusions can be transferred to other Croatian territories. If one wishes to have efficient management in the Istrian Region, one should establish a system of quality communication, systematic monitoring and provide as much financial support to the

entire development as well as to educate new people and work on increased education of the entire population. This system implies the establishment of institutions which come with costs, which can be non-profit ones, while funds needed for their operation can be found in various incentives and other self-governing measures. Although Istria boasts reputation of a region with positive potentials, one must emphasize there are still undeveloped areas demanding a more professional approach to the issue of management. Correct solutions require pursuing professional management modules, which will demand certain reorganization as well as modern education in the area of management.

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