AN INNOVATIVE METHODOLOGY FOR SUPPORTING THE CLLD

Áldorfai G., Czabadai L., Topa Z.[*]

Abstract: Based on the LEADER initiative, the European Union created a new tool for the planning period 2014-2020: the Community Lead Local Development (CLLD). Both the LEADER and the CLLD programmes put great emphasis on studying the basic situation, but there is no universal methodology provided for it, which makes it almost impossible to compare regions with each other. Therefore, this study aims to provide a way to compare regional characteristics and indicators in the current planning period of the EU, which allows us to monitor the development path of the regions, and also the performance of regional development programmes.

This study investigates a smaller region, as a test of our chosen method for later and larger investigations. Through the applied methodology important elements belonging to the CLLD, such as the indicators for life quality, organisational efficiency, sectoral performance and infrastructure, were examined. The output of the research is intended to provide a suitable tool for decision makers to compare different regional levels more efficiently.

Key words: CLLD, methodology, development, comparison, measurable

Introduction

One of the most important challenges the management team of the Local Action Groups must face is to measure and monitor the changes in resources after initiating development programes. This task requires not only key abilities and skills, such as leadership-, organisational- and financial skills, from the local actors, but also sufficient information about the local processes; otherwise, local development cannot be initiated.

Local development is strongly related to economic development, but it is not the same. Also, there is no universal definition for local economic development. It is not the same as regional development, settlement development, rural development or community development, but there are many common grounds with their definitions (Mezei, 2006). According to Swinburn et al (2006), the purpose of local economic development is to create the economic capacity of a local area to improve its economic future and the quality of life for all. During the process, different actors work together to ensure better conditions for economic growth and employment generation. Káposzta et al (2010) wrote that besides the rational

---

[*] **György Áldorfai**, Szent István University, Faculty of Economics and Social Sciences, PhD student, **Lilla Czabadai**, Szent István University, Faculty of Economics and Social Sciences, PhD student, **Zoltán Topa**, Szent István University, Faculty of Economics and Social Sciences, PhD student

✉ Corresponding author: aldorfai@gmail.com, czabadai.lilla@gmail.com,

✉ topa.zoltan.szie@gmail.com

planning of community resources and the full-scale mapping of local resources the involvement of the local population is very important in working out complex development directions. Local and regional development has become an increasingly important activity across the world since the 1960s and 1970s (Pike et al., 2006). The reasons behind this are the increasing globalization of the world economy, the growing regional competition and the importance of creating more and more complex business environment. Therefore, there is an urgent need for designing and implementing bottom-up local economic development strategies, which are based on the local resources, and which connects and coordinates the local actors (Ritter et al., 2013). It is also very important that growth must be sustainable. Maedows et al warned the world in 1972, that we are almost too late to save our planet and steps are need to be taken to lead back our economies to the track of sustainable development.

The European Union recognised that evey region has unique characteristicsthat can be turned into comparative advantages. For example, many rural areas possess values which are not obvious for the first sight, but in realy they can be utilized for many purposes, for example, as recreation areas (Villányi et al., 2000). The Community-led Local Development (CLLD) aims at this purpose. Its basis is almost the same as the LEADER initiative, because CLLD is about local development strategies based on local needs and local decisions about fund allocation. However, CLLD also aims at expanding the LEADER concept, promoting the use of resources from multiple funds by urban local action groups (European Committee, 2011).

The planned regulation will also recommend using a unified methodology in the future, which will support the integrated application of funds for local development. This methodology does not exist yet, which is problematic, since until the criteria are not elaborated on a member state level, strategies cannot be created, which is especially problematic in the lagging-behind member states. The unified methodology would make it possible to use the CSF funds in the same time during the implementation of the Local Development Strategies (LDS), and it also provides a structure for the local communities through which they can take part in realizing EU policies. In Hungary's case the regional differences had grown much between 1990 and 2010, and they are considered significant compared to the EU average differences between regions (Péli, 2013). Káposzta and Nagy (2015) also wrote that territorial cohesion within the V4 countries has not been achieved in all the aspects, which makes it more difficult for the countries to represent a strong cooperation within the EU28. From Hungary's perspective it would be therefore very important to support territorial cohesion with every tool possible, for instance, by the using the full potential of CLLD.

Aim and Methods

The focus of this paper is a methodology which is to support the decision-making process of Local Action Groups. There is no universal methodology yet, nor much

POLISH JOURNAL OF MANAGEMENT STUDIES
Áldorfai G., Czabadai L., Topa Z.

2016
Vol.13 No.1

experience about CLLD programmes, but there have been many studies dealing with the exploration of local resources, local capital. For instance, Jóna (2014), Stimson (2014) and Camagni (2011) dealt with tangible and intangible local capital, where, similarly to us, tried to identify success factors and resources on local levels. It is important, however, to create a metholodogy which is easy to apply from time-to-time, since they will be used not only for desk research, but for practical purposes as well by the management of a local area. Our methodology measures local resources similarly to support fact-based decisions for settlement level leaders both in establishing priorities for development areas and in designing economic development actions. The system breaks down the data in four fields – life quality, organisational efficiency, finance and innovation –, and within that it categorises them in 6 groups. This way, 24 types of data will be created for analysing resources on settlement level which will be examined compared to the regional average and the benchmark values. At the end of the investigation we categorise the settlements into three groups – excellent, well-developed and failing – and they results are illustrated on a map for easier visualisation.

For gathering the data needed for our research we have used Hungarian national databases (e.g. the Spatial Planning Information System (TeIR) and the databases Hungarian Central Statistical Bureau). In some cases we could not find the appropriate data for our investigation; therefore, we conducted primary research (interviews) in the investigated area. Altogether we have analysed 75 indicators for 30 settlements, which means a total of 2250 data. During our investigation we analysed the settlements of the micro-region separately and as a whole, too.

Our goal was to test out our methodology in a Hungarian region. The investigated area is situated in the South-Western part of the Central Transdanubia Region. Its settlement structure is heterogeneous: it consists of small villages (with population numbers from 72 to 1238), one larger village and two towns, in which we expected much better results than in the other parts of the micro-region, since they are economic centres.

Results

Settlement Profiles

In order to investigate the differences between the different settlements of the region we examined almost all of them (30 from 33, because for three settlements there were no sufficient data available). We highlighted only the most important results.

In *Ábrahámhegy* the annual net income per inhabitant is USD 2 100, which is approximately USD 180 more than the micro-regional average and the unemployment rate is 2.71% less than the average. Ábrahámhegy belongs to the settlements not facing significant unemployment, and it is especially positive that the number of people in long-term unemployment is only 10% from all the unemployed.

The scores of *Badacsonytomaj* in the political sub-group of the life-quality category were very close to the micro-regional average. In practice, this means that the annual net income per inhabitant was somewhat better than in the other settlements. This result and the fact that the relative unemployment rate of the settlement is also better than in other parts of the micro-region, leads us to the conclusion that the economic situation in Badacsonytomaj is especially good.

Compared to other settlements of the micro-region, the economic and financial situation of the population of *Badacsonytördemic* is good, which is the result of the fact the low lever of unemployment from the population in working age (in this group there are 53 unemployed from the 630) and that the annual net income per inhabitant is USD 1 900. Similarly to the previous settlement, Badacsonytomaj, the infrastructural endowment is sufficient and the gross value added per capita quite high, therefore Badacsönytördemic seems to be an advantageous settlement when considering the business environment for enterprises.

According to our investigations *Balatonederics* is one of the average settlements in the micro-region. Based on our matrix the strongest dimension is the life quality here. The annual net income per capite and the reltive unemployment rate are somewhat above the average, but in regard to available public services the settlement showed outstanding results. In regard to the efficiency of local tax collecting and the long-term unemployment rate the settlement showed stable results.

Regarding to the life quality pillar, *Balatonhenye* showed lower scores compared to the other settlements in the micro-region. The relative unemployment rate is high compared to the average (it is almost twice as much), and it is almost the same as the country level average. It is a positive result however, that the rate of long-term unemployed is barely above the reference value we determined. Our calculations showed that the infrastructural endowment of the settlement is suitable for efficiently support small- and medium sized enterprises already settled down or intending to settle down in the settlement.

In *Balatonrendes* the annual net income per inhabitants is USD 2 042, which is almost the same as the micro-regional average. Compared to other settlements in the micro-region the economic and financial situation of the population of Balatonrendes is good. The unemployment rate in the settlement is 7.78%, which is higher than the average (5.96%) in the micro-region. The local economic performance and growth of Balatonrendes lags behind the micro-regional and country-level averages.

The results about the life quality in Gyulakeszi showed that they are outstanding in the area. The income indicators, the relative unemployment rate, the available public services and the size of green areas point out the advantageous situation of the settlement. On the other hand, all the other investigated dimensions showed significant problems. The efficiency of tax collecting, the long-term unemployment, the business infrastructural environment, and the behaviour and

development potential of local enterprises we could observe negative scores factors point out serious problems to be solved in the settlement.

Judging by the economic indicators of *Hegyesd* we could see that both the income per capita and the relative number of unemployed showed lower scores than in the other settlements of the area. However, the efficiency of tax collecting is much higher than the country level GDP growth.

The annual net income in *Hegymagas* is USD 400 lower than the micro-regional average. Compared to other settlements in the area the financial and economic situation of Hegymagas's population is not particularly good. However, from an employment perspective the settlement belongs to the well-performing ones.

Generally, *Kapolcs* has lower scores in economic indicators than the micro-regional average. Judging by the annual net income per capita is we can find that its scores lag behind the micro-regional average (which lags behind the country-level scores). The relative unemployment rate and the gross value added per enterprise the settlement performs weaker than the micro-region.

In *Káptalantóti* the annual net income per capita, the relative unemployment rate, the rate of long-term unemployment among the unemployed people and the gross value added per enterprise are all relatively close to the average. It is a problem, however that the mirco-regional average lags behind the country-level average. This means that Káptalantóti is a disadvantageous area, which may be explained by the low population number of the settlement, because a low population number requires less services, thus the tax revenue of the self-government is low, too.

Kékkút gained fame due to its well-spring and mineral water production. The first important element during our research was that the annual net income per capita is quite high ~140% of the micro-regional average. Although this is not particularly high compared to the country-level average, it points out that Kékkút is among those settlements having high income earning population. It did not perform well, however, regarding to the number of public services available in 30 minutes by public transport.

The annual net income per capita *Kisapáti* is USD 254 more than the micro-regional average. Compared to other settlements of the micro-region the economic and financial situation of the population of Kisapáti is not particularly good. The rate of long-term unemployment is only 14.29% of all the unemployed in the settlement and the most important public services are available within 30 minutes by public transport.

In *Kővágóörs* the life quality, economic and financial dimensions are opposed to the orgranisational efficiency and innovation dimension s. Judging by our study we could establish that the number, structure and efficiency of enterprises are in the center of the problems, from which the problems and opportunities of the settlement and the self-government can also be drawn.

In the case of *Köveskál*, when observing the economic pillar, we can establish that the annual net income per capita is the same as the micro-regional average. Furthermore, the trends of collected local taxes are very similar to the country level

GDP growth. Other economic, social and infrastructural analyses showed that the business environment in the settlement is lagging behind from the reference values and that the enterprises receive relatively low amounts of development subsidies.

When we observed *Lesencefalu* the first thing we found is that the annual net income per inhabitants was very low, since it was USD 528 lower than the micro-regional avverage. The relative unemployment rate is lower than the average as well, so this result points out another problem. The long-term unemployment rate is higher than the average (being 25% from all the unemployed), which means the settlement lags behind the better-performing settlements in the micro-region (micro-regional average: 16.26%).

Compared to other settlements in the micro-region, the financial and economic situation of *Lesenceistvánd'* population is generally good. The number of long-term unemployed within the group of all unemployed is 20.45%. Public services are available within 30 minutes by public transport. The local economic growth and performance of Lesenceistvánd lags behind the micro-regional and country-level averages. There are 155 companies in the settlement, but the business sector does not perform well, because the gross value added per enterprise is USD 3 280 less in Lesenceistvánd than the micro-regional average, which is USD 4 022.

From the settlements of the micro-region, *Mindszentkálla* is one of the least developed one, in many ways. Although the annual net income per capita is only a little extent less than of the neighbouring settlements, but judging by the unemployment rate Mindszentkálla definitely lags behind: the micro-regional average is 5.96%, and the rate in the case of this settlement is mire than 13%.

Judging by its characteristics, Monostorapáti is a relatively well-performing settlement among the other ones in the micro-region. Life-quality, organisational efficiency and the economic and financial factors are especially good compared to other settlements. Unemployment and its structure, the income characteristics, the tax-collecting efficiency and the availability of public services are the backbone of the success of the settlements.

Nemesgulács can be characterised with relatively average scores within the micro-region. However, some of the results, such as the rate of long-term unemployed among all the unemployed people (21.88%) is higher than in the other settlements in the area. This and low level of annual net income in the settlement points out that – among some other settlements - Nemesgulács is also a threatened village.

In *Raposka* the annual net income per capita is USD 406 more than the micro-regional average. Compared to the other settlements the economic and financial situation of Raposka's population is generally good. The settlement belongs to the better-performing ones in regard to the employment rates. The business sector performs on an average level (a little lower, actually), since the gross value added per enterprise in Raposka is USD 710 less than the micro-regional average.

In *Révfülöp* the relative unemployment rate is lower than 3%, which is an exceptionally good result on micro-regional and country-levels as well. The annual net income is higher than the micro-regional average, and the local enterprises

POLISH JOURNAL OF MANAGEMENT STUDIES
Áldorfai G., Czabadai L., Topa Z.

2016
Vol.13 No.1

could access to more development subsidies than the other ones in the area. However, the gross value added generated by the enterprises and the score of the business environment was lower than the average.

In *Salföld* the annual net income per capita is USD 695 lower than the micro-regional average. Compared to the other settlements the economic and financial situation of Salföld's population is generally worse. The relative unemployment rate is lower than 1.85%, which is much better than the micro-regional or country-level average. The performance of the business sector is generally not high, but the infrastructural endowment of the settlement is quite good.

The first thing that one can notice when analysing the date coming from *Sáska* is that the amount of subsidies earned by the local enterprises is much larger than the micro-regional average. While the average is only 2.13, this value in Sáska is 40.99. It means that the local companies – compared to the ones in other villages – are much more active (and successful) in applying for subsidies. The ratio of the tax-paying population group from the population group in working age is not much different to the average.

According to our investigation of *Szentbékkálla* we can establish that this settlement is one of those which raise the micro-regional average. Its strengths lay in its employment structure, its characteristics regarding to the tax-paying population, the good business environment and the productivity of enterprises. We can find however weaknesses as well, in regard to the unemployment level, the tax-collecting efficiency and potential, and the innovation.

Szigliget belongs to the more developed settlements within the micro-region. The annual net income per capita is higher than the regional average and its tax-collecting efficiency is also higher than the GDP growth on country level. The unemployment indicators show similar results to the micro-regional average (considering the relative unemployment rate and the rate of the long-term unemployed). Also, all the important public services are available within 30 minutes by public transport.

The economic and financial situation of the population of *Taliándörögd* is generally good, to which the low relative rate of unemployment of the population in working age (24 people from 470). The settlement belongs to the ones with good employment rates. The rate of long-term unemployment among all the unemployed in the settlement is 12.50%. The growth rate of the economic productivity of Taliándörögd is approximately four times the micro-regional average.

As the centre of the micro-region, *Tapolca* belongs to the best performing settlements in regard to its economic and social development level. It is an important factor that the mayor of Tapolca is well-supported by the inhabitants. Besides, the political activity of the local population is very high. The income per capita rate is above average in the settlement and the gross value added per enterprises is the highest here in the whole micro-region. The rate of local business tax collected by the local government from enterprises is higher than the anticipated value. Besides its disadvantageous business environment the trends

of local tax collecting does not follow the country-level GDP growth rate either (it is much lower). One of the worst scoring indicators of *Vigándpetend* is the relative unemlployment rate (9.93%). This is a weak result; on the other hand, the rate of long-term unemployment witin this group is lagging behind the micro-regional average by only 2%. It is a positive result that the annual net income per capita, although lower than the country-level average, is higher than the micro-regional average.

Zalahaláp is one of those settlements which reached outstanding scores in the area compared to the other settlements, especially in regard to quality of life and organisational efficiency. Besides those, the settlement's success factor lies in the economic and financial segments and in innovation. Thanks to the attractive infrastructural endowment the number of enterprises is growing and their productivity is increasing.

The Interpretation of the Results

Based on our study 5 settlements were found in the 'excellent' group and 9 in the 'well-developed' category. The group 'failing' containts the rest of the settlements, with 5 of them being close to the average level and 11 others below that line. (Figure 1).
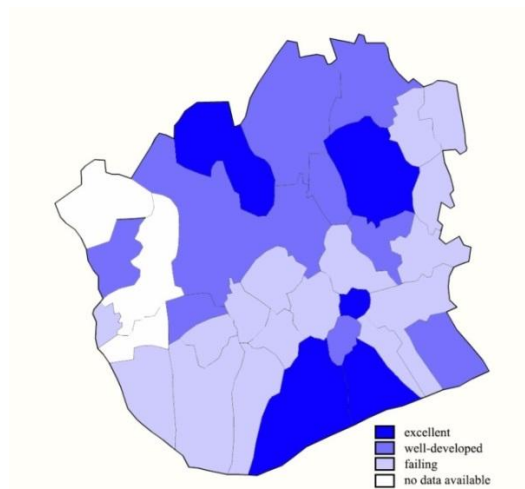

Figure 1. The result of the Resource Monitoring Analysis (RMA) (*Own editing based on own data collection, 2015)*

We found that the success factors were infrastructural development level, the geographical and environmental endowments, the development level of the enterprises and the number of services in the settlements. Furthermore, the annual net income per one inhabitant, the relative unemployment rate of the settlements, the performance of the local government, the number of tax payers,

and the potential of the local business tax paid the improving enterprise structure and the environmental awareness were success factors as well.

The local action groups must address these issues with innovative ideas, which they can even combine with some of the horizontal goals of the EU (such as sustainability, equal opportunities and increasing employment). For example, the economic performance of local governments can be improved by cutting energy costs, since Hungary has great renewable energy potential in many fields (e.g. wind energy), but it does not utilise this opportunity fully (Fogarassy et al., 2014). Besides energy policy, trainings must be emphasised, whether within official or less official circumstances.

Providing equal opportunities, for example, in a gender sense, is also an important steps. The characteristics also must be considered, however. When establishing a company, women usually start by establishing smaller sized enterprises (Ślusarczyk and Broniszewska, 2014). The potential of empowering women for establishing companies is a large one, which must be supported by the municipality management.

It is undeniable, that training projects bring long-term positive effects exceeding the immediate and direct results; therefore, even if they do not bring as much short-term benefits, it will eventually be an important factor for the success of the settlement (Madej and Jakubowicz, 2014). And when talking about trainings, the local managers must not be excluded, either, since knowledge, experience and readiness to learn are among the most important qualifications of modern managers of municipal partnerships.

Conclusions

The management team of the local governments usually lack the proper tools for economic development, thus a methodology based on factual data is highly important, since it can be a pillar of a development process aiming to realise CLLD projects. It is crucial for the development of any spatial unit that the decisions to be supported by a well-crafted methodology. We consider ours an effective tool for setting up a monitoring system for the CLLD, because it is based on a unified system capable of analysing resources. By carrying out examinations every year a settlement-level system can be developed for indicating changes in resources, and which is able to show the impacts of development activities in the settlement, providing information about the efficient utilisation of financial resources.

The CLLD programmes have not yet begun in Hungary; therefore we see the lack of information about the new programming period as a serious obstacle. Also, our study investigated only one micro-region, which means that it can only be considered to be in the test phase. We intend to create a more practical basis for this theory in the future; it means that similarly examinations will be carried out, but this time by using the earliest available data to find long-term trends, and probably there will be changes in the set of indicators as well, supported by the results of consultations with local actors.

References

European Committee, 2011, *Közös Stratégiai keret a 2014 és 2020 közötti időszakban,* [In:] Panorama inforegio 40 Kohéziós politika 2014 és 2020 között – Befektetés Európa régióba, Európai Unió.

Camagni R., 2011*, Creativity, Culture and Urban Milieux*, [In:] Girard L.F. (ed.), Sustainable City and Creativity, Burlington: Ashgate.

Fogarassy Cs., Tóth L., Zsarnóczai J.S., 2014, *Capacity problems and structural paradoxes of the installed wind power plants in Hungary*, „Journal of Computing Technologies”, 3(9).

Jóna Gy., 2014, *Determinants of Hungarian Sub-Regions' Territorial Capital*, „European Spatial Research and Policy", 22(1).

Káposzt J., Nagy H., 2015, *Status Report about the Progess of the Visegrad Countries in Relation to Europe 2020 Targets*, „European Spatial Research and Policy", 22(1).

Káposzta J., Nagy H., Kollár K., 2010, *Borsod-Abaúj-Zemplén és Szabolcs-Szatmár-Bereg megye leghátrányosabb helyzetű kistérségeinek települési szerkezeti, foglalkoztatási jellemzői az EU csatlakozás óta eltelt időszakban*, „TERÜLETI STATISZTIKA", 13(6).

Madej M., Jakubowicz M., 2014, *Enterprise investment in its staff – efficiency and profitability of internal training*, „Polish Journal of Management Studies", 9.

Maedows D.H., Maedows D., Randers J., Behrens III W.W., 1972, *The limits of growth. A Report for the Club of Rome's Project on the Predicament of Mankind*, Universe Books, New York.

Mezei C., 2006, *Helyi gazdaságfejlesztés Közép-Kelet-Európában*. Tér és Társadalom XX. évfolyam 2006/3.

Péli L., 2013, *Növekedési pólusok főbb regionális gazdaságani összefüggéseinek vizsgálata Magyarországon*, Budapest: Agroinform Kiadó és Nyomda Kft.

Pike A., Rodrigues-Pose A., Tomaney J., 2006, *Local and regional development*, London.

Ritter K., Nagy H., Tóth T., 2013, *Hátrányos helyzetű vidéki térségek és helyi fejlesztési lehetőségeik egy észak-magyarországi példán keresztül*, [In:] Lukovics M., Savanya P. (ed.): Új hangsúlyok a területi fejlődésben. Szegedi Tudományegyetem, Gazdaságtudományi Kar Közgazdaságtani Doktori Iskola, Szeged.

Stimson R.J., 2014, *Proximity and Regional Endogenous Development*, [In:] Torre A., Wallet F. (eds.), Regional Development and Proximity Relations, Cheltenham: Edward Elgar.

Ślusarczyk B., Broniszewska A., 2014, *Entrepreneurship of Women in Poland and the EU – Quantitative Analysis*, „Polish Journal of Management Studies", 9.

Swinburn G., Goga S., Murphy F., 2006, *Local Economic Development: A Primer Developing and Implementing Local Economic Development Strategies And Action Plans*. The World Bank, Washington, D.C.

Villányi et al (ed.), 2000, *Agrárgazdaságtan/Agroeconomics*, Budapest: Szaktudás Kiadó Ház.

INNOWACYJNA METODOLOGIA WSPIERANIA CLLD

Streszczenie: W oparciu o inicjatywy programu LEADER, Unia Europejska stworzyła nowe narzędzie do okresu planowania 2014-2020: Rozwój Lokalny Kierowany przez Społeczność (CLLD). Zarówno program LEADER, jak i program CLLD kładzie duży nacisk na badanie podstawowej sytuacji, nie ma jednak uniwersalnej metodologii do tego przewidzianej, co sprawia, że prawie niemożliwe jest porównanie ze sobą regionów. Dlatego też niniejsze badanie ma na celu dostarczenie sposobu na porównanie regionalnych cech i wskaźników w bieżącym okresie planowania UE, co pozwala nam monitorować ścieżkę rozwoju regionów, a także realizację programów rozwoju regionalnego.

Niniejsze studium bada mniejszy region, jako sprawdzian wybranej przez nas metody dla późniejszych i większych badań. Za pośrednictwem zastosowanej metodologii zbadane zostały ważne elementy należące do CLLD, takie jak wskaźniki jakości życia, efektywność organizacji, wydajność sektorowa i infrastruktura. Wynik badań ma na celu zapewnienie odpowiedniego narzędzia dla decydentów, dla bardziej efektywnego porównania różnych poziomów regionalnych.

Słowa kluczowe: CLLD, metodologia, rozwój, porównanie, wymierny

一種創新方法用於支持冷

摘要：基於LEADER倡議下，歐盟創造了規劃期2014年至2020年的新工具：社區牽頭地方發展（CLLD）。無論是領導者和CLLD項目非常重視研究的基本情況，但沒有提供它沒有統一的方法，這使得它幾乎無法相互比較的區域。因此，本研究的目的是提供一種在歐盟目前的規劃期，這使我們能夠監控區域的發展道路比較區域特點和指標，也是區域發展程序的性能。

本研究探討一個較小的區域，因為我們選擇的方法中供以後和更大的調查測試。通過屬於CLLD施加方法的重要元素，如指標生活質量，組織效率，部門性能和基礎設。施，進行了檢查。研究的輸出旨在為決策者更有效地比較不同區域各級合適的工具

關鍵詞：CLLD，方法論，發展，比較，衡量